

Revision IV – January 6, 2009: Section IV: ~~Schedule of Activities updated~~ Scope of initiative added.  
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### I. Introduction

Embedded or distributed generation is usually a small scale production of power connected within the distribution network and not having direct access to the transmission network. These generators are typically located close to the electricity consumer.

When connected to the distribution system, these smaller generators can make a significant aggregate contribution to security of supply for Ontario consumers and to achieving the Government's objectives for clean and renewable energy supply.

The IESO has prepared a discussion paper to facilitate the discussion with stakeholders on the integration of these and other embedded generators into the reliable operation of the IESO-controlled grid and the efficient administration of the markets.

#### Scope

To date the IESO has had initial discussions with stakeholders on the integration of embedded generation into the reliable operation of the grid. The IESO's intent is to maximize the integration of renewable generation with the most cost effective solutions that will be of service, providing value added benefit to the electricity customers of Ontario. These initial discussions looked at the connection assessment process, performance standards and visibility of embedded generation. The IESO is proposing to expand the scope of this initiative to include:

1. Forecasting – increased levels of renewable resources will require improved forecasting methodologies within Ontario's electricity sector
2. ~~'Right of Way' Policy~~ Priority Dispatch – a policy needs to be developed the successfully manages the growing number of renewable resources and determines the ~~'right of way'~~ dispatch priority during periods of low demand (locally and globally surplus baseload generation), in terms of dispatching down, that does not compromise the reliability services of dispatchable generators.
3. Development of standards, specific to renewable resources that can enable maximum amount of penetration within specific regions and the province as a whole

#### Background

In August 2005, the Ministry of Energy requested that the Ontario Power Authority (OPA) and the Ontario Energy Board (OEB) work together to address barriers to the development of small electricity generating projects using clean or renewable energy sources that are connected to the electricity distribution system in the Province.

In November 2006, the OPA launched a Renewable Energy Standard Offer Program (RESOP) for the Province, and will be launching the Clean Energy Standard Offer Program (CESOP). Both programs focus on generators smaller than 10 megawatts connected to the distribution system. More information on these programs can be found at [www.powerauthority.on.ca](http://www.powerauthority.on.ca).

The market rules currently contain some obligations on embedded generators who are market participants, or set obligations on the generator “host” (connected wholesale consumers or local distribution companies). The latter would apply when the embedded generator is not a market participant.

For more information, please refer to the discussion paper; Embedded Generation posted on the SE-57 web page. [http://www.ieso.ca/imoweb/consult/consult\\_se57.asp](http://www.ieso.ca/imoweb/consult/consult_se57.asp)

## II. Stakeholders

Embedded generation is of interest to all stakeholders. The Ontario Power Authority, local distribution companies and small embedded generators will have the most interest in this discussion paper and the potential policies, standards and market rule changes.

## III. Stakeholder Engagement Goal

### Goal

The goal is to ~~integrate embedded generators~~ develop policies, standards and rules that permit the maximum amount of embedded and renewable generators to be integrated into the reliable and efficient operation of the IESO controlled grid and the Ontario market.

### Objectives

The objective of this stakeholder plan is to provide stakeholders the opportunity to provide feedback and recommendations on ~~the associated the three recommendations outlined in the~~ discussion papers ~~and the potential market rule changes that will result from these recommendations.~~

## IV. Stakeholder Engagement Approach and Methods

The stakeholder engagement approach will be feedback — with request for stakeholder review and written feedback. The implementation of this stakeholder engagement plan will be in accordance with the IESO’s approved stakeholder engagement principles. The stakeholder engagement method to be employed will be a combination of web-based posting with a request for written comments via e-mail and a face-to-face meeting.

Web-based postings provide all interested stakeholders with an efficient low-cost method to be informed of the proposed changes with the opportunity to communicate their views via e-mail to the IESO ([stakeholder.engagement@ieso.ca](mailto:stakeholder.engagement@ieso.ca)). All stakeholder input, including dissenting views, will be posted on the IESO website. Feedback will be provided on all stakeholder comments and how this input was considered, and the results of the consultation will be posted on the IESO website.

The stakeholder plan will be subject to review and update as the process evolves and stakeholder comments are incorporated, and as revisions are warranted.

## V. Decision Making Process

Stakeholder Engagement Schedule	
Activity	Target Date
1. Post stakeholder plan and distributed generation discussion paper for comment.	Completed December 13, 2007
2. Deadline for stakeholder feedback on stakeholder plan.	Completed January 17, 2008
3. Post IESO response to stakeholder feedback on the stakeholder plan.	Completed January 23, 2008
4. Meeting with stakeholders to discuss stakeholder feedback on the discussion paper.	Completed January 31, 2008
5. Deadline for stakeholder feedback on the discussion paper.	Completed February 7, 2008
6. Post IESO response to stakeholder feedback on the discussion paper.	Completed February 26, 2008
7. IESO recommendations and next steps.	Completed June 5, 2008
8. Deadline for stakeholder feedback on the recommendations and next steps.	Completed June 26, 2008
9. Post IESO response to stakeholder feedback on the recommendation and next steps.	Completed September 29, 2008
10. Status update to the Stakeholder Advisory Committee.	Completed October 30, 2008
11. Stakeholder meeting to discuss next steps.	<del>Mid</del> February <u>10</u> , 2009
12. Technical Panel meetings to consider the market rule amendments and recommendations to the Board.	2 <sup>nd</sup> /3 <sup>rd</sup> Quarter 2009
13. IESO Board meeting for approval of market rule amendments.	3 <sup>rd</sup> /4 <sup>th</sup> Quarter 2009
14. Post and communicate IESO Board decision.	4 <sup>th</sup> Quarter 2009
15. Market Manual changes.	December 2009