

IESO Responses to Recommendations for IESO's Planning and Procurement Processes

As approved by the Ontario Energy Board ("OEB") in its Order and Decision for EB-2022-0318, the IESO committed in its Settlement Agreement with Intervenor for the IESO's 2023, 2024 and 2025 Expenditures, Revenue Requirement and Usage Fees submission "to retain an independent third party to review the electricity system planning and procurement process against best practices and identify recommendations for the IESO going forward" and "post the results on the IESO website by April 1, 2025, including IESO responses."

The [full report on the independent third-party review of IESO's planning and procurement processes](#) has been posted.

IESO's responses to the third party's recommendations are in the table below.

Report Section	Recommendation	IESO Response
4.2	Implement Effective Load Carrying Capability ("ELCC") (or other industry standard equivalent) resource capacity contribution analysis and specification methodology across its planning and procurement processes.	IESO is considering implementing Effective Load Carrying Capability ("ELCC") across its planning and procurement processes and will examine, as part of its business planning process for the 2026 – 2028 period, the associated resourcing, costs, and potential funding sources required to implement this recommendation.
5.2	Develop an implementation plan for integrating Value of Lost Load ("VOLL") into its planning and procurement processes.	<p>VOLL is a metric that can be applied in estimating the benefit of investments aimed at improving reliability and is one of many ways to quantify the value of reliability.</p> <p>Established reliability standards and planning criteria in North America and for Ontario are by-and-large deterministic and typically result in a power system designed to perform reliably.</p> <p>IESO understands that VOLL can be complementary to analysis done for</p>

		established reliability standards and planning criteria, and will explore the applicability and possible use-cases for VOLL (or similar reliability-based metrics) in a power system planning context, and if applicable, will examine the associated costs and implementation timelines against the expected rate-payer value.
6.2	Implement least regrets planning in the Annual Planning Outlook ("APO") to address both the primary load forecast scenario and the portfolio of scenarios IESO evaluates.	<p>IESO implements "least regrets" planning and procurement in the Annual Planning Outlook (APO) through the capacity auction minimum target threshold and forward guidance for future auctions, and through the Long-Term RFP procurements for energy and capacity whereby targets can be adjusted between procurement windows depending on results from preceding windows and evolving system needs.</p> <p>IESO will examine least regrets actions that could be conducted to incorporate additional scenarios in future IESO assessments in order to provide appropriate risk-adjusted advice to the Government of Ontario.</p>
6.2	Evaluate implementing Renewable Energy Zones in Ontario.	IESO will examine least regrets planning undertaken in other jurisdictions towards pre-emptive identification and development of necessary transmission capabilities to areas that could have high potential for development of new electricity generation projects.
7.3	Adopt expanded scenario planning to address less probable but credible long-term risks and uncertainties that may require near term actions to preserve real optionality should those risk or uncertainties ultimately materialize.	<p>IESO conducts planning and procurement processes annually, and near- and long-term risks are regularly updated and incorporated, where possible.</p> <p>IESO's economic assessments consider a broad range of potential events and scenarios to provide risk-adjusted advice to the government.</p> <p>IESO will evaluate the feasibility and cost of including additional events and scenarios in its assessments.</p>

8.1	Quantify, Track and document cumulative planning process uncertainties, modeling variabilities and output accuracy ranges in its planning and procurement processes and communicate that information to stakeholders.	<p>IESO will consider how it can better articulate, and where possible quantify, planning uncertainties, modelling variabilities, and accuracy ranges to stakeholders beyond the explanations historically provided in the Annual Planning Outlook (APO), APO modules and supporting documents, and engagement materials.</p> <p>IESO is exploring introducing additional scenarios in future assessments to more explicitly explore the impacts of different major sources of demand and supply uncertainty.</p> <p>Additionally, IESO plans to publish a series of white papers in 2025 detailing demand uncertainties with specific major end uses.</p>
9.1	Document IESO's planning and procurement processes and communicate this documentation to IESO staff and external stakeholders.	<p>IESO's public facing documents such as the Annual Planning Outlook (APO) and previous publications of the Annual Acquisition Report (AAR) provide a clear and transparent explanation of IESO's planning and procurement processes, including how system needs are identified, how procurement targets are determined and how resource procurement is executed.</p> <p>IESO notes Midgard's observation that there is potential for further improving the understanding of IESO's overall planning and procurement process among IESO staff.</p>
9.1	Document IESO's continuous improvement processes including the metrics or performance goals used to track and evaluate areas of improvement, and communicate this documentation to IESO staff and external stakeholders.	<p>IESO regularly engages with stakeholders through the Resource Adequacy engagement and the annual information and engagement sessions on the Annual Planning Outlook (APO). Through these engagements, IESO solicits feedback on the planning and procurement processes and transparently documents responses to ensure continual improvement.</p> <p>IESO notes Midgard's observation that IESO has limited internal documentation on a formal continuous improvement process for</p>

		IESO's planning and procurement processes.
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