IESO Engagement Update January 11, 2024

This engagement update provides a snapshot of all active IESO engagement activities. It also helps support a greater understanding of linkages between engagements, and a foundation for more comprehensive and integrated updates. For the most recent information, visit the individual engagement links or the Engagement Initiatives web page.



Forecasting and Planning

Engagements to support provincial and regional electricity planning over the next 20 years.

Active Engagement

Annual Acquisition Report

The Annual Acquisition Report (AAR) translates planning and operational information into a series of procurement and market activities using the Resource Adequacy Framework.

Engagement Lead: **Trisha Hickson** Related Engagements:

Resource Adequacy

Current Status

- A webinar was held in October 2023, to discuss the IESO's plan to merge the AAR into the Annual Planning Outlook (APO).
- Seven feedback submissions were received following the webinar and have been posted to the engagement webpage.
- The anticipated release date for the 2023 APO is February 2024.

Next Steps

- This engagement has now concluded.
- A final engagement summary report will be posted to the engagement webpage in January.



Current Status

Next Steps

Bulk Planning – Central West

This engagement will seek input from stakeholders and communities on the Central-West Bulk Planning initiative. *Engagement Lead:* **Fatema Khatun**

- A report outlining the results of Stage 1 of the planning study will be published in Q1, 2024.
- Public engagement session on near-term recommendations to maintain reliable supply for Volkswagen EV plant will be scheduled during February 2024 engagement days.

IESO Market and Planning Data Engagement

Engagement to better understand how the IESO can provide greater access to Market and Planning data.

Engagement Lead: Fatema Khatun

- This engagement was announced in the IESO Bulletin on November 23, 2023.
- Stakeholders were invited to complete a questionnaire on their preference on data access and the use of data.
- Questionnaires are due by January 15.
- An engagement session will be planned for Q1, 2024.

Northern Ontario Voltage Study

The IESO will share outcomes of a voltage study addressing current limitations in Northern Ontario's electricity infrastructure. The IESO is actively assessing strategies to ensure reliability and stability amid transformative changes.

Engagement Lead: Fatema Khatun

- The <u>Bulk System Reactive</u>

 <u>Requirement in Northern Ontario</u>

 <u>Study</u> was published in December 2023.
- A webinar was held in December to present the findings of the voltage study.
- This engagement has now concluded.
- A final engagement summary report will be posted to the engagement webpage in Q1.

Regional Planning – Burlington to Nanticoke

Regional electricity planning is underway in this region.

Engagement Lead: Andreea Nicoara Indigenous Relations Lead: Nadia Mirabelli

- A webinar was held in September 2023 to provide an overview and seek input on the draft electricity demand forecast and the engagement plans for each of the three sub-regions Brant, Hamilton and Caledonia-Norfolk.
- Three feedback submissions were received and have been posted to the engagement webpage, along with an IESO response to the feedback.
- e Engagement will continue to develop an Integrated Regional Resource Plan (IRRP) for the region.

Current Status

Next Steps

<u>Regional Planning – Ottawa Area</u> <u>Sub-Region</u>

Regional electricity planning is underway in this region.

Engagement Lead: Sari Gerwitz

Indigenous Relations Lead: Nadia

Mirabelli

- The final Scoping Assessment
 Outcome Report was posted in
 March 2023, recommending the
 development of an Integrated
 Regional Resource Plan (IRRP) for
 the Ottawa Area sub-region.
- The report also concluded that no further coordinated regional planning is required for the Outer Ottawa East and West Subregions.

• Engagement on the Ottawa Area sub-region IRRP will begin in Q1, 2024.

Regional Planning - Toronto

Regional electricity planning is underway in this region.

Engagement Lead: Sari Gerwitz

Indigenous Relations Lead: Nadia
Mirabelli

- The final Scoping Assessment
 Outcome Report was posted in
 March 2023, recommending the
 development of an Integrated
 Regional Resource Plan (IRRP) for
 the Toronto region.
- Engagement on the Toronto Region IRRP is targeted to begin in Q1, 2024.

<u>Regional Planning – GTA North</u> (York Region)

Regional electricity planning is underway in this region.

Engagement Lead: Sari Gerwitz

Indigenous Relations Lead: Nadia

Mirabelli

- Outcome Report was posted in October 2023, recommending the development of an Integrated Regional Resource Plan (IRRP) for GTA North (York Region).
- Engagement on the York Region IRRP will begin in Q1, 2024.

Regional Planning — Windsor-Essex

Regional electricity planning is underway in this region.

Engagement Lead: Andreea Nicoara Indigenous Relations Lead: Nadia

Mirabelli

- Engagement has begun on the development of an Integrated Regional Resource Plan (IRRP).
- A webinar was held in December 2023 to provide an overview and seek input on the draft electricity demand forecasts and the engagement plan.
- Feedback on the webinar materials was due by January 5.
- Engagement will continue with respect to developing an IRRP for the region until Q4 2024.

Current Status

Next Steps

Transmission Losses

This engagement will review the IESO's and Hydro One's practices on how transmission losses are considered in planning and operation of the system, a comparison of these practices to those used in other jurisdictions, and seek stakeholder feedback on potential improvements to these practices.

Engagement Lead: Jason Grbavac

- The Transmission System Losses: Evaluation Guideline was posted in June 2023.
- This engagement has now concluded.
- A final engagement summary report has been posted to the engagement webpage.

Resource Acquisition

Engagements to ensure we have the tools and processes to acquire the resources we need to maintain a reliable and efficient system.

Active Engagement

Current Status

Next Steps

Capacity Auction Enhancements

The annual Capacity Auction is one of the procurement mechanisms included in the IESO's Resource Adequacy Framework and serves as the short-term balancing mechanism in the framework, securing the capacity required to meet Ontario's short-term resource adequacy needs.

Engagement Lead: Trisha Hickson Related Engagements:

- Resource Adequacy
- Demand Side Vision

- An engagement webinar was held in November 2023 to provide present participant performance analysis as well as a technical session to discuss the prioritization of suggested enhancements for future auctions.
- Two submissions were received following the webinar and have been posted to the engagement webpage.
- Engagement will continue in February 2024 to discuss prioritization of future enhancements.

Demand-Side Vision

The IESO is continuing discussions with the Demand-Side community to explore the enhancement of Demand-Side Resources in the IESO-Administered Market and programs. The initiative addresses key issues and opportunities from the Demand-Side community, planning to prioritize improvements to Demand Response participation models. *Engagement Lead:* **Trisha Hickson** *Related Engagements:*

- Enabling Resources
- Capacity Auction Enhancements

- A targeted stakeholder session to discuss next steps on improvements to Demand Response participation models took place in December 2023.
- Public engagement sessions will be held in Q1, 2024 to continue discussions on improvements and feedback from technical sessions will be shared.

Current Status

Next Steps

Transmitter Selection Framework

The IESO is developing a Transmitter Selection Framework (TSF) to align with the Powering Ontario's Growth report's actions and plans, with a progress report due to the Minister by Summer 2024. Engagement Lead: Fatema Khatun Community Engagement Leads: Sonia Fazari and Andreea Nicoara

- A webinar for industry stakeholders was held in November 2023, to raise awareness about this engagement and provide an update on the proposed engagement plan.
- Three feedback submissions were received following the webinar and have been posted to the engagement webpage.

- Community engagement will begin in January 2024:
 - January 15 overview of electricity needs, procuring electricity, the role of Indigenous Nations, municipalities.
 - January 17 growing electricity demand and the need for new infrastructure.
- A Progress Report is due to the Ministry of Energy by Summer 2024.

<u>Distributed Energy Resources (DER)</u> <u>Market Vision and Design Project</u>

The IESO is seeking feedback from stakeholders on how to cost-effectively enhance the value DERs can provide to Ontario's electricity system by expanding participation in the wholesale markets. *Engagement Lead:* **Colin Campbell** *Related Engagements:*

- DER Potential Study
- DER Roadmap
- Enabling Resources Program
- Hybrid Integration Project
- <u>Innovation and Sector Evolution</u>
 <u>White Paper Series</u>
- Resource Adequacy

The work completed under the DER Market Vision and Design Project will be transitioned to the Enabling Resources Program engagement.

- A final engagement summary report will be posted to the engagement page.
- See the Enabling
 Resources Program
 engagement for further
 information.

<u>Distributed Energy Resources (DER)</u> <u>Roadmap</u>

The IESO is seeking feedback on the development of a roadmap to set out approaches and expected timing for enhancing DER participation in the IESO-administered markets for the products/services they are technically capable of providing.

Engagement Lead: **Jason Grbavac** Related Engagements:

- <u>Joint Study of DER Incentives</u>
- DER Market Vision & Design Project
- DER Potential Study
- Enabling Resources Program
- Hybrid Integration Project
- <u>IESO York Region Non-Wires</u>
 <u>Alternatives Demonstration Project</u>
- Resource Adequacy

- Ontario Energy Board was held on November 27 on the DER Integration Framework for Energy Innovation where updates were provided on cross-cutting issues and the work of the two organizations as it relates to DERs, including on the Joint DER Incentives Study.
- The meeting also included a panel on the 2021 Grid Innovation Fund and Innovation Sandbox Projects.

An IESO response to feedback from the November webinar will be posted to the engagement page in advance of the next meeting.

Enabling Resources Program

The IESO is seeking feedback from stakeholders on the development of an integrated plan that will outline the sequencing, timing and scope of activities to be undertaken by the IESO to enable existing electricity resources to provide electricity system services in the renewed Ontario wholesale market that they cannot, or cannot fully, currently provide.

Engagement Lead: Jason Grbavac

Related Engagements:

- Capacity Auction
- DER Roadmap
- Hybrid Integration Project
- Innovation and Sector Evolution
 White Paper Series
- Resource Adequacy

- October 2023 to provide a status update and next steps on the Enabling Resources Program.
- Four feedback submissions were received and have been posted to the engagement webpage.
- A response to feedback document will be posted to the engagement page, and the IESO intends to share an updated project plan in Q1, 2024, which will include next steps for integrating hybrids and DERs.

Hybrid Integration Project

The IESO is seeking feedback on the development of participation model(s) to enable hybrid resources in the IESO-administered markets and have the capability to support Ontario's future system needs. The changes will be implemented after the implementation of the Market Renewal Project.

Engagement Lead: Jason Grbavac Related Engagements:

- DER Market Vision & Design Project
- DER Potential Study
- DER Roadmap
- Enabling Resources Program
- Innovation and Sector Evolution
 White Paper Series

- The work completed under the Hybrid Integration Project will be transitioned to the Enabling Resources Program engagement.
- A final engagement summary report will be posted to the engagement page in Q1 2024.
- See the Enabling
 Resources Program
 engagement for further
 information.

Long-Term RFPs

The IESO is engaging stakeholders and communities on the development of a series of Long-Term RFPs that will seek resources to address global needs. Engagements targeted to communities and the broader public are underway. Engagement Leads: Trisha Hickson Community Engagement Leads: Sonia

Fazari and Sari Gerwitz

Related Engagements:

- Resource Adequacy
- Hybrid Integration Project
- Market Renewal Program (MRP)
 Implementation
- A webinar for industry stakeholders was held in December 2023 to provide an update on emerging system reliability needs and how the upcoming cadence of procurements will help to competitively acquire energy and capacity to meet those needs.
- Information was also presented on the upcoming LT2 RFP providing a high-level overview of the expected procurement design, revenue model and deliverability considerations.

- Feedback on the December webinar is due by January 15.
- The next stakeholder webinar will be held on February 1 to provide details on LT2.
- Two webinars will be held for communities:
 - January 15 overview of electricity needs, procuring electricity, the role of Indigenous Nations and municipalities.
 - January 17 growing electricity demand and the need for new infrastructure.

Current Status

Next Steps

Resource Adequacy

The IESO is engaging stakeholders to further develop a long-term competitive strategy to meet Ontario's resource adequacy needs reliably and cost-effectively while recognizing the unique needs of different resources.

Engagement Lead: Jason Grbavac Related Engagements:

- DER Market Vision & Design Project
- DER Potential Study
- DER Roadmap
- Enabling Resources Program
- Long-Term RFP

- was provided in June where the IESO announced the results of a recent procurement for long-term supply. A total of 882 MW was secured for the province's planned storage fleet, while complementary processes such as the growing Capacity Auction are securing resources to respond to upcoming system needs.
- Adequacy initiatives such as the Procurements and Capacity Auction Enhancements have branched off into their own respective engagement streams (see related engagements).

Small Hydro Program

The IESO is engaging with the Small Hydro Community on the development and implementation of a Small Hydro Program (SHP) to provide new contracts for existing hydroelectric facilities with installed capacities of 10MW and below. The program aims to deliver value for ratepayers while providing a reasonable revenue stream for facilities to continue operating.

Engagement Lead: **Trisha Hickson** Related Engagements:

• Resource Adequacy

- An engagement webinar was held in November 2023 to prepare the hydro community for the launch of the Small Hydro Program.
- An update was posted to the engagement webpage in December 2023 sharing that the Small Hydro Program had been launched.
- This engagement has now concluded.
- A final engagement summary report will be posted to the engagement webpage in Q1 2024.

Operations

Engagements to ensure that Ontario's electricity resources are operating reliably within the IESO-administered market, while also undertaking continuous market improvements.

Active Engagement

Current Status

Next Steps

Improving Accessibility of Operating Reserve

The IESO is seeking feedback on an issue related to the Operating Reserve (OR), whereby the amount of OR scheduled is not fully accessible.

Engagement Lead: Colin Campbell

- At the June 2022 Technical Panel meeting, Panel members voted unanimously to recommend the proposed market rule amendments to the IESO Board.
- ORA changes (CT 206, 208 and 210) went live on May 1, 2023 in alignment with the Replacement of the Settlement System (RSS) go-live.
- Stakeholders will be informed when the next implementation date is confirmed.
- This engagement has now concluded.
- A final engagement summary report will be posted to the engagement webpage in Q1 2024.

<u>Market Renewal Program (MRP)</u> <u>Implementation</u>

The Implementation phase of the Market Renewal Program will begin by codifying the design into the Market Rules and Market Manuals, and then proceed onto creating tools, testing, training and readiness for bringing the renewed market to life.

Engagement Lead: **Cynthia Sidalak** Related Engagements:

- Resource Adequacy
- Enabling Resources
- <u>DER Market Vision & Design</u>
 <u>Project</u>
- Hybrid Integration

- An engagement webinar was held in December 2023 to provide an update on the MRP changes being made to the IESO Reports, updates to the Market Rules and Market Manuals relating to Market Power Mitigation, and settlement design updates, calculation examples, as well as a summary of feedback received from following the September 2023 engagement webinar.
- The first phase of Market
 Participant testing and
 Connectivity testing is
 scheduled to start in late
 January 2024; a kick-off
 meeting will be scheduled on
 January 22, 2024 prior to
 the start of Connectivity
 Testing to provide an
 overview of the test phase,
 its objectives, a high-level
 description of the test cases
 that will be executed during
 this period, and the test
 schedule.
- Market Manual 5.5, List of IESO Charge Types and Equations, Market Rules Chapter 9 and its associated appendices will be updated and published in January 2024.

Current Status

Next Steps

<u>Transmission Rights Market</u> <u>Enhancement and Platform</u> Refresh

The IESO is proposing enhancements to the Transmission Rights (TR) market. The IESO completed a Transmission Rights Market Review in June 2021 that identified certain enhancements, or high-value opportunities, that will improve the efficiency, value and function of the TR market today and in the future.

Engagement Lead: Trisha Hickson

 Following the November engagement webinar, the IESO brought this item to the Technical Panel for education. on whether to post market rule amendments for broader engagement at the January 2024 meeting, and will vote on a recommendation for IESO Board approval at the February meeting.

IESO Market Rule Amendments, Chapter 3, Confidentiality, Dispute Resolution and Enforcement

The Market Assessment and Compliance Division (MACD) of the IESO is proposing amendments to Chapter 3 of the Market Rules. The purpose of these proposed changes is to modernize and clarify rules related to some of MACD's enforcement processes, including confidentiality and how it handles disputes under the IESO Dispute Resolution Process.

Engagement Lead: Trisha Hickson

- A webinar was held in November 2023 to discuss the proposed market rule amendments.
- Seven feedback submissions were received and have been posted to the engagement webpage.
- Next steps for this engagement will be communicated in January 2024.

Sector Evolution

Engagements that look to the future to see how innovation, new technologies and new collaborations can improve how we conduct our business.

Active Engagement

Current Status

Next Steps

Expanding Third Party Access to the Smart Metering Data

The Smart Metering Entity (SME) has been directed by the Ontario Energy Board to undertake an assessment to expand third-party access to smart meter data. The assessment will evaluate the opportunity to include additional organizations beyond the Canadian Government entities and may address other opportunities for data access expansion.

Targeted sessions were held on November 27, 28 and 30, 2023 with stakeholders to continue conversations to gain insight and gather feedback on expanding third party access. Feedback received during

> the targeted engagement sessions is being analyzed.

The final report will be submitted to the Ontario Energy Board by April 30, 2024.

Engagement Lead: Fatema Khatun

Future Clean Electricity Fund

Proceeds from the sale of IESO-owned Clean Energy Credits on the Ontario's Clean Energy Credit Registry will be directed to Ontario's Future Clean Electricity Fund. The IESO has been tasked by the Ministry with developing insights and recommendations for a Future Clean Electricity Fund (FCEF). **Engagement Leads: Fatema Khatun** Community Engagement Leads: Sonia

Fazari and Andreea Nicoara

Related Engagements:

Clean Energy Credits

- At the First Nations Energy Symposium in November 2023, the IESO shared information about the FCEF with communities that expressed an interest in learning more.
- Outreach meetings were held in October and November with municipalities to understand insights and recommendations to develop the Fund.
- The IESO recommendations report was submitted to the Ministry of Energy in December 2023.

Current Status

Next Steps

Hydrogen Interruptible Rate Pilot

The Minister of Energy asked the IESO to submit a report by September 15, 2023, outlining a plan for the Hydrogen Interruptible Rate Pilot tailored specifically for hydrogen producers and developers in Ontario.

Engagement Lead: Fatema Khatun Related Engagements:

<u>Interruptible Rate Pilot</u>

- July and August with hydrogen developer organizations that expressed interest in the pilot and solicited feedback on pilot design features that would support participation and leverage the flexibility of electrolyzer-based hydrogen production facilities.
- The IESO provided an update that the submission of the plan for the hydrogen interruptible rate pilot to the Ministry of Energy has been postponed until there is further clarity on the federal government's Investment Tax Credit (ITC) related to clean hydrogen production.
- An updated timeline will be provided once further details on the ITC are available.

<u>IESO York Region Non-Wires</u> <u>Alternatives Demonstration Project</u>

The IESO, with support from Natural Resources Canada, is undertaking a demonstration in York Region to explore market-based approaches to secure energy and capacity services from Distributed Energy Resources (DERs) for local needs.

Engagement Lead: Jason Grbavac Related Engagements:

- DER Market Vision & Design Project
- DER Potential Study
- DER Roadmap
- <u>Innovation and Sector Evolution</u>
 White Papers

 An engagement session is being planned for the February 2024 Engagement Days.

 An Evaluation Report including lessons learned will be published in Q1 2024.

Current Status

Next Steps

<u>Innovation and Sector Evolution</u> <u>White Papers</u>

The IESO intends to develop and release a series of white papers to support the creation of a shared, fact-based understanding of emerging opportunities and trends.

Engagement Lead: Jason Grbavac

Related Engagements:

- DER Potential Study
- DER Roadmap
- <u>IESO York Region Non-Wires</u>
 Alternatives Demonstration Project

- This engagement is on hold for the time being.
- The IESO is reviewing next steps on this engagement.

Low-Carbon Hydrogen Strategy

The Ministry of Energy has asked the IESO to investigate and propose program options to integrate low-carbon hydrogen technologies into Ontario's electricity grid.

Engagement Lead: **Jason Grbavac** Related Engagements:

• Pathways to Decarbonization

The first group of successful applicants was announced in October 2023, and the second announced in November 2023.

- This engagement has now concluded.
- A final engagement summary report will be posted to the engagement webpage in Q1 2024.

Pathways to Decarbonization

The IESO will inform stakeholders on the study approach and provide transparency around the assumptions that will be used in the analysis of the Ministry's request that the IESO evaluate a moratorium on the procurement of new natural gas generating stations in this decade (reliability, cost, environmental considerations) and develop an achievable pathway to phase out natural gas generation and achieve zero emissions in the electricity sector. *Engagement Lead:* **Trisha Hickson**

Related Engagements:

- DER Potential Study
- Low-Carbon Hydrogen Strategy
- Resource Adequacy

- released Powering
 Ontario's Growth in July
 2023. The report was
 developed based on the
 expertise of the IESO and
 the analysis provided in the
 Pathways to
 Decarbonization study and
 the Ministry's subsequent
 consultation.
- The report was
 accompanied by a <u>letter to</u>
 the <u>IESO</u> outlining some of
 the immediate actions the
 Minister would like the
 IESO to take, which
 includes several report backs and timelines.

 The engagement initiative on P2D has now concluded.

Updates on the Strategic Advisory Committee, Technical Panel and Transmission-Distribution Coordination Working Group

Group Current Status Next Steps

Strategic Advisory Committee (SAC)

The Committee is a forum for its members to be informed of IESO activities and to provide timely policy advice and feedback both broadly on behalf of the electricity sector and their constituency, directly to the IESO Board and Executive with respect to the IESO's mandate. *Engagement Lead:* **Jason Grbavac**

- SAC is finalizing plans for 2024 which will include the focus on dedicated priority areas for the sector.
- The 2024 public meeting schedule will be announced this month.

Technical Panel (TP)

The Technical Panel's mandate is to review amendments to the Market Rules for Ontario's electricity market, and provide recommendations to the IESO Board of Directors.

Engagement Lead: Trisha Hickson

- The Technical Panel met on December 5, 2023 for an education item on the Transmission Rights Market Enhancements and Platform Refresh.
- Panel meeting is scheduled for January 16, 2024.

<u>Transmission – Distribution Coordination</u> <u>Working Group</u>

The Transmission-Distribution Coordination Working Group (TDWG) works closely with LDCs and other stakeholders to inform the DER Market Vision and Design Project. This is a key focus area of IESO's Distributed Energy Resources (DER) integration activities and is what much of the near-term DER Roadmap efforts build towards. The TDWG will provide a forum for in-depth engagement on Transmission - Distribution coordination.

- Engagement Lead: Fatema Khatun Related Engagements:
- DER Market Vision & Design Project
- DER Roadmap
- <u>IESO York Region Non-Wires Alternatives</u>
 <u>Demonstration Project</u>
- <u>Innovation and Sector Evolution White</u>
 <u>Paper Series</u>

- At the meeting held on December 8, 2023, Hydro One provided a presentation on the current telecommunication methods used.
- An in-person meeting was held on December 14 for a presentation by the IESO on transmission-distribution related reliability.
- The next TDWG meeting will take place at the end of January 2024.