IESO Engagement Update – January 13, 2023

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 webpage.



New Engagements and Forward Looking Schedule

Annual Acquisition Report

The IESO is launching an engagement on its Annual Acquisition Report (AAR) to discuss key themes and seek feedback on the future participation of resources. Those interested in participating in this engagement can register with IESO engagement at engagement@ieso.ca.

**Launching: February, 2023

Annual Planning Outlook – *Public Information Session*

The IESO is hosting a webinar to present the key findings of the 2022 Annual Planning Outlook (APO) and provide stakeholders with an opportunity to ask questions, seek clarification, and provide feedback on areas for improvement for future outlooks. The webinar will take place on January 25, 2023 during the IESO's January engagement days. Click here for additional webinar information and to register.

Regional Electricity Planning

The IESO is launching a number of new engagement initiatives to ensure communities and stakeholders are aware of electricity planning activities in their regions and to provide opportunity for input. In Q1, regional electricity planning will begin in Ottawa, Toronto, Windsor-Essex and York Region, as well as three sub-regions for the Burlington to Nanticoke planning region including Hamilton, Caledonia-Norfolk and Brant. Those interested in participating in any, or all, of these engagements can register with IESO engagement at engagement@ieso.ca.

Launching: Q1, 2023



Forecasting and Planning

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

Active Engagement

Current Status

Next Steps

<u>Regional Planning – Burlington</u> <u>to Nanticoke</u>

Regional electricity planning is underway in this region.

Engagement Lead: Rouselle Gratela Related Active Engagements:

N/A

- The final Burlington to Nanticoke Scoping Assessment Outcome Report was posted on December 5 following a written comment period for which no feedback was received
- Engagement on the development of Integrated Regional Resource Plans (IRRPs) for the Hamilton, Brant and Caledonia-Norfolk sub-regions will commence in early 2023

Regional Planning - Niagara

Regional electricity planning is underway in this region.

Engagement Lead: Rouselle Gratela Related Active Engagements:

N/A

- Regional Resource Plan (IRRP)
 was posted on December 22
 with an appendices and data
 tables, presenting the electricity
 demand and supply conditions
 for the next 20 years and the
 recommended plan
- An IESO response to feedback document was also posted

 This engagement has now concluded

Current Status

Next Steps

<u>Regional Planning – North & East</u> of Sudbury

Regional electricity planning is underway in this region.

Engagement Lead: Rouselle Gratela Related Active Engagements:

Bulk Planning – Northeast Ontario

- A second public webinar was held on September 27 to provide an overview of, and seek input on, the defined electricity needs to help inform potential solutions
- No feedback was received following the webinar
- A final public webinar will be held in Q1, 2023 to seek input on the draft recommendations

Regional Planning – Northwest

Regional electricity planning is underway in this region.

Engagement Lead: Susan Harrison Related Active Engagements:

Resource Adequacy

- Regional Resource Plan (IRRP)
 was posted on January 13 along
 with an appendices and data
 tables, presenting the electricity
 demand and supply conditions for
 the next 20 years and the
 recommended plan
- An IESO response to feedback document was also posted

This engagement has now concluded

Regional Planning – Ottawa Area Sub-Region

Regional electricity planning is underway in this region.

Engagement Lead: Sari Gerwitz

Related Active Engagements:

Bulk Planning – East Ontario

- An Integrated Regional Resource
 Plan (IRRP) was completed in
 February 2020 for this sub-region
- The plan recommended additional studies to address the identified needs that extend beyond the 20year IRRP outlook
- Further information to follow

Current Status

Next Steps

Regional Planning - Renfrew

Regional electricity planning is underway in this region.

Engagement Lead: Sari Gerwitz

Related Active Engagements:

• <u>Bulk Planning – East Ontario</u>

- The 2022 Renfrew Integrated Regional Resource Plan (IRRP) was posted on December 22 along with an appendices and data tables, presenting the electricity demand and supply conditions for the next 20 years and the recommended plan
- An IESO response to feedback document was also posted

This engagement has now concluded

Transmission Losses

This engagement will review IESO 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: Colin Campbell Related Active Engagements:

N/A

- transmission losses guideline document in July 2021 for stakeholder review and feedback
- Two feedback submissions were received and the IESO is developing a response to feedback
- An IESO response to feedback document will be posted in O1, 2023
- Changes will be made to the guideline document and the IESO will post the final version upon closing the engagement

Resource Acquisition

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

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: Jason Grbavac Related Active Engagements:

Resource Adequacy

- Engagement on the 2023
 enhancements continued in
 December 2022 with
 discussions on design
 concepts expected to be
 completed at the January
 Engagement Days
- Two feedback submissions were received following the November webinar and have been posted to the engagement webpage
- The next webinar will take place on January 26 where the IESO will provide design memos to conclude the design phase of the engagement
- The draft market rules and manuals phase of the 2023 enhancements will begin in February

<u>Development of an IESO Competitive</u> <u>Transmission Procurement Process</u>

The IESO is seeking feedback to aid in the development of a competitive transmission procurement process.

Engagement Lead: TBD

Related Active Engagements:

N/A

 This engagement was put on hold and the IESO is currently determining the next steps associated with this initiative

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

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 Active Engagements:
- DER Potential Study
- DER RoadmapEnabling Resources Program
- Hybrid Integration Project
- Innovation and Sector Evolution White Paper Series
- Resource Adequacy

- An IESO response to feedback document was posted to the engagement page regarding the feedback received following the September 20 webinar
- On December 29, the IESO published recommendations for enhanced DER models
- The next webinar will take place on January 25 to review the results of the enhanced model study and recommendations from the Distributed Energy Resources Market Vision and Design Project report

<u>Distributed Energy Resources (DER)</u> Potential Study

To help inform our path forward in enabling DERs, the IESO has commissioned a DER Potential Study. The primary objectives of the study are to determine the types and volumes of DERs that exist and can be expected to emerge in Ontario over a 10-year timeframe, as well as identify the potential for these resources to provide wholesale electricity services.

Engagement Lead: Colin Campbell Related Active Engagements:

- DER Market Vision & Design Project
- DER Roadmap
- <u>Enabling Resources Program</u>
- <u>Hybrid Integration Project</u>
- <u>Innovation and Sector Evolution</u>
 <u>White Paper Series</u>
- Resource Adequacy

- The IESO published the final DER Potential Study materials to the engagement webpage on September 30
- The study materials consist of the main report, the supplemental methodology/ assumptions report, MS Excel appendices, and an update on the results presentation delivered during the June engagement session
- Eleven feedback submissions were received and have been posted to the engagement webpage

 The IESO will publish a response to feedback document and, with support of the project consultants, respond to any technical questions relating to the study

<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: Colin Campbell Related Active Engagements:

- 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 23 on a Distributed Energy Resources Integration Framework for Energy Innovation
- Six feedback submissions were received and have been posted to the engagement webpage
- The fifth meeting of the Working Group was held on November 9 (see separate engagement update)

- An IESO response to feedback document for the RPPR August webinar will be posted to the engagement page
- An IESO response to feedback document following the November meeting will be posted
- The next meeting of the Working Group will take place in February (see separate engagement update)

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: Colin Campbell Related Active Engagements:

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

- A webinar was held on
 October 24 to discuss
 implementation of the co located hybrid model,
 including the timing for
 proposed changes to market
 rules and manuals
- One feedback submission was received and posted to the engagement page
- On December 29, the IESO posted both the Enhanced Hybrid Participation Model Design Vision and the EPRI Benefits Study

- A response to feedback document will be posted
- The next webinar will take place on January 26 to review the results of the enhanced model study and recommendations from the Hybrid Design Vision
- Next steps include: (1) Market Rule amendment proposal to Technical Panel in Jan; (2) target date for Technical Panel vote in Feb; and (3) target effective date for implementation in the IAMs in April, 2023

Long-Term RFP

The IESO is engaging stakeholders on the development of a Long-Term RFP (LT RFP) that will seek resources that can be in service between 2026 and 2028 to address global and regional needs.

Engagement Lead: Colin Campbell Related Active Engagements:

- Resource Adequacy
- <u>Hybrid Integration Project</u>
- <u>Market Renewal Program (MRP)</u> Implementation

- Informational webinars were held on Dec 2 and 5 on the Expedited Long-Term Procurement RFP
- IESO response to feedback documents have been posted for feedback received following the Nov 7 webinar
- The final E-LT Procurement RFP and Contract and RFP were posted on December 6
- Information on the
 Expedited Process Final
 Procurement Documents
 can be found here

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 Active Engagements:

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

- A detailed resource adequacy update was shared with stakeholders on Aug 23
- Several Resource Adequacy initiatives such as the Procurements and Capacity Auction Enhancements have branched off into their own respective engagement streams (see separate engagement updates)
- Next steps will be communicated

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

Adjustments to Intertie Flow Limits

The IESO is proposing to add clarifying language to the market rules specifying when internal transmission constraints will be considered by the IESO in setting intertie flow limits.

Engagement Lead: Jason Grbavac Related Active Engagements:

N/A

- At its July 12 meeting, a majority of Technical Panel members voted to recommend the proposed market rule amendment to the IESO Board of Directors on the Adjustments to Intertie Flow Limits (MR-00468-R00)
- The IESO Board adopted the rule amendment proposal that specifies when internal transmission constraints will be used by the IESO to set intertie flow limits
- A final engagement summary will be posted to the engagement webpage in Q1, 2023

<u>Cost Recovery for Integrating</u> System Changes

This engagement will seek input from stakeholders on how to recover costs from customers for requested services performed by the IESO and the proposed phase-in strategy. The initiative will seek to bring greater alignment between the costs of the service and the customer initiating the request, as opposed to recovering these costs volumetrically from all consumers. *Engagement Lead:* **Jason Grbavac** *Related Active Engagements:*

N/A

- The IESO filed a request for approval with the Ontario Energy Board in February 2022, and received approval through the OEB's Decision and Order EB-2022-0002 in August 2022
- The IESO circulated the Market Manual 1.5: Market Registration Procedures with updates for the Reliable Integration Fee via baseline 48.1
- Effective December 8, the IESO implemented the Reliable Integration Fee for activities the IESO undertakes to reliably integrate facilities into the IESO-controlled grid

 A final engagement summary will be posted to the engagement webpage in Q1, 2023

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 Related Active Engagements:

N/A

- At the June Technical Panel meeting, Panel members voted unanimously to recommend the proposed market rule amendments to the IESO Board
- On September 15, an update was sent to stakeholders indicating that the earliest the inaccessible operating reserve settlement charge can be implemented is Q1, 2023

 Stakeholders will be informed as soon as possible when the next implementation date is confirmed

Market Renewal Program (MRP) Implementation

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: **Declan Doyle**Related Active Engagements:

- Resource Adequacy
- Enabling Resources
- DER Market Vision & Design Project
- Hybrid Integration

- The Market Settlement,
 Metering and Billing market
 rules and market manuals have
 been published for stakeholder
 review
- The initial engagement webinar was held on December 14
- Feedback on the Market Settlements, Metering and Billing batch of market rules and market manual amendments is due by February 21
- Stakeholders can sign-up for smaller-group discussions being held in mid-January on MRP Settlement

Registration Timelines

IESO Market Registration is proposing new registration timeline guidelines, intended to make the registration process more efficient for both the IESO and market participants.

Engagement Lead: Colin Campbell Related Active Engagements:

N/A

- A webinar was held on October 24 to review the proposed new registration timeline guidelines and seek stakeholder feedback before finalizing
- One feedback submission was received and has been posted to the engagement webpage
- An IESO response to feedback will be posted
- The timeline guide is targeted for release as part of the 2023-Q1 baseline

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

2021-2024 Conservation and Demand Management (CDM) Framework – Mid-Term Review

The Minister of Energy has asked the IESO to assess the performance of existing CDM programs and the alignment of targets and budgets with emerging customer and system needs.

Engagement Lead: Jason Grbavac Related Active Engagements:

- 2021 Annual Planning Outlook
- 2022 Annual Acquisition Report
- Pathways to Decarbonization

- The 2021-2024 Conservation and Demand Management
 Framework Mid-Term Review was released on December 15 and posted to the engagement webpage
- The review makes recommendations on the current and future role of CDM in meeting system and customer needs
- A final engagement summary report has also been posted

 This engagement has now concluded

Clean Energy Credits

The Ministry of Energy has asked the IESO to assess options for the establishment and ongoing operation and management of a registry to support the creation and/or recognition, trading and valuation, and the retirement of renewable and clean energy credits (CECs) within the province.

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

N/A

The IESO provided a report back to government on the establishment of a clean energy credit registry The IESO will be meeting with targeted stakeholders to discuss next steps for the Clean Energy Credit Registry

<u>Innovation and Sector Evolution White</u> <u>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: Colin Campbell Related Active Engagements:

- DER Potential Study
- DER Roadmap
- <u>IESO York Region Non-Wires Alternatives</u>
 <u>Demonstration Project</u>
- A webinar was held on
 February 23 to seek feedback
 on the next white paper in the
 series: Applications of Artificial
 Intelligence (AI), Machine
 Learning and other Advanced
 Technology in the Electricity
 Sector
- Responses to the AI
 Whitepaper Survey were due
 by March 31
- The IESO is reviewing the AI Whitepaper Survey responses

Current Status

Next Steps

<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: Colin Campbell Related Active Engagements:

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

- Demonstration Program
 Rules and Contracts were
 posted on August 25 with the
 opening of the Initial Year 2
 registration
- On October 20-21, pre- and post-auction reports were posted for Year 2
- An Evaluation
 Report including
 lessons learned will
 be published in
 Q2, 2023; this is
 the last major
 milestone for this
 engagement

Interruptible Rate Pilot

The Ministry of Energy has asked the IESO to design a three-year interruptible rate pilot, which if approved will begin on July 1, 2023 to align with the Industrial Conservation Initiative cycle.

Engagement Lead: Colin Campbell Related Active Engagements:

- <u>Industrial Conservation Initiative (ICI)</u> <u>Update</u>
- <u>Distributed Energy Resources Survey</u>
- November 23 to report back to stakeholders on the feedback received and summarize how it will be captured it the report back to the Ministry
- Four feedback submissions were received following the November webinar and have been posted to the engagement webpage
- An IESO response to feedback document will be posted
- The IESO will host a meeting in February to present draft design elements for stakeholder feedback

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: **Trisha Hickson** Related Active Engagements:

Pathways to Decarbonization

- In August, the IESO communicated that targeted discussions would take place with organizations with existing or potential upcoming hydrogen projects, and a presentation was prosed to the engagement webpage
- A report back on program options was provided to the government on Oct 31
- Engagement will commence in Q1, 2023 to discuss the program design

Current Status

Next Steps

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 Active Engagements:

- 2021 Annual Planning Outlook
- 2022 Annual Acquisition Report
- <u>Clean Energy Credits</u>
- DER Potential Study
- <u>Low-Carbon Hydrogen Strategy</u>
- Resource Adequacy

- The IESO released the Pathways to Decarbonization study on December 15, 2022
- The study provides
 recommendations on a
 provincial moratorium on
 new natural gas generation
 as well as findings from a
 potential scenario to achieve
 zero electricity sector
 emissions that considers
 reliability, cost and impacts
 on broader electrification
 efforts
- The IESO will provide details on next steps

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

Group Current Status Next Steps

<u>Stakeholder Advisory Committee</u> (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**

 The challenge statements developed in 2022 will help inform and drive the 2023 SAC agendas and Committee work plans The 2023 meeting schedule will be posted to the SAC webpage shortly

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: Agatha Pyrka

- meeting provided an education presentation on the Co-Located Hybrid Resources initiative and a Q&A session on the MRP interim alignment batch as well as proposed changes to the TP Terms of Reference that were posted for broader stakeholder review and comment
- The 2023 TP meeting dates have been posted to the TP webpage
- The next meeting is scheduled for January 24 and will include two vote to post items on enabling colocated hybrid resources and the replacement of the IESO settlement system, a Q&A session on the MRP settlements batch, as well as a vote to recommend proposed changes to the TP Terms of Reference

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

The Transmission-Distribution
Coordination Working Group (TDWG)
will work 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 T-D coordination.

Engagement Lead: Colin Campbell

Related Active Engagements:

- DER Market Vision & Design Project
- DER Roadmap
- IESO York Region Non Wires <u>Alternatives Demonstration</u> Project
- <u>Innovation and Sector Evolution</u>
 White Paper Series

- The fifth meeting of the
 Working Group was held on
 November 9 to discuss: the
 DER Market Vision Project
 (MVP) T-D Update, draft
 conceptual T-D coordination
 protocols for dual participation
 model, and D-D coordination
 (presented by Hydro One)
- Five submissions were received following the meeting and have been posted to the engagement webpage

- The IESO will review feedback submissions and post a response document
- The next Working Group meeting will take place in February 2023