

IESO Engagement Update

July 20, 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

Transmission Rights Market Enhancements and Platform Refresh

The IESO is launching a new engagement to inform market participants of upcoming enhancements to the Transmission Rights (TR) market. This includes updating the TR auction platform to align with current IESO software and introducing multiple-bid laminations to enhance the market. Those interested in participating in this engagement can register with IESO engagement at engagement@ieso.ca.

Launching: July 26, 2023

Forecasting and Planning

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

Active Engagement	Current Status	Next Steps
<p><u>Annual Acquisition Report</u> The Annual Acquisition Report (AAR) translates planning and operational information into a series of procurement and market activities using the Resource Adequacy Framework. <i>Engagement Lead: Trisha Hickson</i> <i>Related Active Engagements:</i></p> <ul style="list-style-type: none">• Resource Adequacy	<ul style="list-style-type: none">• A webinar was held in February to provide an overview of key topic areas of the 2023 AAR and to seek input on the future participation of existing resources• Thirteen submissions were received following the webinar and have been posted to the engagement webpage• An IESO response to feedback document was posted on June 6	<ul style="list-style-type: none">• The IESO is preparing the AAR to be released shortly
<p><u>Regional Planning – Burlington to Nanticoke</u> Regional electricity planning is underway in this region. <i>Engagement Lead: Rouselle Gratela</i> <i>Related Active Engagements:</i></p> <ul style="list-style-type: none">• N/A	<ul style="list-style-type: none">• The final Burlington to Nanticoke Scoping Assessment Outcome Report was posted in December recommending the development of Integrated Regional Resource Plans (IRRP) for the Hamilton, Brant and Caledonia-Norfolk sub-regions	<ul style="list-style-type: none">• Engagement has begun on the development of the IRRPs and individual updates will be provided separately for each sub-region in future updates
<p><u>Regional Planning – Ottawa Area Sub-Region</u> Regional electricity planning is underway in this region. <i>Engagement Lead: Sari Gerwitz</i> <i>Related Active Engagements:</i></p> <ul style="list-style-type: none">• N/A	<ul style="list-style-type: none">• The final Scoping Assessment Outcome Report was posted in March, 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 Sub-regions	<ul style="list-style-type: none">• Engagement on the Ottawa Area sub-region IRRP will begin in Q3 2023
<p><u>Regional Planning – Toronto</u> Regional electricity planning is underway in this region. <i>Engagement Lead: Sari Gerwitz</i> <i>Related Active Engagements:</i></p> <ul style="list-style-type: none">• N/A	<ul style="list-style-type: none">• The final Scoping Assessment Outcome Report was posted in March, recommending the development an Integrated Regional Resource Plan (IRRP) for the Toronto region	<ul style="list-style-type: none">• Engagement on the Toronto Region IRRP will begin in Q3 2023

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<p><u>Regional Planning – Windsor-Essex</u> Regional electricity planning is underway in this region. <i>Engagement Lead: Rouselle Gratela</i> <i>Related Active Engagements:</i></p> <ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> The final Windsor-Essex Scoping Assessment Outcome Report was posted on May 17 with the IESO's responses to feedback received. The report concludes that an Integrated Regional Resource Plan (IRRP) be undertaken for the Windsor-Essex region 	<ul style="list-style-type: none"> Engagement will continue on the development of an IRRP for the region
<p><u>Transmission Losses</u> 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. <i>Engagement Lead: Colin Campbell</i> <i>Related Active Engagements:</i></p> <ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> The IESO posted a draft 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 	<ul style="list-style-type: none"> An IESO response to feedback document will be posted in Q3 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.

Active Engagement	Current Status	Next Steps
<p><u>Capacity Auction Enhancements</u> 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. <i>Engagement Lead: Trisha Hickson</i> <i>Related Active Engagements:</i></p> <ul style="list-style-type: none"> • Resource Adequacy 	<ul style="list-style-type: none"> • At the June Technical Panel (TP) meeting, the Stream 1 Market Rule Amendments were voted to recommend to the IESO Board of Directors for approval. This concludes engagement on Stream 1 Capacity Auction Enhancements 	<ul style="list-style-type: none"> • The IESO is seeking feedback on Stream 2 Capacity Auction Enhancements and will communicate next steps by early Q4 2023.
<p><u>Development of an IESO Competitive Transmission Procurement Process</u> The IESO is seeking feedback to aid in the development of a competitive transmission procurement process.</p>	<ul style="list-style-type: none"> • This engagement was put on hold and the IESO is currently determining the next steps associated with this initiative 	
<p><u>Distributed Energy Resources (DER) 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. <i>Engagement Lead: Colin Campbell</i> <i>Related Active Engagements:</i></p> <ul style="list-style-type: none"> • DER Potential Study • DER Roadmap • Enabling Resources Program • Hybrid Integration Project • Innovation and Sector Evolution White Paper Series • Resource Adequacy 	<ul style="list-style-type: none"> • A webinar was held 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 • Two feedback submissions were received and have been posted to the engagement webpage 	<ul style="list-style-type: none"> • An IESO response to feedback document will be posted • The IESO is aiming to finalize the Foundational and Enhanced Model proposals in Q3 2023

Active Engagement	Current Status	Next Steps
<p><u>Distributed Energy Resources (DER) Roadmap</u></p> <p>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.</p> <p><i>Engagement Lead: Colin Campbell</i></p> <p><i>Related Active Engagements:</i></p> <ul style="list-style-type: none"> • DER Market Vision & Design Project • DER Potential Study • Enabling Resources Program • Hybrid Integration Project • IESO York Region Non-Wires Alternatives Demonstration Project • Resource Adequacy 	<ul style="list-style-type: none"> • A joint meeting with the Ontario Energy Board was held on May 26 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 • Four feedback submissions were received and have been posted to the engagement webpage • See also the separate update for the Transmission-Distribution Coordination Working Group 	<ul style="list-style-type: none"> • An IESO response to feedback document for the Regional Planning Process Review from the last webinar will be posted to the engagement page • The IESO and OEB will work to post a response to feedback document in advance of the next joint meeting, targeted for Q4 2023 • See also the separate update for the Transmission-Distribution Coordination Working Group
<p><u>Hybrid Integration Project</u></p> <p>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.</p> <p><i>Engagement Lead: Colin Campbell</i></p> <p><i>Related Active Engagements:</i></p> <ul style="list-style-type: none"> • DER Market Vision & Design Project • DER Potential Study • DER Roadmap • Enabling Resources Program • Innovation and Sector Evolution White Paper Series 	<ul style="list-style-type: none"> • At the February Technical Panel meeting, the enabling co-located hybrid model market rule amendments were voted to recommend to the IESO Board for approval • The co-located model became effective in the IESO Administered Markets in June 2023 	<ul style="list-style-type: none"> • An IESO response to feedback document following the January meeting will be posted

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<p><u>Long-Term RFP</u> 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. <i>Engagement Lead: Colin Campbell</i> <i>Related Active Engagements:</i></p> <ul style="list-style-type: none"> • Resource Adequacy • Hybrid Integration Project • Market Renewal Program (MRP) Implementation 	<ul style="list-style-type: none"> • An engagement webinar was held on June 29 where the IESO addressed several open design issues for the LT1 RFP, including a presentation by the Ministry of Energy on the Duty to Consult provisions Indigenous Participation • Twenty-two feedback submissions were received following the June 29 webinar and have been posted to the engagement webpage • A Long-Term RFP Community Engagement Information Session was held on July 11, and participants have until August 1 to submit feedback 	<ul style="list-style-type: none"> • An IESO response to feedback document will be posted for the feedback received from the June engagement meeting • The next engagement webinar is expected to be held in August
<p><u>Resource Adequacy</u> 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. <i>Engagement Lead: Jason Grbavac</i> <i>Related Active Engagements:</i></p> <ul style="list-style-type: none"> • DER Market Vision & Design Project • DER Potential Study • DER Roadmap • Enabling Resources Program • Long-Term RFP 	<ul style="list-style-type: none"> • 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) • A Resource Adequacy Update 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 	<ul style="list-style-type: none"> • 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
<p>Transmission Rights Market Enhancement and Platform Refresh</p> <p>The IESO is launching a new engagement to inform market participants of upcoming 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.</p> <p><i>Engagement Lead: Trisha Hickson</i></p> <p><i>Related Active Engagements:</i></p> <ul style="list-style-type: none">• N/A	<ul style="list-style-type: none">• The IESO will host an engagement on July 26 to discuss enhancements, which include aligning the TR auction platform with current IESO software and introducing multiple-bid laminations	<ul style="list-style-type: none">• Stakeholders will have the opportunity to provide feedback by August 10• The IESO will present feedback and next steps (if required) in the fall prior to IESO Technical Panel review of the proposed Market Rules
<p><u>Improving Accessibility of Operating Reserve</u></p> <p>The IESO is seeking feedback on an issue related to the Operating Reserve (OR), whereby the amount of OR scheduled is not fully accessible.</p> <p><i>Engagement Lead: Colin Campbell</i></p> <p><i>Related Active Engagements:</i></p> <ul style="list-style-type: none">• N/A	<ul style="list-style-type: none">• At the June 2022 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	<ul style="list-style-type: none">• Stakeholders will be informed as soon as possible when the next implementation date is confirmed

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<p><u>Market Renewal Program (MRP) Implementation</u></p> <p>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.</p> <p><i>Engagement Lead: Maria Go</i></p> <p><i>Related Active Engagements:</i></p> <ul style="list-style-type: none"> • Resource Adequacy • Enabling Resources • DER Market Vision & Design Project • Hybrid Integration 	<ul style="list-style-type: none"> • The Implementation Working Group met on July 6. Members were provided an overview of qTest (a test case management tool), market participant readiness assessment surveys, and the "Day-In-The-Life" presentations that will walk different market participant segments from authorization to settlements under the renewed market. • Stakeholders can provide feedback on the proposed categories for the Independent Review Process (IRP) and the two new design solutions that were presented in the June 22 engagement session. The deadline to submit the feedback form was July 13 	<ul style="list-style-type: none"> • The next stakeholder engagement session is scheduled on July 27 and July 28 to prepare market participants for their review of the draft Market & System Operations (MSO) batch of market rule and market manual amendments

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
<p><u>Innovation and Sector Evolution White Papers</u></p> <p>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.</p> <p><i>Engagement Lead: Colin Campbell</i></p> <p><i>Related Active Engagements:</i></p> <ul style="list-style-type: none">• DER Potential Study• DER Roadmap• IESO York Region Non-Wires Alternatives Demonstration Project	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• The IESO is reviewing next steps on this engagement for the latter part of 2023
<p><u>IESO York Region Non-Wires Alternatives Demonstration Project</u></p> <p>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.</p> <p><i>Engagement Lead: Colin Campbell</i></p> <p><i>Related Active Engagements:</i></p> <ul style="list-style-type: none">• DER Market Vision & Design Project• DER Potential Study• DER Roadmap• Innovation and Sector Evolution White Papers	<ul style="list-style-type: none">• The Final Year 2 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	<ul style="list-style-type: none">• An engagement webinar is taking place on July 27 where the Electric Power Research Institute (EPRI) will present the draft findings of the DER Scenario & Modelling Study as it relates to transmission-distribution coordination in the context of the York Region Non-Wires Alternatives Demonstration• An Evaluation Report including lessons learned will be published in Q3 2023

Active Engagement	Current Status	Next Steps
<p><u>Interruptible Rate Pilot</u> 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.</p> <p><i>Engagement Lead: Colin Campbell</i> <i>Related Active Engagements:</i></p> <ul style="list-style-type: none"> • Industrial Conservation Initiative (ICI) Update • Distributed Energy Resources Survey 	<ul style="list-style-type: none"> • The pilot launched on July 1, 2023 	<ul style="list-style-type: none"> • A final engagement summary report will be posted in Q3 2023 • This engagement has now concluded
<p><u>Low-Carbon Hydrogen Strategy</u> 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.</p> <p><i>Engagement Lead: Colin Campbell</i> <i>Related Active Engagements:</i></p> <ul style="list-style-type: none"> • Pathways to Decarbonization 	<ul style="list-style-type: none"> • A webinar was held on March 30 to present a summary of stakeholder feedback, the final Hydrogen Innovation Fund program documents and announce the program application period from April 3 to May 5, 2023 	<ul style="list-style-type: none"> • Submitted proposals are currently being reviewed and the applicants will be notified of the outcome in Q3 2023
<p><u>Pathways to Decarbonization</u> 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.</p> <p><i>Engagement Lead: Trisha Hickson</i> <i>Related Active Engagements:</i></p> <ul style="list-style-type: none"> • 2022 Annual Acquisition Report • DER Potential Study • Low-Carbon Hydrogen Strategy • Resource Adequacy 	<ul style="list-style-type: none"> • The Ministry of Energy released Powering Ontario’s Growth in July. 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 letter to the IESO outlining some of the immediate actions the Minister would like the IESO to take, which includes several report-backs and timelines. • This concludes engagement on the Pathways to Decarbonization study. 	<ul style="list-style-type: none"> • The IESO will begin engagement as required on the actions identified in the Minister’s letter

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

Group	Current Status	Next Steps
<p><u>Strategic Advisory Committee (SAC)</u></p> <p>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.</p> <p><i>Engagement Lead: Jason Grbavac</i></p>	<ul style="list-style-type: none"> • SAC held its first public meeting of 2023 on May 10 which included introductory remarks by Lesley Gallinger, IESO President and CEO and guest speaker Jason Fitzsimmons, Deputy Minister of Energy • Following a review of several business updates, the Committee discussed the Working Groups approach for 2023 and were provided with an update on the 2021-2024 Conservation and Demand Management (CDM) Framework • Following an open call for nominations, the IESO’s Board of Directors decided on new members at its June meeting • To be more inclusive of the IESO’s sector partners, the Stakeholder Advisory Committee has been renamed Strategic Advisory Committee. 	<ul style="list-style-type: none"> • SAC will continue meeting in smaller Working Groups to evolve the Challenge Statements • The next SAC meeting is scheduled for Aug 2
<p><u>Technical Panel (TP)</u></p> <p>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.</p> <p><i>Engagement Lead: Trisha Hickson</i></p>	<ul style="list-style-type: none"> • At the July 11 Technical Panel meeting, members voted to post the proposed market rule amendments Stream 2 Capacity Auction Enhancements for broader stakeholder engagement 	<ul style="list-style-type: none"> • The next Technical Panel meeting is scheduled for September 12.

Group	Current Status	Next Steps
<p><u>Transmission – Distribution Coordination Working Group</u></p> <p>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.</p> <p><i>Engagement Lead: Colin Campbell</i></p> <p><i>Related Active Engagements:</i></p> <ul style="list-style-type: none"> • DER Market Vision & Design Project • DER Roadmap • IESO York Region Non Wires Alternatives Demonstration Project • Innovation and Sector Evolution White Paper Series 	<ul style="list-style-type: none"> • The TDWG meeting on June 16 included a presentation on LDC/Distribution System Operator functions under the Dual Participation and Total DSO models • Three feedback submissions were received following the meeting and have been posted to the engagement webpage 	<ul style="list-style-type: none"> • The IESO is reviewing feedback submissions • The next TDWG meeting will take place in Q3 2023