IESO Engagement Update – September 13, 2022

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 refreshed Engagement Initiatives webpage.



New Engagements and Forward-Looking Schedule

Those interested in participating directly in any of the new engagements can register at engagement@ieso.ca.

Interruptible Rate Pilot

The Minister of Energy <u>has asked the IESO</u> 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. Three pricing design options will be considered in the development of the pilot, which is focused on providing a system benefit and a benefit to pilot participants, while minimizing potential cost transfers to other electricity consumers. The IESO will be reporting back to the Ministry of Energy with a detailed pilot design proposal and proposed participant selection process by December 9, 2022.

• Launching: September, 2022

Low-Carbon Hydrogen Strategy

The Minister of Energy <u>has asked the IESO</u> to investigate and propose program options to integrate low-carbon hydrogen technologies into Ontario's electricity grid for the purposes of balancing and strengthening the reliability of the electricity system and contributing to broader decarbonization. The IESO will be reporting back to the Ministry of Energy with program options, timelines, costs and any additional advice the IESO may have on how to proceed by October 31, 2022.

• Launched: August 18, 2022



Upcoming Meetings

Achievable Potential Study Refresh Webinar

An information session on the Achievable Potential Study (APS) refresh will be held as part of the IESO Engagement Days on September 22, 2022. The IESO will present recent activities on the APS refresh, which includes updated modelling, and key inputs based on the latest 2021 Annual Planning Outlook. Further information and registration details can be found on the <u>September Engagement Days webpage</u>.

IESO Stakeholder Advisory Committee Meeting

The next IESO Stakeholder Advisory Committee (SAC) meeting will take place on September 28, 2022. Further information on the agenda and registration details will be posted to the <u>SAC webpage</u> closer to the meeting date.

Forecasting and Planning

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

Active Engagement

Bulk Planning - East Ontario

A bulk planning study is underway for the Gatineau transmission corridor to examine the transmission equipment reaching end-of-life, assess the scope of refurbishment and look at broader reliability needs.

Engagement Lead: Sari Gerwitz Related Active Engagements:

- Formalizing the Integrated Bulk System Planning Process
- Regional Planning Ottawa Area Sub-Region

Current Status

- A second public webinar was held on August 11 to review the feedback received and seek input on draft recommendations
- Five submissions were received following the August webinar and have been posted to the engagement webpage

Next Steps

- An IESO response to feedback document will be posted in September
- The final study is expected to be posted in the coming weeks

Bulk Planning - Northeast Ontario

A bulk planning study is underway for Northeast Ontario to address emerging needs being driven by strong economic growth and decarbonization initiatives. *Engagement Lead:* **Rouselle Gratela** *Related Active Engagements:*

- Formalizing the Integrated Bulk System Planning Process
- Regional Planning North & East of Sudbury
- An IESO response to feedback document was posted for the feedback received following the April webinar on the scope, needs and potential solutions
- A webinar was held on September 13 to provide an overview of the options analysis and seek input on draft recommendations
- Feedback on the September webinar is due by October 4
- responses to the feedback received, is expected to be posted in Q4

Active Engagement

Current Status

Next Steps

Regional Planning - Niagara

Regional electricity planning is underway in this region.

Engagement Lead: Rouselle Gratela Related Active Engagements:

• Formalizing the Integrated Bulk System Planning Process

 Load profiles were posted on June 1 for the Beamsville (Town of Lincoln) and Crowland (City of Welland) Transformer Stations A final webinar will be held in October to seek input on the draft recommendations

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

Regional electricity planning is underway in this region.

Engagement Lead: Rouselle Gratela Related Active Engagements:

- Formalizing the Integrated Bulk System Planning Process
- <u>Bulk Planning Northeast Ontario</u>
- electricity demand forecast to the engagement webpage along with an IESO response to feedback from the first webinar of this engagement
- A webinar will be held on September 27 to provide an overview of and seek input on defined needs

Regional Planning - Northwest

Regional electricity planning is underway in this region.

Engagement Lead: Susan Harrison Related Active Engagements:

- Formalizing the Integrated Bulk
 System Planning Process
- Resource Adequacy

- Feedback on options to meet identified needs as well as the recommendations on the Waasigan Transmission Project is posted
- An IESO response to feedback document will be posted
- Further engagement and outreach will be undertaken in Q3

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
- Formalizing the Integrated Bulk
 System Planning Process
- Gas Phase-Out Impact Assessment

- 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
- Communications and outreach are targeted for Q3 2022

Active Engagement

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>
- Formalizing the Integrated Bulk System Planning Process
- A webinar was held on July 26 to provide an overview of the detailed electricity needs and seek input on the options under consideration
- Two feedback submissions were received following the July webinar and have been posted to the engagement webpage
- An IESO response to feedback document will be posted
- A webinar will be held in November to seek input on options analysis and draft recommendations
- The final study is expected to be posted in Q4

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:

Formalizing the Integrated Bulk
 System Planning Process

- 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
- An IESO response to feedback document will be posted in Q3, 2022
- 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

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

- On August 25, the IESO held a General Session outlining the areas in scope for the 2023 Capacity Auction enhancements
- The following day, the IESO
 held a Technical Session to
 discuss two topics in more
 detail: Hourly Demand
 Response Qualification and
 Standby Availability Charge
 and Hourly Demand Response
 Performance
- Three feedback submissions were received following the sessions and have been posted to the engagement webpage
- Webinars will be held on September 21 and 22 to further advance the discussion and development with stakeholders on the enhancements in scope for the 2023 Capacity Auction

Development of an IESO Competitive Transmission Procurement Process

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

Engagement Lead: TBD

Related Active Engagements:

Formalizing the Integrated Bulk
 System Planning Process

 This engagement was put on hold and 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 Roadmap
- Enabling Resources Program
- Hybrid Integration Project
- <u>Innovation and Sector Evolution</u>
 <u>White Paper Series</u>
- Resource Adequacy

- A webinar was held on June 22 to present criteria by which options for answering the Phase I questions will be assessed, and present the initial set of options for the Foundational model
- Four feedback submissions were received following the June webinar and have been posted to the engagement webpage
- A response to feedback document will be posted for the June submissions
- A webinar will be held on September 20 to discuss feedback received following the June webinar, and present recommendations for the foundational participation models
- In Q4, the IESO will produce options and draft recommendations for enhanced models with associated rationale and criteria to trigger implementation

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

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

A webinar was held on June 22 where the IESO and the consultant presented the final results of the province-wide Distributed Energy Resources Potential Study, along with insights, recommendations, and next steps on how the results will be utilized

- The IESO will publish the completed report to the IESO website in Q3
- Stakeholders will have four weeks following the publication of the full report to review and provide feedback

Current Status

Next Steps

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

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>
 Alternatives Demonstration Project
- Resource Adequacy

- A webinar was held on August 25 to provide an update on the non-wires related recommendations from the Regional Planning Process Review (RPPR) engagement and stakeholders have until September 16 to submit feedback
- The fourth meeting of the Transmission-Distribution Working Group took place on September 13 (see separate engagement update)

- An IESO response to feedback document following the April 13 joint meeting with the OEB will be posted
- Feedback on the August webinar materials is due by September 16 and the IESO will post a response to feedback document

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>
 <u>White Paper Series</u>

- The IESO has posted a response to feedback document following the June webinar
- On September 7, the IESO posted the final design document "Enabling Foundational Hybrid Facility Models" to the engagement webpage
- The IESO is planning to meet with stakeholders during the stakeholder engagement days in late October to discuss implementation of the colocated hybrid model, including the timing for proposed changes to market rules and manuals

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

- Thirteen submissions were received following the August webinar and have been posted to the engagement webpage
- The draft Expedited Long-Term RFP (draft E-LT1 RFP) and Contract (draft E-LT1 Contract) were posted on August 25, as well as a document applicable to the Solicitation for Same Technology Expansions
- The IESO posted an updated Deliverability Guidance Document and Deliverability Test Input Data Form ahead of the deliverability testing window opening on August 30
- A Q&A webinar will be held on September 15 to discuss both the Expedited Long-Term Procurement, as well as the Solicitation for Same Technology Expansions
- Written feedback on the draft E-LT1 RFP and draft E-LT1 Contract will be due by September 30

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
- Formalizing the Integrated Bulk System Planning Process
- Long-Term RFP

- Two feedback submissions were received following the June small hydro program webinar and have been posted to the engagement webpage
- Four feedback submissions were received following the July Capacity Auction Information Update and have been posted to the engagement webpage
- A detailed resource adequacy update was shared with stakeholders on August 23
- A final report on the Small Hydro Design Concepts was submitted to government in July; future engagement activity will take place in Q4 with targeted discussions with the community

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 Q4

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

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

- An IESO response to feedback was posted in response to the feedback received from the July 2021 webinar
- An update on the next steps for this engagement will be provided in September

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 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
- The IESO Board of Directors will review the proposed market rule amendments at their next meeting

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

- At the August 25
 engagement webinar, the
 IESO educated participants
 on make-whole payments
 for hydro-electric generators
 in the renewed market
- Following the release of the Terms of Reference for the MRP Implementation Working Group, 12 volunteers agreed to participate on the Working Group
- The inaugural meeting of the MRP Implementation
 Working Group will take place on September 15
- A webinar will be held on September 22 to discuss the Interim Alignment Market Rules, which are available for stakeholder review and comment, alongside updates on RSS implementation and an introduction to the MRP Consolidated Draft market rules

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

- A webinar was held on July 19 to present preliminary findings related to customer needs, program need and competitive mechanisms
- Nine submissions were received following the July webinar and have been posted to the engagement webpage, along with the IESO response to feedback document
- The IESO will provide further details on next steps

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 provide further details following discussions with government

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

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</u> Alternatives Demonstration Project
- A webinar was held on
 February 23 on the next white
 paper in the series:
 Applications of Artificial
 Intelligence (AI), Machine
 Learning and other Advanced
 Technology in the Electricity
 Sector
- The IESO sought feedback on key considerations to inform the future strategy of this technology and to understand market participant goals
- Responses to the AI
 Whitepaper Survey were due
 by March 31

the AI Whitepaper
Survey responses

<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</u> <u>White Papers</u>

- 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
- An Evaluation Report including lessons learned will be published by Q4 2022; this is the last major milestone for this engagement

Interruptible Rate Pilot *new

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> Update
- <u>Distributed Energy Resources Survey</u>
- The IESO communicated via the September 8 Bulletin that work on the Interruptible Rate Pilot will begin in September, 2022
- The draft engagement plan and schedule is available on the engagement webpage
- Discussions will be held in September and October to obtain input on the design principles, including pricing design options and criteria to employ in a competitive process to select participants

Low-Carbon Hydrogen Strategy *new

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

- The IESO communicated via the August 18 Bulletin that targeted discussions will take place with organizations with existing or potential upcoming hydrogen projects
- A presentation has been posted on the dedicated engagement webpage
- This engagement will consist of targeted discussions in September and October to help inform a report back to government

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
- Clean Energy Credits
- DER Potential Study
- Low-Carbon Hydrogen Strategy
- Resource Adequacy

- An IESO response to feedback document was posted on July 19, along with updated assumptions based on stakeholder feedback
- Next steps on the study and engagement plans to follow in Q3/Q4

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

Group Current Status Next Steps

Stakeholder 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

- The SAC met on July 6

 to discuss several
 business updates, the

 IESO corporate strategy

 and a challenge
 statement related to
 maximizing existing

 resources
- The next public SAC meeting is scheduled for September 28
 - The final two SAC challenge statements will be presented along with a discussion on the IESO Business Plan

Technical Panel (TP)

The Technical Panel's mandate is to review amendments to the Market Rules for Ontario's electricity market, and as requested, advise the IESO Board of Directors on specific technical issues relating to the operation of the IESO-administered market.

Engagement Lead: Agatha Pyrka

• The Technical Panel will not meet in September

 The next meeting is scheduled for October
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<u>Transmission – Distribution Coordination</u> <u>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 indepth engagement on T-D coordination.

Engagement Lead: Colin Campbell

Related Active Engagements:

- DER Market Vision & Design Project
- DER Roadmap
- <u>IESO York Region Non Wires Alternatives</u> Demonstration Project
- <u>Innovation and Sector Evolution White Paper Series</u>
- The fourth meeting of the Working Group was held on September 13 to discuss distribution outages, feedback following the June 29 meeting, the Toronto Hydro Grid Innovation Fund (GIF) Project, and the Joint Utilities of New York Distribution System Platform (DSP) Coordination & Communication Manual (presented by ICF)
- Working Group members have until October 4 to submit written feedback following the September meeting
- The date for the next
 Working Group meeting
 will be confirmed
 shortly