

# Feedback Form

## Clean Energy Credits – February 24, 2022

### Feedback Provided by:

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Following the February 24, 2022 engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the [engagement web page](#).

**Please submit feedback to [engagement@ieso.ca](mailto:engagement@ieso.ca) by March 17, 2022.** If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

## Opportunities & Challenges

Topic	Feedback
<p>What are the key opportunities and challenges the IESO should be aware of in developing a voluntary clean energy market?</p>	<p>The IESO recommendations on the development of a Clean Energy Credit (CEC) market need to appropriately balance the supply side and demand side considerations. From the supply-side, as currently proposed, the IESO has been asked to include all non-emitting generation as eligible under the program. That translates into approximately 90% of all generation (MWh) in Ontario being eligible to create CEC's. With such a high volume of RECs in the market, the price is likely to be extremely low, meaning that the program risks not providing any material incentive to maintain or expand non emitting resources in the province. This is of critical importance at a time when the IESO is developing a framework for incenting investment in new capacity, as well as exploring a pathway to decarbonizing the electricity sector.</p> <p>From the demand-side, the IESO should endeavor to identify what kinds of CECs the market is seeking and what they might be willing to pay for those CECs. If in fact demand for certain types of CECs is low (such as from nuclear or from operating facilities) then those CEC types should either be excluded from eligibility or, at a minimum, separated by class or tier.</p> <p>If the market demand for CECs or RECs is not yet defined, then the IESO can leverage existing registries like the North American Renewables Registry ("NAR") to facilitate trade between customers that are looking to obtain RECs from existing assets without having a need to develop a registry specifically for Ontario.</p>

## Design considerations

Topic	Feedback
<p>Which design considerations outlined in this presentation are most important to you and why?</p>	<p>Ensuring a proper balance between supply and demand will create the right incentives and put an appropriate value on credits. As mentioned above, the IESO may wish to explore creating a Tiering mechanism to differentiate Renewable Energy Credits from Clean Energy Credits, which may further differentiate between existing assets and new assets yet to be constructed.</p> <p>The design consideration that isn't really discussed but is the most important would be to create a program that puts a reasonable value on a credit to incent development of new generation assets. Having just a voluntary program is not likely to achieve an outcome where a credit can be monetized to offset the revenue sufficiency requirements to develop new assets in Ontario. Said differently, a program designed to fully recognize the value of new and incremental environmental attributes will lead to more competitive outcomes in other IESO markets and programs, such as the LT RFP.</p>

Topic	Feedback
<p>What other design considerations should IESO be aware of?</p>	<p>The IESO may not need to create its own registry, it can leverage the North American Renewables Registry to create a program where all Renewable generators can sell RECs to new customers and existing customers in Ontario. Until such time that the existing supply and potentially new supply outpaces the demand for RECs, limiting credits to just renewable assets would create the right supply/demand balance.</p> <p>If Ontario is set on creating its own registry, creating one that is compatible with other North American registries (e.g. NAR, NYGATS, etc.) will be critical.</p> <p>The Green-e certification is available to North American generating facilities, and not specific to just the U.S. EcoLogo is less used and if Ontario generators wish to service markets outside of Ontario, it may be better to certify as Green-e, or CRS Listed if they wish to avoid the audit requirements under a Green-e certification.</p> <p>Under existing registries, there are costs to create and transfer RECs. Once a credit is sold there is credit risk that must be considered. Depending on the type of product there may be ongoing certification or audit costs.</p>

## Engagement Process

Topic	Feedback
<p>Which stakeholder groups and/or design topics are most important to include in the planned focus group discussions?</p>	<p>Understanding the demand for credits will be critical. To create a program that puts the value of such a credit near zero because the supply far exceeds the demand will be a lost opportunity for Ontario.</p> <p>Ignoring the potential to create a product that puts a reasonable value on the credit to incent new development of renewable resources will be a lost opportunity as well.</p>

Topic	Feedback
Are there any additional engagement opportunities the IESO should consider?	The IESO should consider joining an existing registry to minimize the challenges of creating a registry based on limited demand. Also leveraging an existing registry like NAR would ensure RECs created in NAR are compatible with other North American tracking systems.

Topic	Feedback
Would you be willing to participate in a technical session? If so, on which topic(s)?	Yes, Northland would be willing to participate on all topics. Northland has experience with North American REC markets.

## General Comments/Feedback

Click or tap here to enter text.