

Feedback Form

Clean Energy Credits – April 21, 2022

Feedback Provided by:

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Following the April 21, 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 by **May 5, 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.

Registry Design Features

Topic	Feedback
Are there any registry features missing from the proposed list, either basic requirements or future functionality?	In our March 17 Feedback Form, Capital Power outlined several best practices related to clean energy registry design based on our experience. The IESO's April 21 Presentation (the "Presentation") captures this feedback well and identifies several other important design features. Capital Power appreciates the IESO's consideration of our feedback and has no further comments on this aspect at this time.

CEC Product Offering Options

Topic	Feedback
Has IESO identified the right set of CEC product offerings? Are there any missing?	The IESO has identified the major categories of product offerings, however it is clear based on the number of variations and sub-variations for each of the offerings that details matter. Further consultation and additional analysis and evaluation by the IESO and/or the Ministry may be necessary to ensure an option that works for Ontario and avoids unintended consequences.

Topic	Feedback
Are there benefits/challenges to any of the proposed CEC product offerings that have not been covered?	The IESO has generally covered the major benefits and challenges associated with the different CEC product offerings. As mentioned above, the details of these options matter and may need to be further explored to ensure no unintended consequences.

Topic	Feedback
Which CEC option(s) works best for your company? For Ontario?	Capital Power believes that Option 1a – "free unbundled distribution" may be the best approach for dealing with the environmental attributes associated with existing renewable assets under contract with the IESO whereby the IESO retains ownership of those attributes. This approach will help avoid any impacts to the residual supply mix for existing customers and at the same time provide them with value for the renewable energy they have paid to build. As the IESO points out in its Presentation, this

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	<p>approach also avoids the risk of “green washing” and double counting. Option 1a would satisfy the primary goal of enabling economic development by introducing a tool to help companies operating and consuming energy in Ontario to meet their clean energy goals without adding new and unnecessary risk or complexity to the market.</p> <p>A variation of Option 1a that would be worthwhile considering is free unbundled distribution of credits but instead of the IESO automatically retiring the credits on behalf of load, allowing load entities to make their own decision whether to retire the credits or sell them to other parties. This refinement would allow greater optionality and could create additional opportunities for loads to green their full consumption. This variation would introduce some level of residual supply mix risk for existing customers, but it would be at the customer’s discretion.</p> <p>While Option 1a or the proposed variation to 1a above make sense for dealing with the environmental attributes associated with existing renewables under contract with the IESO, Capital Power believes that a separate approach may be required for valuing environmental attributes associated with newly procured and re-contracted renewable assets on a go-forward basis. Capital Power recommends that this issue be addressed within the IESO’s ongoing medium- and long- term RFP consultations. A key consideration for ensuring a workable go-forward approach will be ensuring that any risk taken on by developers related to the value of these attributes is a risk that can be reasonably managed. In this sense, it will be critical to have a well-functioning and competitive credit market in place or to have some sort of back-stop provided by the IESO. Given that development of a go-forward approach will require additional consultation and evaluation, it would not make sense to incorporate such an approach in to the IESO’s near-term (i.e., pre-2025) procurement work, as this would introduce the risk of delay. If the IESO does consider procuring new renewable assets in the near-term, it would make sense for the IESO to continue to retain ownership of environmental attributes and value them via Option 1a or the proposed variation to 1a outlined above.</p>

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	Regardless of the chosen option, Capital Power does not support a mandatory “opening” of existing contracts to deal with environmental attributes. Any “opening” of contracts must be on a voluntary-only basis.

CEC Customer Preferences Survey

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What are the most relevant findings from the CEC customer survey?	Capital Power appreciates the IESO sharing the results of the CEC customer survey. It seems from the findings that a good portion of customers surveyed would be interested in an unbundled CEC product distinguished by fuel type. Additional customer surveys may be helpful to seek feedback on: details associated with top options; development of a go-forward option; and/or preferences for purchasing credits via an intra-Ontario registry vs. an existing trading and tracking system.

General Comments/Feedback

Thank you for the opportunity to comment on this important initiative. Should you have any questions about the above response, or wish to discuss further, please contact the author directly.