# Feedback Form

### East Lake Superior Regional Electricity Planning– February 11, 2021

#### Feedback Provided by:

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Date: March 4. 2021

**Proposed Recommendations** 



Topic Feedback
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## What information needs to be considered in these recommendations?

The IESO states an estimated NPV of \$250M for a non-wires solution and a requirement of 3-5 years of lead time (see slide 17 of February 11, 2021 presentation). The IESO has provided no details on this analysis including input assumptions, modeling parameters, and outputs.

Ontario is rapidly approaching a resource adequacy need in the mid-2020s. There are provincial benefits to siting non-wires solutions in East Lake Superior that can offer supply to the province and the local region.

Energy storage resources, either standalone or paired with other generation resources in a hybrid structure, are a valid option to consider. If the IESO has considered energy storage, the IESO should publish their assumptions and analysis to determine if they are appropriately reflecting current market conditions. For example, the 3-5 years lead time does not align with current development timelines for new storage resources of 6-18 months.

Energy storage costs are falling rapidly. The best option for the IESO to determine the cost of deploying energy storage in the region is to seek price discovery through a procurement mechanism. The IESO should have a Call for Capacity to understand what projects and offerings are available. The results will be more fine-tuned and reflective of current market conditions and financing costs compared to a desktop analysis completed by the IESO.

ESC requests that the IESO publish their analysis for the \$250M NPV conclusion, including:

• Overnight capital cost

Торіс	Feedback
	<ul> <li>Fixed and variable operating &amp; maintenance costs</li> <li>Financing costs for projects</li> <li>Discount rate used in NPV analysis</li> <li>Development timeline</li> </ul>
Is there community feedback to the proposed recommendations	

Ongoing Engagement

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How can the East Lake Superior Technical Working Group continue to engage with communities as these recommendations are implemented, or to help prepare for the next planning cycle? ESC is concerned that the IESO Technical Working Group does not include any nonwires solution expertise. This includes experience in developing, constructing, financing, and operating non-wires solutions including energy storage. The IESO should convene a non-wires solution working group, either provincially or regionally, that can advise the IESO on existing barriers & solutions for the IESO to address between regional planning processes.

The East Lake Superior Technical Working Group requires accurate pricing information for non-wires solutions. One idea would be to conduct a two-part regional capacity auction. The first stage would be initiated at the start of a regional planning cycle. The regional capacity auction would follow a similar process to the current capacity auction but would allow the IESO to exit the commitment if the need does not materialize. This would allow the IESO to understand the cost of demand response/capacity additions that could be assessed at a high-level to traditional wires solutions. The 2<sup>nd</sup> stage would be initiated if the IESO believes non-wires solutions are the preferred solution. The 2<sup>nd</sup> stage could be targeted to areas with constraints and would allow bidders to adjust their offering and prices. The 2<sup>nd</sup> stage would also promote increased competition that would likely lead to even lower prices for capacity in the system. This approach is similar to how wires solutions are developed (i.e., high-level price estimate followed by more refined pricing once a preferred solution has been identified).

Feedback

### General Comments/Feedback