

Feedback Form - Public

Hydrogen Interruptible Rate Pilot – July, 2023

Feedback Provided by:

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Following the focused consultation sessions with potential pilot participants, the IESO is seeking feedback on a number of questions related to initial design elements of the Hydrogen Interruptible Rate Pilot.

Please provide feedback to engagement@ieso.ca. Please use subject header: *Hydrogen Interruptible Rate Pilot*.

To promote transparency, your responses in this public feedback form will be posted on the [Hydrogen Interruptible Rate Pilot webpage](#), unless otherwise requested by the sender. If you would like to submit feedback confidentially, please use the additional feedback form labeled as 'Confidential'.

The IESO will consider and work to incorporate comments, as appropriate, and provide responses at a follow-up session with potential pilot participants in August 2023. Thank you for your valuable contribution to the consultation process.

Public Feedback: Specific Questions

Please note: Responses in this section will be posted on the Hydrogen Interruptible Rate Pilot engagement webpage.

Topic	Feedback
How likely are you to participate in an H2 IRP and why?	Greenfield Global may participate in the H2 IRP, depending on its ultimate design and the potential available electricity rate under the pilot. However, we are concerned that based on our understanding of proposed rate structure under the HIRP, particularly the fixed price bid requirement, the effective electricity rate for a large-scale project will be higher than what could otherwise be available to a Class A customer who otherwise manages to avoid peak rates under the Global Adjustment. To encourage large scale hydrogen production in Ontario, and to ensure Ontario's competitiveness with other Canadian jurisdictions, particularly Quebec, the IESO must design an electricity rate structure that would provide predictable electricity at an effective rate of between \$0.024 - \$0.04/kwh.

Topic	Feedback
Which design features on slide 6 are most likely to impact your decision to participate? Do the options provided make sense for H2 producers?	Duration is a key feature that would impact our decision to participate in the pilot. Greenfield encourages the IESO to consider a duration in the range of 15 or 20 years which would best support the business case for the development of a large-scale hydrogen plant. We would encourage the Pilot MW cap to be at the high end of the range given, 500 MW, or higher.

Topic	Feedback
<p>With respect to the other support options on slide 7:</p> <p>a) Which of the other presented support options (e.g., CECs, RET), if any, would be valuable to include in/alongside an H2 IRP and why?</p> <p>b) Are there particular approaches to the deployment of these options that would make the pilot more beneficial for participants and other ratepayers?</p>	<p>Click or tap here to enter text.</p>

Topic	Feedback
<p>Are there any other design options the IESO should consider and why?</p>	<p>IESO should consider a hydrogen rate design that is not modeled on the current ICI Program. The goal of a hydrogen specific rate must be to encourage the development of an Ontario hydrogen production economy to support Ontario's economic competitiveness. Such a rate could be modeled after the Ultralow Overnight Rate for Electric Vehicle charging, which features fixed very low off-peak rates combined with very high peak rates (2.4 cents per kilowatt-hour (kWh), in exchange for the commitment to curtail production during interruptible events with significant penalties for failure to do so (or a higher on-peak rate). Producers require long-term price competitiveness and predictability to support and justify project financing and investment. Rate predictability requires: long-term contract time frame of 15-20 years; and a fixed base rate (or stable hourly Ontario energy price across term of the contract) that would provide predictable electricity at an effective rate of between \$0.024 - \$0.04/kwh.</p>

Topic	Feedback
<p>Please provide any comments you may have on the potential activities and timelines on slide 10. Are the timelines realistic and achievable?</p>	<p>Click or tap here to enter text.</p>

Topic	Feedback
Do you have any further feedback for consideration in the development of an H2 IRP?	Click or tap here to enter text.

General Comments/Feedback

The Ministry of Energy and the IESO should develop a hydrogen electricity rate that can be considered an “Economic Development Rate” for large-scale hydrogen projects. Such a rate would support the Ontario governments declared commitments to maintaining and expanding Ontario’s clean electricity grid and developing a robust Ontario hydrogen production market Ontario’s private businesses require a stable, predictable and competitive hydrogen electricity rate to attract financing and the significant capital investments necessary to support large scale hydrogen production investments. Government support of a “Economic Development Rate” or an HIRP that provides for a lower potential rate than what a Class A customer can obtain under the ICI program is warranted given the important role that hydrogen is expected to play in the province’s decarbonization efforts as laid out in the IESO’s Pathways to Decarbonization. Beyond the decarbonization attributes, hydrogen projects can provide significant grid benefits such as growing the off-peak customer base as highlighted in the government’s Low-Carbon Hydrogen Strategy. Further, clean hydrogen production in Ontario is required to support the decarbonization of current industrial operations using grey hydrogen – for example ammonia for fertilizer – as well as to produce clean derivative fuels such as green methanol and sustainable aviation fuel, both of which are essential to support decarbonization in shipping and aviation respectively. It is imperative that the province assumes some of the risk of growing a new industry by providing price predictability support to hydrogen projects towards the ultimate public goods of decarbonization and grid benefit. As an example, we note that successive Ontario governments have assumed such risk to support the development of Ontario’s fuel ethanol industry. As noted, a competitive hydrogen production rate would be in the range of \$0.024 - \$0.04 / kwh.