

Feedback Form - Public

Hydrogen (H2) Interruptible Rate Pilot (IRP)

Feedback Provided by:

Name: Matthew Small

Title: Director, Project Development and Policy

Organization: StormFisher Hydrogen Ltd.

Email: [REDACTED]

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Following the July 18, 2023 engagement meeting, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the session.

Please submit feedback to engagement@ieso.ca by July 25, 2023. If you wish to provide confidential feedback, please submit as a separate form, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Topic	Feedback
How likely are you to participate in an H2 IRP and why?	<p>Yes, StormFisher would consider participating in an H2 IRP. We applaud the work completed by IESO on the H2 IRP including the significant progress made from the standard IRP. It is hard to specify the likelihood of participation given the many factors, internal and external, that will determine the outcome. Externally, the level of incentives/support for clean hydrogen projects at a federal level in Canada compared to the U.S. is a driving factor. Internally, while the Hydrogen IRP addresses many rate issues for hydrogen producers, it does not address exposure to the hourly Ontario energy price (HOEP), this will be a driving factor as well.</p>

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?	<p>Generally, the design features on slide 6 make sense to StormFisher as a prospective H2 producer. Duration is a key feature that would impact our decision to participate. The 10-year duration is a significant improvement over the standard IRP. Although 10 years remains at the low end of a manageable range, 15 or 20 years would be even more helpful for a hydrogen facility business case. We would encourage the Pilot MW cap to be at the high end of the range given, 300 MW, or higher. The number of events at 30 to 60 makes sense to StormFisher as well as the notice timeframe of 2.5 hours. The project selection criteria make sense.</p>

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>Providing Clean Energy Credits (CECs) would be valuable to include in an H2 IRP. It is important to be able to show the lowest possible carbon intensity for the produced hydrogen. While CECs may not be accepted in all regulatory frameworks or lifecycle analysis methodologies, many of which do not yet have finalized rules, we do expect CECs to be a valuable support option in some cases. The approach of bundling the CECs with electricity consumed would be beneficial. A separate bidding process from the H2 IRP itself may overcomplicate the process for participants since 2 interdependent bid strategies would need to be formed. We do expect the concept of hourly matching to become increasingly important and there are regulatory requirements existing today for hourly matching (e.g., the EU's rules for the production of renewable liquid and gaseous fuels of non-biological origin). With that in mind, it is possible that RET could become a useful tool. Although, at this time StormFisher does not have a use case for RET. It would also be a positive step to see the CEC program evolve to include hourly matching.</p>

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<p>Are there any other design options the IESO should consider and why?</p>	<p>IESO should consider design options that offer participants the ability to mitigate or hedge risk exposure to the hourly Ontario energy price (HOEP). There are some forecasts that project HOEP to reach an annual average electricity price of 80 to 90 \$/MWh in the late 2020s and early 2030s. For reference, 80 to 90 \$/MWh for HOEP represents \$4.50 to \$5.00 in hydrogen cost from HOEP only, that is cost before all other items including other electric charges, OpEx and CapEx. It is very challenging for prospective hydrogen producers to be exposed to this risk. Therefore, we urge IESO to consider any design options that can reduce exposure to HOEP. This could include compensation for interruptible H2 loads that have procured power through bilateral purchase agreements, among other possible approaches.</p>

Topic	Feedback
Please provide any comments you may have on the potential activities and timelines on slide 10. Are the timelines realistic and achievable?	We encourage IESO to adopt the higher end of the timeline range for facility development and commissioning and consider extending this to 5 years. Some relevant timeframes that hydrogen developers are dealing with include electrolyzer delivery timeframes of up to 24 months after deposit and project interconnection timelines of at least 24 months when considering impact assessments. With these items in mind among others, even a constantly progressing hydrogen development could take longer than 4 years to develop, construct, and commission.

Topic	Feedback
Do you have any further feedback for consideration in the development of an H2 IRP?	No further feedback.

General Comments/Feedback

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