Feedback Form

Local Generation Program – April 23, 2025

Feedback Provided by:

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Organization: Energy Storage Canada

Existing contract number (if applicable):

Email:

Date: May 9. 2025

Following the April 23, 2025, webinar to provide information on the Local Generation Program (LGP) and the high-level design of the program, the IESO is seeking feedback on the high-level design of the recontracting stream of the LGP

The referenced presentation and supporting materials can be found under the April 23, 2025 entry on the

To promote transparency, feedback submitted will be posted on the Updates to IESO Monitoring Requirements: Phasor Data engagement page unless otherwise requested by the sender. If you wish to provide confidential feedback, please mark "Yes" below:

□ Yes – there is confidential information, do not post

□ No – comfortable to publish to the IESO web page

Local Generation Program webpage.

Please provide feedback by May 9, 2025, to <u>engagement@ieso.ca</u>. Please use subject: *Feedback: Local Generation Program*.



Other Comments/Feedback

Topic:	High Level Program Design	Feedback

Upgrades and/or expansions at existing distribution-connected facilities	The integration of batteries with existing distribution-connected facilities can deliver multiple benefits:
	i) increased energy production through reduced curtailment (e.g., solar is often intentionally designed to self-curtail during peak summer hours to maximize annual production, storing this electricity for later use can avoid it being otherwise wasted);
	ii) increased value of energy produced (e.g., through time-shifting export from off- to on-peak hours);
	iii) increased grid capacity to accept energy from the facility (e.g., dynamic hosting capacity, and ramp management); and
	iv) increased grid support (i.e., voltage and frequency regulation, etc.).
	To incentivize these benefits to be realized, the LGP recontracting stream should: allow for energy from an existing distribution-connected facility to be delivered directly from the facility, or indirectly from a battery integrated therewith; differentiate compensation between on- and off-peak hours (e.g., with a simple fixed price adder for pre-determined hours); and not preclude a battery co-located with a recontracted distribution connected facility to participate in bulk or non-bulk markets in future.

New build stream, and energy storage co-located with generation	ESC is supportive of the IESO's approach to pursue opportunities to expand its assets through a supplemental stream. However, in order to maximize the value of this new build stream a hybrid approach that allows for certain technology types to bid in with storage should be given fair consideration.
	Additionally ESC would like the IESO to take a simialr approach seen in LT2 and create capacity stream in addition to energy-only approach. The IESO has recognized in its other grid scale procurments the value of capacity enabled by storage and a similar mechanism and target should be considered here.
	Expanding the eligibility criteria to all distribution connected resources, including distributed energy resources and aggregations - and in particular batteries - that are behind-the-meter (BTM) in addition to front-of-the-meter, be they sited in residential, commercial, institutional, or industrial sites. Enabling BTM from all customer segments will maximize the potential for greater ratepayer savings while also empowering customers to be active participants in providing grid solutions. Furthermore, from a system operator's perspective, high performance certainty can be expected from BTM batteries to provide resource adequacy and other grid services under set operational conditions. Eligibility exclusions could apply to BTM assets that participate in the Industrial Conservation Program to prevent duplicative compensation for provision of the same service (i.e., peak capacity shaving).
	Expressing support for the need for a longer term (15 - 20 years) for new builds to provide sufficient revenue certainty and make the business case from a distribution-asset owner perspective.
	While the focus is provision of bulk services, there may be additional benefits that can be provided to LDCs from the distribution-connected services. Enabling stacking of multiple (bulk and distribution) services from the same assets will help ensure that greatest ratepayer value, provided there is adequate coordination between IESO, transmitter, and LDCs. Without distribution level benefits stacked on, it will likely be challenging to make the business case from a third-party owner's perspective.

Role of LDCs in Program Design and Delivery	As presented in "From Small To Mighty: Unlocking DERs to Meet Ontario's Electricity Needs" (December, 2024) (https://www.energystoragecanada.org/es-net-zero-1), LDCs are well-positioned to take on a greater role in the procurement of Distributed Energy Resources (DERs) due to their existing responsibilities and direct relationships with customers. LDCs are ideally suited to this because of their existing responsibilities in settlement, connection, and administration, as well as their direct relationships with customers. They have deep insights into grid capacity, enabling targeted and efficient deployment. LDCs are investing in grid modernization, enhancing their ability to integrate and manage DERs. Their experience with Conservation and Demand Management (CDM) programs and ability to design localized programs further support their role. Additionally, LDC-led initiatives can be more accessible to smaller-scale projects, avoiding the complexities of larger-scale procurements. This strategic positioning allows LDCs to effectively drive DER adoption, improve grid reliability, and support Ontario's energy and economic development goals.
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The Ontario Government has made significant strides in recognizing the value of energy storage, with notable projects demonstrating the technology's potential. Through recent competitive procurements, the Ontario government, through the Independent Electricity System Operator (IESO), secured almost 3,000 MW of new battery storage capacity, making it the largest battery storage procurement in Canada's history. This is in addition to the 250 MW Oneida storage project secured in 2023, and behind-the-meter storage assets that are used to help support Class A Customers in reducing peak demands through the Industrial Conservation Initiative (ICI).

Furthermore, Ontario's Local Distribution Companies (LDCs) and transmitters are now empowered to integrate non-wires solutions (NWS) into their distribution system investment plans, promoting innovation and grid modernization. Energy storage is well-positioned to become an increasingly crucial resource, offering a flexible alternative to traditional infrastructure investments.

ESC commends the efforts of the IESO to continue to conduct an open and transparent process as it relates to its LT2 process. Specifically, we would like to acknowledge that the IESO is demonstrating a clear appreciation for its stakeholders by working to provide exceptional clarity when it comes to the timing of procurement initiatives.

While we applaud all these actions a streamlined approach post contract award to development is needed. Despite the MSR process many projects continue to face multiple hurdles through municipal governments as it relates to zoning and environmental protection. ESC, the IESO and project proponents all recognize the importance of these energy projects and propose a streamlined approach to development.

BESS facilities are one type of technology that will help the province meet its electricity needs. Battery storage systems play a crucial role in Ontario's electricity system by providing flexibility and resilience. They help balance supply and demand, especially during peak hours, by storing excess energy when demand is low and releasing it when needed. This reduces reliance on traditional Peaker plants, enhances grid stability, and is crucial for the integration of renewable energy sources like wind and solar.

Municipalities that make the approval and permitting process for BESS projects overly onerous or prohibitive endanger their region's growth and the province's ability to meet forecasted electricity demand, which is projected to increase by 75 per cent by 2050. If the province cannot address the grid's capacity needs with battery storage systems, it will

	reduce the overall cleanliness of Ontario's electrical grid, while also increasing costs for ratepayers.
	Reflecting the priority of power system expansion and the need to support municipalities in their new responsibilities, the Government of Ontario should consider introducing a standardized, permanent zoning treatment for all BESS projects on Rural and Industrial zoned land as a "Utility Installation" subject to a Building Permit. The designation does not need to be extended to agriculturally zoned lands. These reforms may be realized through clarifying the "enabling" language in the Provincial Planning Statement, or through amendments to the Planning Act.
	This designation would respect the approach taken by several leading municipalities for both public and private developers of BESS projects, including King Township, Haldimand County, and the Municipality of Arran- Elderslie.
	ESC and its members would be delighted to work with the IESO and the government to achieve a clear and defined pathway from contact award to development.
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General Comments/Feedback

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