

Feedback Form

Resource Adequacy webinar – January 26, 2021

Feedback Provided by:

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Following the January 26, 2021 engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following items discussed during the webinar. Background information related to these feedback requests can be found in the presentation, which can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by February 17, 2021. 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.

Feedback Requested

Topic	Feedback
<p>Does the proposed process to set acquisition targets and select competitive mechanisms align with stakeholder needs?</p>	<p>The OWA agrees with the premise of:</p> <ul style="list-style-type: none"> - Providing information on needs on a regular and <u>transparent</u> basis - Outlining how these needs translate into acquisition quantities and mechanisms; and - Communicating the results and price outcomes <u>transparently</u> <p>Investors have experienced and continue to express concerns about decisions taken by the IESO that don't appear to have followed this process (e.g. Unsolicited Proposals). While we are hopeful that the marrying of the Annual Planning Outlook and the newly proposed Annual Acquisition Report will help alleviate this issue, there remains uncertainty, particularly given the potential for the overlay of broader government policy (e.g. carbon reduction, economic development) as is likely to be expressed in some revised form of Long Term Energy Planning. The relationship between the APO and LTEP should be explicitly recognized.</p>
<p>Is there any additional information that the IESO should consider including in the Annual Acquisition Report (AAR) to help participants make investment decisions?</p>	<p>In the section "Translating Needs into Acquisition Targets", the IESO indicates that it will "identify and <u>consider</u> the impacts of any known government policy and directives". How will this be undertaken transparently? Would future government direction to alleviate diesel dependency in remote communities and support Indigenous economic development be one such example?</p> <p>The section also indicates that "Integrating needs from various sources will provide a complete picture of how <u>local</u>, global and any other needs relate to one another to minimize the risk of over or under procurement", yet the AAR appears to be primarily focused on system (i.e. IESO Controlled Grid) reliability requirements. Given that the IESO's recently proposed "Enabling Resource Participation (ERA)" initiative is also taking a provincial rather than local approach, it remains unclear what the relationship between Planning Outlooks, Acquisition Reports and Non-Market participants will be.</p>

Topic	Feedback
<p>What are the timing considerations from a stakeholder perspective with respect to the AAR?</p>	<p>Slide 31 of the presentation indicates that “The IESO intends to begin operationalizing the Resource Adequacy Framework (of which the newly proposed AAR is to become a feature) <u>early in 2021</u>”. It is entirely unclear how this is to happen or what “begin operationalizing” means. In the RA engagement that preceded this one, the IESO proposed four (4) “key discussion areas for the <u>next phase of the RA engagement</u>”. To date, the IESO has provided stakeholders with no formal project plan with timelines or deliverables, other than to indicate that RA will be included in the monthly SE days (although it was removed from the February meetings). Stakeholders have provided input and advice on the four (4) key discussion areas and expressed their interest in participating in one or more streams of engagement, from which one (the AAR) has been brought forward. It is imperative that the IESO clearly map out for stakeholders the project(s), engagement plans and decision points for all the Resource Adequacy discussion areas.</p>
<p>Are there any concerns with the proposed Capacity Auction enhancements?</p>	<p>It would be useful for the IESO to indicate which resource types, with the proposed Capacity Auction enhancements, would be expected to be enabled and which would be presumed to be restricted or excluded.</p>

General Comments/Feedback

While I appreciate that the IESO is attempting to encourage more direct stakeholder interaction during the live SE presentations, I found the approach taken to this specific engagement problematic. While I agree that there are some elements of any presentation that should be “taken as read”, there were a number of new and important concepts introduced in the session that warranted, in my view, much more IESO staff attention (for example, the four acquisition mechanisms). There appeared to be an inordinate focus on the “Capacity Auction” in the delivery of the material and, while I understand that this is one area of focus, in future I would recommend that participants be given the opportunity to discuss all elements of the initiative or, at the very least, the IESO clearly identify when and how the various elements will be stakeholdered.

Finally, as has been previously raised, any approach to resource adequacy (and resource acquisition) must necessarily apply the lens of the jurisdiction to which it will apply. Ontario’s two hundred twenty-five (225) hydroelectric facilities account for approximately 25% of installed capacity and annual energy production and, at only 17% of overall generation costs, provide significant value

to ratepayers. The the majority of these facilities (155) are under some form of contract, while the remainder are rate-regulated. Many of these facilities have been contributing to local, regional and/or provincial resource adequacy and reliability requirements as well as broader socio-economic objectives (e.g. public safety) for decades.

In addition, more than half of the province's waterpower fleet are contracted "non-market participants" and of those that market participants, several are self-scheduling. However, the IESO's Resource Adequacy initiative focus appears to continue to be primarily if not entirely on dispatchable market participant generation. Again, the composition of our existing hydro assets should be a foundation upon which the design is built.

Thank you for the opportunity to comment.