

Feedback Form

Resource Adequacy – September 23, 2021

Feedback Provided by:

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Date: [October 14, 2021](#)

To promote transparency, feedback submitted will be posted on the Resource Adequacy webpage unless otherwise requested by the sender.

Following the September 23, 2021 Resource Adequacy webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following discussed items. 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 October 14, 2021. If you wish to provide confidential feedback, please mark the document "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Capacity Auction

| Topic | Feedback |
|---|----------|
| General comments and feedback on Next Steps and Timelines | N/A |

HDR Baseline Methodology

| Topic | Feedback |
|--|----------|
| Is there additional segmentation or sensitivity analysis the IESO should consider? | N/A |
| Do stakeholders feel there is strong alignment between the results presented and the implications the IESO has identified? | N/A |
| Are there additional implications the IESO has not considered based on the preliminary results? | N/A |
| General comments and feedback | N/A |

Medium-Term RFP

| Topic | Feedback |
|--|---|
| What questions or feedback do you have on the Medium-Term RFP proposed design consideration on Contract Design Considerations | We echo the concerns expressed by other stakeholders throughout this engagement that the proposed 3-year MT RFP contracts do not provide sufficient revenue certainty for generation facilities. Hydroelectric facilities are long-term assets with multiple-decade amortization periods. The 50+ year lifespan of these facilities is one of the core benefits they offer to the province, as it minimizes environmental disruption from new facility construction, provides certainty of electricity supply, and generates long-term stable revenues for Indigenous and community partners. Under contract terms as short as 3 years, existing facilities may not be able to pay off any remaining capex costs. Short contract terms also make it difficult for facilities to invest in any substantial maintenance or upgrades to ensure they continue to operate as efficiently as possible for the duration of their life. The risk that facilities close prior to the end of their useful life would result in significant water management issues with implications for local residents, businesses, recreation, public safety, and the environment. |

| Topic | Feedback |
|--|---|
| <p>What questions or feedback do you have on the Medium-Term RFP proposed design consideration on Performance Obligations</p> | <p>We would like information on whether and how performance charges will apply to facilities that cannot reach performance obligations due to circumstances out of their control. For example, at many run-of-river hydro facilities, the water flows are controlled by Parks Canada in order to allow navigation on the river. Parks Canada determines the flows on a daily basis and generators do not receive this data in advance. In situations such as this, where the generation capacity is dependent on factors outside the generator’s control, we recommend that the facility should not be penalized.</p> |
| <p>What questions or feedback do you have on the Medium-Term RFP proposed design consideration on Rated Criteria</p> | <p>The proposed rated criteria do not account for the broad scope of values which renewable generation provides to Ontario and the IESO. Carbon-free electricity is increasingly in demand and, as ESG commitments become part of standard business procedure, is a key consideration for many corporations in locating their operations. Run-of-river hydro generating facilities provide local water management throughout the province, supporting navigation, public safety, fish spawning, flood control, and tourist activity. And shared ownership and revenue-sharing agreements with Indigenous peoples generate critical revenues and support economic reconciliation. These attributes should be valued in the IESO’s procurement framework, such as by adding them to the rated criteria or establishing specific mechanisms or products aimed at securing them.</p> <p>In upcoming engagements we would also appreciate details on the calculation methods through which the rated criteria will be applied to determine the evaluated proposal price (e.g. what is the framework for assigning points, what multiplier is used against the proposal price).</p> |

| Topic | Feedback |
|--|---|
| What questions or feedback do you have regarding considerations for Uprates that may be eligible in the Medium-Term RFP | N/A |
| What questions or feedback do you have on the Medium-Term RFP UCAP approach | We support the use of seasonal UCAP values in the contracts to more accurately reflect resource characteristics. We recommend that seasonal UCAP values also be utilized against the 750 MW procurement target in order to accurately reflect the generating patterns of renewable resources. |
| General comments and feedback | Click or tap here to enter text. |

General Comments/Feedback

The RA framework and its components need to accurately reflect and value the different characteristics of different resources. As currently drafted, the MT RFP establishes very restrictive criteria that are expected to limit most of the participation to existing gas-fired generators coming off their contracts. This narrow focus does not support the ongoing investment that will be needed in a range of resource types, particularly renewable resources, to provide reliability and capacity for Ontario’s electricity system. Putting existing renewable assets at risk is counter to the letter from the Ministry of Energy on October 7, directing the IESO to develop an achievable pathway to zero emissions in the electricity sector. It is also out of step with customer preferences for lower carbon-intensive generation.

To address these issues, we encourage the IESO to include a means to value a wider array of attributes in their resource procurements, such as renewable power, water management and Indigenous revenue-sharing. The MT RFP should incent lower carbon-intensive resources to compete with existing gas-fired generation to meet system needs. Enhanced competition will provide value for Ontario’s ratepayers and help to meet the Province’s decarbonization goals.

We also recommend that IESO conduct a dedicated engagement session with Indigenous nations with an interest in generating facilities in Ontario. The proposed changes have serious implications for generating facilities which can be a core source of reliable, our source and long-term revenues for Indigenous nations. Waterpower Canada hosted a session during Canadian Waterpower Week that provided a valuable conversation on the critical own source revenue that waterpower projects provide to Indigenous communities. We also recommend that the mid term RFP team watches the First Nations-led Hydropower Project Development and Operation session, which is now available on demand.