

Feedback Form

Small Hydro Program Design, March 2022

Feedback Provided by:

Name: Adam Smith

Title: Chief Financial Officer

Organization: St. Catharines Hydro Generation Inc.

Email: [REDACTED]

Date: April 19, 2022

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

Following the March 30, 2022 Small Hydro Program Design Outreach Session, 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 April 19, 2022. 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.

Small Hydro Program – Engagement Approach

Topic	Feedback
What questions or feedback do you have about the IESO's engagement approach?	Appreciate that feedback is being sought from the small producers, and throughout the program development, rather than just at the end of the process.

Small Hydro Program – Principles & Goals

Topic	Feedback
What questions or feedback do you have on the design goals for the program?	No real questions about the goals, they seem appropriate goals for such a program, however perhaps should also speak to maintaining facilities in good working order.
What questions or feedback do you have on the principles that the design is founded on? (focus on value, promote competition, incent market-driven operations and allow for flexibility in future system operation).	These principles are generally satisfactory, however they speak to moving to market driven and competition based principles, which tend to be more complex than what most small producers are familiar with and have the existing expertise to deal with.

Small Hydro Program – Design Concepts

Topic	Feedback
What questions or feedback do you have relating to Design Concept #1: Capacity Payments	Concept of having a minimum, essentially stand-by, payment that could cover asset management (maintenance, upkeep, improvements/replacements) of facilities
What questions or feedback do you have relating to Design Concept #2: Dispatchability	Understand the idea with this, but suspect this isn't something that is particularly relevant or applicable to the Small Hydro sector.
Is your facility currently dispatchable?	No
If your facility is currently not dispatchable, is there an interest in becoming dispatchable? What would be required to become dispatchable and what are the barriers (if any)?	Not possible, as we are subject to upstream large generators.

Topic	Feedback
What questions or feedback do you have relating to Design Concept #3: Tranching	It does make sense that there may be multiple streams of producers that should have some differences in terms of capabilities and how they are compensated.
What characteristics would you consider to be defining features of your operations or facilities as it relates to potential criteria for contract payments?	Dispatchable vs Not. Community Ownership vs private ownership. Market vs Non-Market.
What questions or feedback do you have relating to Design Concept #4: Investment?	Is the thought that this will be part of the tranching? Based on age of facility, and interest in exploring other program features (i.e. batteries)
Have you considered adding an on-site battery to your facility? If so, what stage of development are you in? Is there potential for Indigenous and/or community ownership?	Have not considered on-site battery previously. Company is fully owned by the City of St. Catharines (community).
Are you aware of your sustaining capital requirements over the next 5 years?	Yes, however, with a current IESO contract expiring at the end of 2029, the sustaining capital starting beyond the next 5 years is more relevant.
Have you considered any upgrades or capital projects at your facility? If so, what stage of development are you in? Is there potential for Indigenous and/or community ownership?	Yes – currently working on upgrading our station controls which will be completed next year. Other large projects are expected to occur beyond 5 years, but will begin planning within the next 5 years.
What questions or feedback do you have relating to Design Concept #5: Contract Length?	10 years should be the minimum for the maximum duration that a generator could sign on to. A lot of work is being done now, but struggle with the idea that those with contracts expiring by the end of 2030 are “eligible”, but won’t be able to sign on to the program until near the end of current agreement. We’ve seen in the past that changes in government can lead to programs being significantly changed or cancelled.

Topic	Feedback
What questions or feedback do you have relating to a program review in 2026?	The value of the review will be entirely dependent on how many producers have joined the program and have had a chance to operate under the agreement and identify and issues/concerns. Aside from that, a review will allow for updating of rates due to impacts on inflation, etc.

Small Hydro Program – Other Design Ideas

Topic	Feedback
Are there any other design ideas for the development of a Small Hydro Program that should be considered?	None.

Small Hydro Program – Challenges

Topic	Feedback
Are there challenges that you foresee in transitioning to a new contract structure? What are these challenges?	Complexity may be a challenge for small hydro generators.
If you expect any challenges in transitioning to a new contract structure, do you have any suggestions on how the IESO can assist in the transition or reduce any anticipated barriers?	Education sessions on how the new structures will work if we are moving into more complex contracts. Also, providing program specialists at the IESO to assist this group of generators may assist.

General Comments/Feedback

Click or tap here to enter text.