

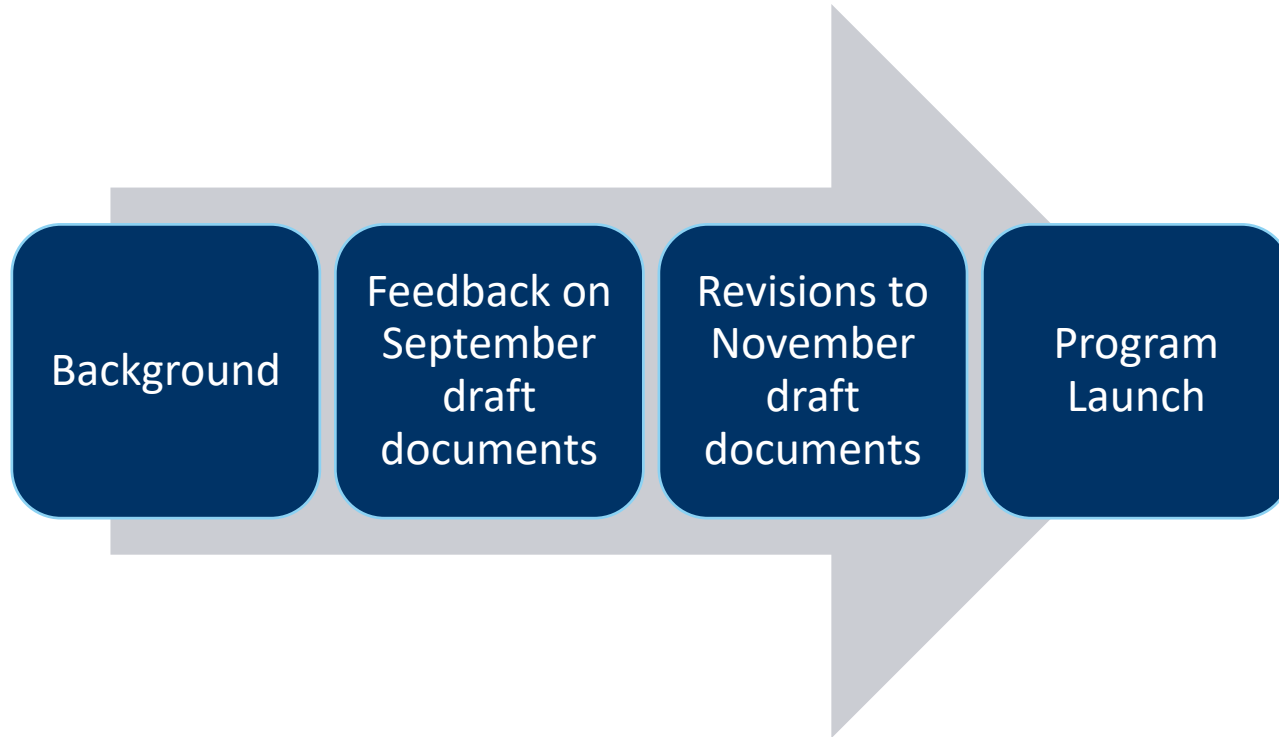
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**NOVEMBER 21, 2023**

# Small Hydro Program (SHP): Finalization of Documents (Draft 3) & Program Launch

**Nicole Kosonen, Senior Advisor, Market and System Adequacy**

# Agenda





# Background

# Background: Ministry Direction

- The IESO received Ministerial direction in January 2022, to design a Small Hydro Program (SHP) for existing facilities and provide a report back by July 1, 2022
- In response to the IESO's report back, a government letter provided to the IESO in October 2022, asked the IESO to consider additional aspects in the program design and to provide draft program rules and contracts for the SHP by December 31, 2022
- The IESO recently received Ministerial direction in August 2023, to launch the Small Hydro Program by the end of 2023

# Background: SHP Engagement

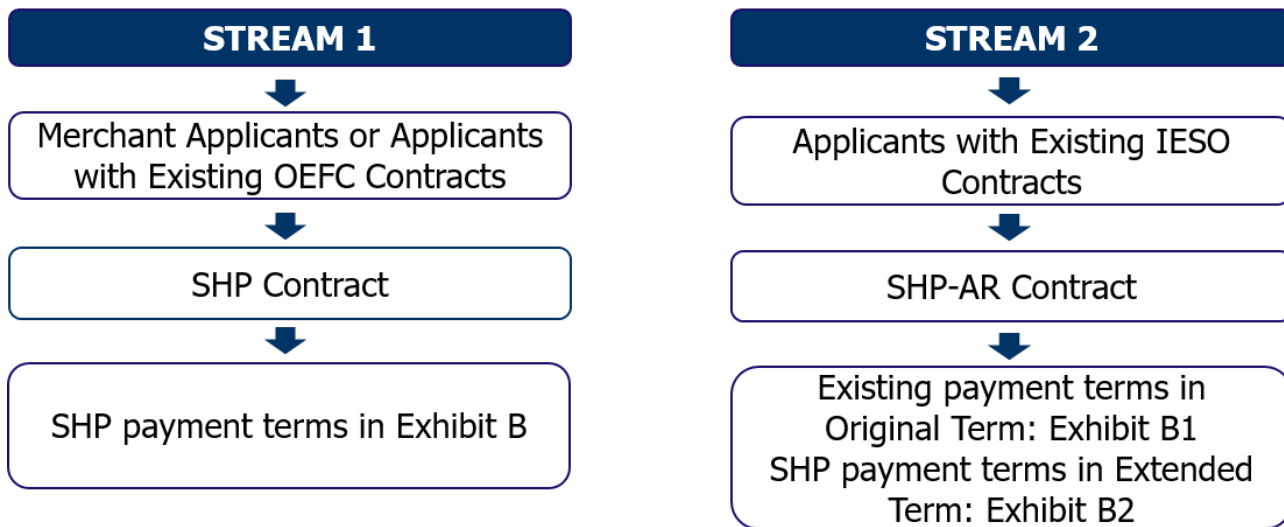




# Small Hydro Program: Summary of Stakeholder Feedback and IESO Response on September draft documents (Draft 2)

# Background: SHP Form of Contract

The SHP Contract is based on the HCI Contract



OEFC: Ontario Electricity Financial Corporation

HCI: Hydroelectric Contract Initiative

# Response to Feedback

A summary of feedback received on the September draft documents (Draft 2), and the IESO response, is available on the [SHP Engagement Webpage](#)

Feedback themes include:

- Treatment of OEFC Facilities
- Eligibility: nameplate capacity & acceptable rights to land
- Treatment of federal Investment Tax Credits (ITCs)
- Addition of storage



## Treatment of OEFC Facilities (1 of 2)

The SHP is designed to enable a seamless transition of OEFC facilities to the SHP (to avoid gaps in revenue)

- OEFC facilities that successfully apply to the SHP, will receive a proposed Contract Date at contract offer
- The OEFC contract holder must coordinate with the OEFC to terminate its existing OEFC contract the day before the SHP Contract Date
- A letter from the OEFC, confirming that the OEFC Contract was terminated at least one day prior to the SHP Contract Date must be provided to the IESO by the Supplier

## Treatment of OEFC Facilities (2 of 2)

The August 2023 Ministerial Directive asks the IESO to review the feasibility of transferring non-utility generator (NUG) contracts from the OEFC to the IESO

- Feasibility assessment is independent of the SHP (report back to government expected at the end of March 2024)
- The outcomes of this assessment, and any recommendations are unknown and are currently not being considered under the SHP

## Eligibility: Nameplate Capacity

Feedback indicated that proof of Nameplate Capacity may not be available for many existing turbines and suggested the IESO accept production data as evidence of Nameplate Capacity

The IESO accepted this proposal. Applicants can evidence the facility Nameplate Capacity through either:

- Photographic evidence, OR
- 5 years of historical data, provided in a .csv format from the LDC, for the five-year period preceding the Application Date, which demonstrates that the maximum energy (MWh) Delivered by the Proposed Facility in every hour is less than or equal to 10.000 MW

## Eligibility: Acceptable leases

To be eligible for the SHP, the IESO must ensure the Supplier has the proper legal rights to access the land, operate the facility and generate hydroelectricity

- If documentation other than a title or lease is submitted, the IESO will review these documents on a case by case basis

Feedback received expressed concern that leases issued by the Ministry of Natural Resources and Forestry may experience delays beyond the control of the Supplier

- The IESO can manage issues related to lease renewals on a case by case basis through the application of a cure period, as applicable

# Investment Tax Credits

- The SHP contract documents have been updated to enable Suppliers to retain both the Clean Technology Investment Tax Credit and the Clean Electricity Investment Tax Credit

## Addition of Storage

Stakeholders inquired as to the addition of batteries (or other storage) and if that would be permissible under the contract

- The addition of storage is not prohibited by the SHP contract as long as the storage equipment/mechanism is charged exclusively by waterpower generated at the Facility
- The addition of storage would require a facility amendment, subject to obtaining the IESO's prior written consent, governed by Section 2.6 of the Contract



# Small Hydro Program Documents: Draft 3

# SHP Documents

Revised SHP Documents posted on the engagement [website](#) for your reference include:

- Draft SHP Rules – November 2023
- Draft SHP-AR Contract – November 2023
- Draft SHP Contract – November 2023
- Draft SHP Application Form – November 2023

The IESO is not anticipating changes to the posted documents and expects these documents to become final



# Updates to Documents

Minor revisions between Draft 2 (September) and Draft 3 (November) include:

## Rules:

- References to Application Form for clarity [through out sections 3.2, 3.2 and 4.3]
- Addition of data as evidence for nameplate capacity [section 4.3 (a)(iv)]
- Expanded language around acceptable evidence of lease [section 3.2 (a)(iii) and 4.3 (a)(vii)]

# Updates to Documents (2)

## Contract

- Revisions to language around MRP [section 1.5 (b)]
- Updates to enable Suppliers to retain ITCs (section 2.11 (e))
- Revisions to definitions of HOEP and LMP Adjustment Factor (definitions)

## Application

- Representations and warrants checklist updated to include reference to the Metering Plan, meeting relevant Market Rules, Codes, Agreements, having sufficient technical capacity to perform obligations, etc.
- Checklist items numbered for ease of reference



# Small Hydro Program Launch

# Program Launch

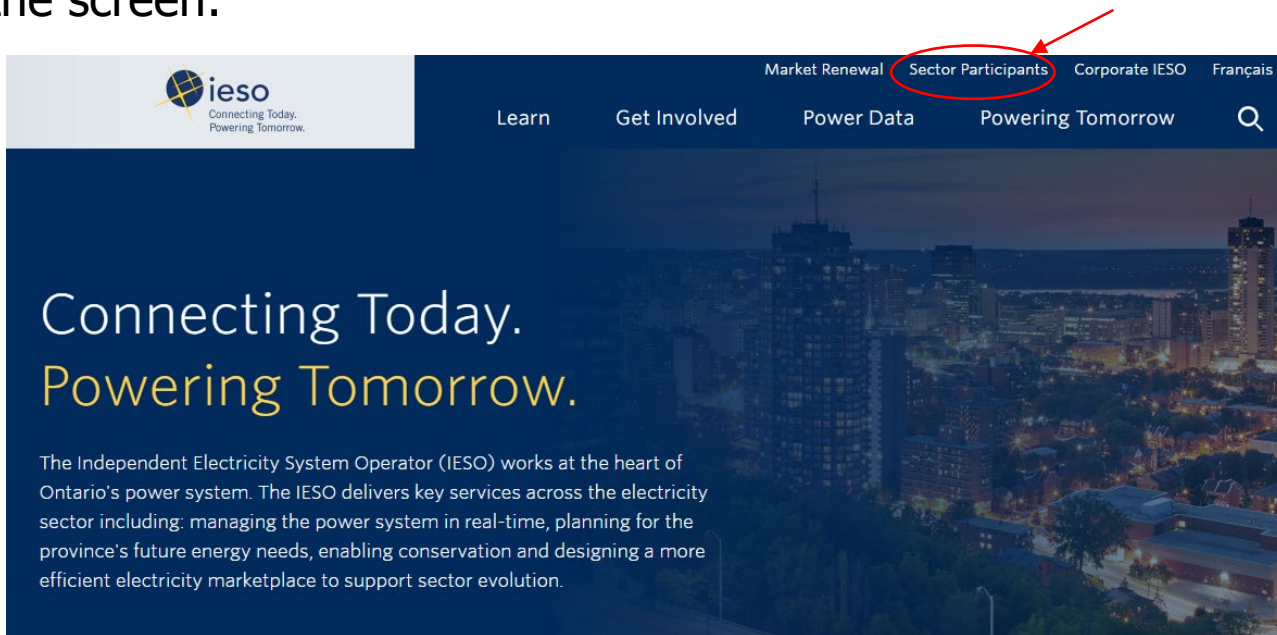
Final program documents will be available on the Small Hydro Program webpage on Friday December 15, 2023

- The application period is open (there is no planned end date)
- The IESO intends to support Applicants as required through the process

SHP Documents	Link to Program Documents
Rules, SHP Contract, SHP-AR Contract, Application Form	<a href="#">Contracts web page</a>
Prescribed Forms	<a href="#">Contract Management web page</a>

# Navigating to the SHP Final Documents (1 of 3)

To navigate to the final SHP documents click on "Sector Participants" in the top right of the screen:



# Navigating to the SHP Final Documents (2 of 3)

Next you will see a webpage like this:

Sector Participants

## Sector Participants

Market participants, energy developers and contract holders will find the information they need to interact with the IESO and its markets and programs

**Document Library**  
Reference centre for all available documents, contracts, forms, and publications. >

**Market Rules and Manuals**  
Governing documents for the IESO-controlled grid and markets. >

**Technical Interfaces**  
Technical standards and specifications to participate in the IESO-administered markets. >

**Participant Toolbox**

- [IESO Reports](#)
- [Training](#)
- [IESO Gateway](#)
- [FMI](#)
- [Online IESO](#)
- [Outage Tool \(CROW\)](#)
- [Dispatch Service](#)
- [Prudentials](#)

News and Updates: Upcoming Events:

Scroll to the bottom of the page

# Navigating to the SHP Final Documents (3 of 3)

At the bottom of the “Sector Participants” webpage, you will find links to the [Contracts web page](#) and the [Contract Management web page](#).

These pages will each have a section dedicated to the Small Hydro Program. Click on the “+” symbol in front of the Small Hydro Program title to expand the section and access the document links.

## Resource Acquisition and Contracts

Procurement opportunities for energy resources, as well as contract forms and administration

[Overview](#) >

[Contract Data and Reports](#) >

[Contract Management Forms](#) >

[Contracts](#) >

[Feed-in Tariff Program](#) >

[microfit](#) >

[Medium-Term RFP](#) >

[Long-Term RFP and Expedited Process](#) >

[Resource Eligibility](#) >

# To Prepare to Apply to the SHP

1. Review the final documents
2. Engage with secured lenders (if applicable)
3. Engage with the OEFC (if applicable)
4. Consider the evidence to be submitted to identify a facility's nameplate capacity (photos or data)
5. Become familiar with the Application Form and required documents to be submitted (as per the checklist in the Application Form)



# Applying to the SHP

To apply to the SHP:

1. Complete the Application Form
2. Collect all the required documentation as per the checklist found in the Application Form
3. Submit Application Form and supporting documentation to the IESO through email: [smallhydro@ieso.ca](mailto:smallhydro@ieso.ca).
4. Upon submitting an application, the IESO will provide the applicant with an application ID, signaling the application is being processed

# Summary

- Contributions from the Hydro community have been instrumental in helping the IESO and facility members reach this important milestone
- We look forward to continuing to work with you as we move into the application stage and encourage you to continue to participate in IESO engagements related to the participation of hydro in the electricity system

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# Q & A

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# Thank You

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