

Final Engagement Summary Report

Date: April 9, 2021

Reliability Standards Review

Engagement Initiated: August, 2020

Engagement Description

The Ontario energy market is emerging from a sustained period of surplus conditions, and is beginning to see a capacity need take shape. With supply conditions tightening, there is an opportunity to review and challenge the existing thinking and approach to adequacy assessments. There is a balance to be struck between being appropriately conservative in the approach, while also considering value to ratepayers.

The Reliability Standards Review effort entailed examining the specific areas mentioned within the [NPCC Reliability Standard, Directory 1](#) (Design and Operation of the Bulk Power System). IESO outlined how it meets Reliability Standards, and identified areas where there may be an opportunity to re-consider its assumptions.

The engagement was launched to ensure stakeholders understood the initiative, and had the opportunity to provide input into the areas to prioritize, as well as the methodology and assumptions.

Engagement Objective

The objective of this engagement was to provide stakeholders with information on IESO's internal review of planning assumptions related to resource adequacy, and ensure that stakeholders had the opportunity to provide input on the areas to prioritize, as well as the methodology and assumptions.

The IESO sought feedback from stakeholders on:

- The areas to prioritize, the methodology and assumptions, as well as the potential impacts of the proposed changes on participant's businesses (outage planning, investment decisions, etc.).
- The proposed methodology and approach with respect specifically to intertie support (non-firm imports).

Engagement Approach

This stakeholder engagement was a public engagement process and was conducted in accordance with the IESO's approved [engagement principles](#). The approach for this engagement initiative included opportunities to provide input through various channels such as webinars, and written feedback. All materials, public feedback and commentary from stakeholders, and IESO responses to feedback was posted on the dedicated IESO engagement webpage for this initiative.

In the first stakeholder meeting, IESO provided information on our internal review of planning assumptions related to resource adequacy and identified areas where there may be opportunities to ensure reliability more cost-effectively. IESO provided stakeholders with an overview of the assumptions that feed our assessments, along with options to meet standards while balancing system costs, and sought feedback on the methodology/assumptions.

In the subsequent stakeholder meeting, IESO discussed stakeholder feedback received following the initial meeting, and presented the proposed non-firm import methodology for further stakeholder feedback.

Conclusion

Stakeholders actively participated and provided feedback throughout this engagement. Organizations such as APPrO, Capital Power, Ontario Power Generation, Power Workers' Union and TC Energy were consistent participants in the discussion and feedback cycle.

In the August meeting, IESO proposed two changes: Removal of the additional contingency allowance in the Reliability Outlook, and inclusion of non-firm imports in resource adequacy assessments:

- The three key feedback themes following the meeting focused on: Non-firm import impact on outage management, consideration of climate change uncertainty in adequacy assessment, and the desire for more data and transparency from the IESO.
- There was consensus amongst stakeholders on the removal of the additional contingency allowance proposal.
- Stakeholders also provided general support for the inclusion of non-firm imports in resource adequacy assessments.
- Stakeholder recommendations with respect to the non-firm import methodology were also incorporated.

In the December meeting, IESO discussed the feedback received following the August meeting, and presented the revised Non-firm Imports methodology for stakeholder feedback. Feedback received following the December meeting resulted in the following:

- With respect to stakeholder feedback on modelling assumptions, IESO confirmed being undertaken currently is a review of how weather is modeled in its various demand forecasts, and the updated methodology will be share with stakeholders once complete (expected late 2021/early 2022).

- Responding to stakeholder feedback on the forecasting analysis for non-discretionary outages, IESO committed to reviewing the recommendations for improving the forecasting ability for managing non-discretionary outages.
- Moving forward, IESO plans to update the non-firm import capacity assumption using the most recent four years of data.

The Reliability Standards Review engagement was concluded with the posting of the response to feedback from the December meeting. In terms of next steps, non-firm imports, using the proposed methodology, will be incorporated into the next Annual Planning Outlook (2021). The full methodology will be included in the accompanying Resource Adequacy Methodology document, and the non-firm import value will be reassessed in each APO.

Thank you to all stakeholders for your participation. All materials will continue to be available on the IESO website under [Completed Engagements](#).