

Feedback Form

Overview and Q&A Session on the Small Hydro Program (SHP) Draft Documents: September 19, 2023

Feedback Provided by:

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Following the September 19, 2023 engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by end of day Tuesday, September 26, 2023. 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.

SHP Draft Documents

Topic	Feedback
What feedback do you have related to OEFC eligibility and the requirement to terminate the OEFC Contract prior to the Contract Date?	EGC supports OWA comments supporting the ability for a proponent to apply for an SHP contract prior to the expiration or termination of an OEFC Contract, and for the migration to the SHP contract concurrent with OEFC contract expiration/termination.
What feedback do you have related to the GRC (Gross Revenue Charge) Adjustment mechanism?	EGC strongly supports OWA comments on the concept of the Gross Revenue Charge Adjustment mechanism as government decisions to revise the GRC (rate, application, formula) are out of the control of generators. We note that not all facilities are subject to GRC (e.g. expansions have a 10 year holiday, facilities on federal lands). The OWA recommends that the IESO also include a mechanism whereby a future government decision to replace the GRC with another charge or tax be addressed within the contract (i.e. generator is kept whole).
What feedback do you have related to Upgrades & Expansions being enabled for those in the SHP that previously held HCI Contracts?	EGC supports OWA comments that upgrades and expansions should be enabled within the original term of HCI contract and throughout the term of an SHP Stream 1 contract. EGC also does not agree with the proposed threshold for eligibility (lesser of 50% or 1MW increase).
What feedback do you have related to Exhibit B1 of the draft SHP-AR Contract?	EGC would also support the OWA's request to have IESO confirm their understanding of the approach taken.
What feedback do you have on the draft SHP Contract?	Support OWA Comments
What feedback do you have related to Exhibit B2 of the draft SHP-AR Contract or Exhibit B of the draft SHP Contract?	Support OWA Comments
What feedback do you have on the draft Application Form?	Support OWA Comments
What feedback do you have on the draft Prescribed Forms?	Support OWA Comments

Topic	Feedback
What feedback do you have related to Rules related to Secured Lender Agreements?	Support OWA Comments

General Comments/Feedback

There are over 1700 dams in Ontario on our Waterways. Over 20% of these are hydroelectric power dams.

These benefit the province by producing green energy, sustaining fisheries, creating jobs, and maintaining water levels in accordance with local water management plans. This is especially important to reduce the impacts of the Freshet or annual spring run-off that occurs when snow melts and spring rains fall. This annual occurrence affects Ontario's hydroelectric operations and the people who live on or use the affected water systems.

Generally, in the industry, newly built hydro facilities have been contracted for a forty-year term to recognize the significant capital costs of development of these types of assets.

The significant investment in the Eganville Generation Station through its redevelopment under the RESOP program renewed and improved old infrastructure on the provincial river system. If we were a newly built station, we would have had the opportunity to receive a 40-year contract however under RESOP we were only eligible for a 20 year contract. This puts us at a great disadvantage.

We request that you reconsider the most recent proposal from IESO for those of us who fall under this category and invested large amounts of funds without the ability to sign on for 40 years. The most recent proposal falls short of meeting the debt service needs for Eganville Generation Station and other similar stations in Mississippi Mills and Renfrew.

These three municipally owned small hydro facilities were totally re-developed under a previous twenty-year contract yet financed over a longer period.

The proposed migration of these facilities to the new Small Hydro Program at the expiration of their existing contract will have a significant negative impact on the municipalities' ability to sustain the assets.

We are requesting that some mechanism be incorporated into the Small Hydro Program design that recognizes that these redeveloped facilities were financed as “new builds”, with longer terms.

It could be a Gross Revenue Charge Redevelopment Adjustment for small hydro facilities that meet the criteria set out by the ministry such that they are 100% municipally owned and significantly redeveloped under a shorter contract.

A municipal adder was originally recommended by IESO and OWA and supported by ROMA, NOMA and FONOM. As we understand it this is not being supported by your ministry at this time.

Eganville Generation Corporation has \$1.1 Million in outstanding debt. Under the new program to make our debt re-payment commitments, our capital investment would have to decrease substantially. With a redevelopment adjustment of 10% this would ensure the required ongoing investment in our capital assets.

Looking forward to the future, in 2032 \$4 Million in additional investment is required according to the asset management plan. We will have to borrow this amount. Without maintaining our revenues, we will not be able to keep the station running.

The agreements must be reasonable to be able to sustain the generation stations under the Small Hydro Program. These stations are not comparable to solar or wind power. These stations assist with water flow and spring freshet. They assist with fisheries and spawning areas. They help reduce the impacts of climate change and flooding. If these cannot be sustained there could be environmental consequences, economic consequences and aging infrastructure left to rot. Controlling water flow and sustaining fisheries along with generating low carbon energy initiatives are all important to the province and all Ontarians. However, if we cannot sustain these stations due to a severe decrease in revenue then they will become the province’s problem.

With the planned shutdowns at nuclear facilities across the province for necessary repairs and Ontario’s additional energy needs identified above, together these small producers will assist in picking up some of that need across the province.

Power is something we cannot live without, and these stations have been around for generations and will continue to ensure the province have options to draw from should other sources of energy fail or need repairs.

Please consider our request for an adjustment for these facilities to ensure a fair and reasonable contract under the Small Hydro Producers Program so that we can continue to provide green energy, flood mitigation, river management and the other associated benefits to our small community and the province of Ontario.