

Final Engagement Summary Report

Date: March 21, 2024

Small Hydro Program

Engagement Initiated: April 2022

Engagement Description

The IESO conducted engagement to discuss the development and implementation of the Small Hydro Program which provides new contracts for existing hydroelectric facilities with installed capacity of 10MW and below. The goal of the program is to provide value for ratepayers by sustaining existing clean renewable energy facilities in Ontario. The Program provides a reasonable revenue stream to enable small hydro facilities to continue operating.

Initial discussions took place in 2022 and a report back outlining high-level program design was submitted to government in July 2022. Draft program rules and contracts were submitted in December 2022. Upon submitting the draft materials, it was determined that further engagement was required, specifically between the IESO and Ontario's small hydro community to ensure sufficient opportunity for stakeholder input prior to launch.

Discussions continued in 2023, resulting in updates to key program design features and an amended report back was submitted to government in July 2023. The IESO, small hydro community and other interested stakeholders continued to refine the program rules and contract between July and September of 2023 and successfully launched the program in December 2023.

Background: [August 31, 2023 Ministerial Directive](#)

Engagement Objectives:

- To inform and seek support from stakeholders, specifically the small hydro community on the newly proposed small hydro program.
- To provide the opportunity for input prior to the design and implementation of the small hydro program.

Engagement Approach

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

Conclusion

- The IESO hosted two engagement sessions and two invite only technical sessions between April and June 2022 to discuss the proposed design and provide an opportunity for stakeholders to submit feedback.
 - In summary, stakeholders were generally supportive of the proposed design and the IESO addressed all feedback submitted between this period.
 - Following discussions between the IESO and government, further engagement was required to ensure more broad representation from the small hydro community
- Between March and August 2023, the IESO held four sessions with the small hydro community, including representation from the Ontario Waterpower Association to discuss key design details.
 - The small hydro community provided valuable input during this time period, allowing for the IESO to revise the design to meet the goals of both Ontario and the small hydro facilities.
- In September 2023, the IESO held a public engagement session to provide an update on the proposed design and the timelines for program launch. Stakeholder feedback was submitted following this session and the [IESO response](#) can be found on the dedicated engagement webpage.
- Following the September engagement, the IESO reviewed feedback and presented final program documents in [November](#). Key changes to the program based on stakeholder feedback include:
 - Revising eligibility to include applicants with OEFC contracts – pending the OEFC contracts are terminated
 - Enabling upgrades during the Original Term for HCI Contract holders
 - Clarification around MRP provisions
 - Maintain provisions related to expenses around changes to the Lakes and Rivers Improvement Act for HCI Contract holders during the Original Term

- Covered expenses for approved costs relating to the registration and transfer of Environmental Attributes in the Contract
- Applicants that lease sites are required to maintain the lease
- The time to accept the Contract or Amending Offer was extended to 60 Business Days
- Following the November engagement, the small hydro community and other stakeholders were generally supportive of the program design and appreciative of the opportunity to provide focused feedback.
- This concludes the Small Hydro Program engagement. Thank you to all individuals who provided valuable input and insights. Engagement materials will continue to be available on the [dedicated engagement webpage](#).