

Memorandum

To: Stakeholder Advisory Committee
From: Jordan Penic, Sr. Manager, Engagement and Indigenous Relations
Date: August 11, 2020
Subject: **IESO Business Update – Engagement Update**

The following provides an update to members of the Stakeholder Advisory Committee (SAC) on recent IESO engagements, including regional and community engagement, Indigenous relations, the Technical Panel, as well as the Demand Response Working Group.

Updates on all active engagements can be found on the [Active Engagements](#) webpage.

Regional & Community Engagement

Regional Electricity Networks

The IESO continues to build informed communities and stakeholders across Ontario through the five Regional Electricity Networks with nearly 2,200 members as of early July.

In late 2019 and early 2020, five forums were held for each of the Networks that attracted nearly 900 attendees. Strong participation was received in the East and Southwest forums in March despite having to quickly transition to an online format in support of COVID-19 public health measures. The first newsletters were issued to each Network in April followed by email updates on electricity matters and activities in July.

Work is underway to develop an online engagement tool to provide a platform to seek input on key topics relevant to each of the five network regions and offer an opportunity to share perspectives among network members. The tool is expected to be implemented in early fall 2020.

For more information, including past meeting materials and newsletters, please visit the [Regional Electricity Networks](#) engagement webpage.

Regional Planning Engagement

Engagement in regional electricity planning informs the development of an integrated regional resource plan (IRRP) for a specific region. Each of the 21 regions undergo active planning at different times but occur at least every five years. The following is an update on the active regional planning engagement activities along with a link to the individual engagement pages.

To subscribe to receive engagement opportunities for a specific region, please visit <http://www.ieso.ca/subscribe>

- [Windsor-Essex](#): Outreach meetings were held in June to discuss the IRRP Addendum study specific to electricity infrastructure in the Kingsville area. An engagement webinar is expected in late Q3 to seek input on draft recommendations to finalize the study.
- [East Lake Superior](#): Engagement commenced in May with outreach meetings and a public webinar to initiate conversations and seek input on the electricity forecast and needs in the region. Responses to feedback were posted in July.
- [Kitchener-Waterloo-Cambridge-Guelph](#): Engagement is underway with recent discussions held with municipalities in July. An update is anticipated to be published in late Q3.
- [Ottawa](#): The final IRRP was published in early March. Engagement will continue on an Addendum to further study the need for increased capacity to the regional system.
- [Peel/Halton \(GTA West\)](#): A webinar was held on August 5 to seek input on options to meet the forecasted needs that have been identified. Written feedback along with IESO responses will be posted afterward.

Regional planning engagement discussions will continue in Q3 for the [Greater Bruce Huron](#) and [Peterborough-Kingston](#) regions. In addition, new engagement initiatives will commence for the Northwest and South Georgian Bay/Muskoka regions later this year. The IRRP for [GTA North \(York Region\)](#) was finalized in February 2020.

For more information on all planning regions, please visit the [Regional Planning and Community Engagement](#) webpage.

Indigenous Relations

Indigenous Energy Support Programs Redesign

The IESO continued engagement with Indigenous communities in July by hosting a webinar to discuss and seek feedback on the redesign of the Indigenous Energy Support Programs (ESPs). These programs promote participation in Ontario's energy sector by supporting community energy planning and renewable energy project development, as well as the building of knowledge and awareness, and skills related to energy projects. These include the, [Community Energy Champion](#), [Indigenous Community Energy Plan](#), [Education and Capacity Building](#) and [Indigenous Energy Projects](#) Programs.

The IESO conducted a survey in February 2020 to understand barriers and gaps in the current program offering. The webinar held in July served to provide a summary of what the IESO heard through the survey, introduce proposed changes to the ESPs, and seek feedback from communities and stakeholders on the proposed program redesigns. The IESO will hold a second webinar in September to present the final program designs and announce the launch of application intake for fall 2020.

For more information, please visit the [Indigenous ESPs Review](#) engagement webpage.

Online Engagement Platform

The IESO is in the process of developing an online tool to enable live dialogue with Indigenous communities across Ontario. The tool will create a network for dedicated resources within communities and Indigenous organizations that are funded through the IESO's Community Energy Champion program to discuss and learn from each other, while also staying engaged with the IESO. The IESO is targeting to launch the tool in the fall to support communities through the intake period for the redesigned Indigenous Energy Support programs.

Stakeholder Engagement

Energy Efficiency Auction Pilot

Stakeholder engagement activities on the Energy Efficiency (EE) Auction Pilot continued through the first half of 2020. In March, the IESO held a webinar to seek feedback on specific elements of the detailed design of the auction. A number of stakeholders recommended the IESO ease meter data requirements, noting they could be a barrier to participation notably due to the number of small-medium loads without interval/smart metering.

The IESO also heard that COVID-19 was impacting businesses, and that a September pilot launch would most likely pose participation challenges. In light of the feedback received, the IESO has amended the meter data requirements subject to resources having appropriate alternative Measurement & Verification arrangements, and made the decision to move the auction to March 2021, for delivery starting in winter 2022 and summer 2023.

For more information, please visit the [Energy Efficiency Auction Pilot](#) engagement webpage.

Energy Payments for Economic Activation of Demand Response Resources

Based on the findings of the study conducted by The Brattle Group, and through discussions with stakeholders through this engagement, the IESO will not be proceeding to enable energy payments for demand response (DR) resources that are exposed to the wholesale market price, as it would result in uneconomic outcomes for the Ontario market. As part of the August engagement days, the IESO will review and provide a response to stakeholder feedback received following the last webinar in May, provide further details on the options to address DR shut-down costs, and propose next steps. Discussions with stakeholders at the August webinar will inform next steps for this engagement.

For more information, please visit the [Energy Payments](#) engagement webpage.

Expanding Participation in Operating Reserve and Energy

By early August, the IESO will post responses to stakeholder feedback received following the April Market Development Advisory Group (MDAG) webinar to the Expanding Participation in Operating Reserve and Energy (EPOR-E) engagement webpage. The IESO will also post the Phase 1 Memo on the IESO requirements for participation in the energy and operating reserve (OR) markets for stakeholder review and feedback.

At an upcoming webinar as part of the September stakeholder engagement days, the IESO will review stakeholder feedback on the Phase 1 memo and begin Phase 2 work on development of options for enabling greater resource participation in the energy and OR markets.

For more information, please visit the [Expanding Participation](#) engagement webpage.

IESO York Region Non-Wires Alternatives Demonstration Project

The IESO, with support from Natural Resources Canada, is undertaking a demonstration project in York Region to explore market-based approaches to secure energy and capacity services from distributed energy resources (DERs) for local needs, while coordinating across the electricity system. The IESO, along with Alectra, launched an engagement with stakeholders at the July Engagement Days. The presentation included a discussion of key feedback themes from the December 2019 webinar, and then provided detailed information on the demonstration logistics, eligibility, local capacity auction and local energy auction. Following the webinar, stakeholders were requested to provide feedback on the draft Demonstration Project Rules and timeline with the final rules to be posted in September. The first local capacity auction is set to take place November 18 – 19.

For more information, please visit the [Demonstration Project](#) engagement webpage.

Improving Accessibility of Operating Reserve

In June, the IESO posted responses to stakeholder feedback received following the last webinar for this engagement. The IESO is currently targeting the September engagement days to hold a webinar to present further details on the settlement claw-back mechanism and Operating Reserve (OR) activation performance criteria proposals based on additional feedback and discussions with stakeholders.

For more information, please visit the [Improving Accessibility of Operating Reserve](#) engagement webpage.

Innovation and Sector Evolution White Paper Series

The IESO has continued to develop and release products within the Innovation and Sector Evolution White Paper Series. These white papers are intended to support the creation of a

shared, fact-based understanding of emerging economic, technical, environmental, and social issues, opportunities and trends. The IESO has published two white papers in 2020:

- *Non-Wires Alternatives Using Energy and Capacity Markets* White Paper - looks at how we can prepare for a future when distributed energy resources can participate in both distribution- and transmission-level markets; and
- *Development of a Transmission-Distribution Interoperability Framework* White Paper - looks at two potential transmission-distribution interoperability models, exploring the current roles and responsibilities of transmission and distribution operators, the models needed to enable this coordination and the relative strengths and weaknesses of each.

The next white paper scheduled for release is the second in a two-part exploration of how to increase the participation of Distributed Energy Resources (DERs) in the IESO-administered markets. The first white paper - *Exploring Expanded DER Participation in the IESO-Administered Markets* – was published in October of 2019.

For more information, please visit the [Innovation and Sector Evolution White Paper Series](#) engagement webpage.

Regional Planning Review Process

On July 16, the IESO posted its responses to stakeholder feedback on the Regional Planning Review Process (RPRP) Straw Man Design document. The IESO and Ontario Energy Board (OEB) have also collaborated to identify the organization responsible for the review and implementation, if appropriate, of each recommendation in the design document. All of this information has been posted to the RPRP engagement webpage.

While refinement of these recommendations has largely concluded, stakeholders can expect to see additional details on next steps in a Final Report by Q4 2020. Following publication of the Final Report, the IESO will schedule a webinar to review the recommendations focusing on those recommendations which the IESO will be responsible for implementing. Further information will also be provided on next steps and where stakeholders can continue to follow discussions on continuous improvements to the regional planning process.

For more information, please visit the [Regional Planning Review Process](#) engagement webpage.

Storage Design Project – Energy Storage Advisory Group

Engagement on the Storage Design Project (SDP), undertaken via the Energy Storage Advisory Group (ESAG), has continued through 2020 with monthly stakeholder engagement webinars to advance both the interim design and enduring design components of the project. At the most recent webinar in July, the IESO provided additional information on the state-of-charge management proposal for the enduring storage design and presented additional details on next steps for storage integration, including:

- Completing and implementing the SDP interim design;

- Working through the details and timing for a second Interim Design phase (for Market Renewal Project “go-live”); and,
- Planning for the publication of a vision document that captures the long-term proposals developed through the SDP and highlights areas for future design work.

The IESO will provide responses to feedback received following the July webinar, and is planning to provide stakeholders with further details on implementation timelines in September.

For more information, please visit the [Energy Storage Advisory Group](#) engagement webpage.

Transmission Rights Clearing Account

Prior to the June Technical Panel (TP) meeting, the IESO posted a presentation to the TP webpage which reflected a delay to the implementation date for the change to the Transmission Rights Clearing Account (TRCA) disbursement methodology from November 2020 to May 2021. The Market Development Advisory group (MDAG) stakeholders were notified of this change through an email communication. At the June TP meeting, members voted unanimously to recommend these Market Rule amendments to the IESO Board for approval and the Board will vote on this market rule amendment proposal at their August meeting.

For more information, please visit the [Technical Panel](#) webpage.

Transmission Rights Market Review

The IESO held a webinar on July 22, to review stakeholder feedback on the Transmission Rights Market Review and present additional analysis on Stage 1 of the Review which assessed the overall objectives and value that the Transmission Rights (TR) market. The webinar also began discussions on Stage 2 of the Review, which is focused on potential near-term improvements that could be implemented to the TR market.

By the end of September 2020, the IESO plans to publish an interim report to conclude Stage 1 of the Review, by highlighting the critical role that TRs play in facilitating efficient intertie trading as well as potential areas of improvement.

For more information, please visit the [Transmission Rights Market Review](#) engagement webpage.

Transmission Assets End-of-Life

The Regional Planning Review Process (RPRP) Straw Man Design document provides draft recommendations for a process to ensure bulk and regional planning processes include a coordinated, cost-effective, long-term approach to replacing transmission assets at end-of-life. The IESO and Ontario Energy Board (OEB) have also collaborated to create a document that identifies the organization responsible for the review and implementation, if appropriate, of

each recommendation, including those related to transmission assets end-of-life. These documents are posted on the [RPRP](#) engagement webpage.

For more information, please visit the [Transmission Assets End-of-Life](#) engagement webpage.

Updates to IESO Monitoring Requirements: Phasor Data

The IESO launched an engagement in June to seek stakeholder feedback on proposed updates to IESO monitoring requirements to incorporate Phasor Measurement Unit technology (“phasor technology”) in Ontario. This will allow the provision of much more granular and accurate power system data than the traditional technology used today. The proposed changes are intended to align with requirements in other North American Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs), and updates to Appendices 4.15 and 4.16 will provide guidance to generators and transmitters regarding what will be impacted.

The IESO is working to address feedback from stakeholders on the proposed updates, implementation timelines, and associated costs to install the new technology. The next engagement will take place in Q4 2020, where the IESO will present the draft Market Rule redlines for stakeholder feedback.

For more information, please visit the [Updates to IESO Monitoring Requirements: Phasor Data](#) engagement webpage.

Updates on the Technical Panel and Advisory/Working Groups

Demand Response Working Group

The IESO has scheduled a virtual Demand Response Working Group (DRWG) meeting on August 6 to provide an update on the priority 2020 DRWG Work Plan initiatives. Due to questions raised through the priority initiative work, IESO will introduce the need for a broader discussion with stakeholders on demand response participation in Ontario. As part of the broader discussion, IESO will clarify its objectives for the Hourly Demand Response product and work with the DRWG to identify and prioritize high-value opportunities to evolve DR resource participation in Ontario’s markets.

For more information, please visit the [Demand Response Working Group](#) webpage.

Energy Storage Advisory Group

Please see the “Storage Design Project” entry above.

Market Development Advisory Group

Following the April Market Development Advisory Group (MDAG) webinar, the Expanding Participation in Operating Reserve and Energy (EPOR-E) and Transmission Rights (TR) Market Review initiatives, which were previously discussed as part of the 2020 MDAG Work Plan, were launched as independent engagements to ensure the broad group of stakeholders

interested in these initiatives were able to fully participate. Further information and updates on these initiatives, and the Transmission Rights Clearing Account, are provided elsewhere in this document.

A written MDAG update will be provided shortly to stakeholders. For more information, please visit the [Market Development Advisory Group](#) webpage.

Technical Panel

The Technical Panel (TP) proposes and reviews amendments to the Market Rules, and as requested, advises the IESO Board on specific technical issues relating to the operation of the IESO-administered markets.

The TP recently conducted a review of their composition and process that was an outcome and recommendation of the Governance and Decision Making Advisory Group (comprised of active IESO stakeholders). The work of this advisory group, and the subsequent TP review of its own membership and process enhancements, led to the expansion of the membership to include specific constituencies who may not have had a direct voice on the TP. The change to the composition included the addition of energy storage and renewable generator sector representatives which the IESO Board is expecting to review and appoint in August 2020.

A few of the files that have recently been tabled for the TP's review and approval include:

- Transmission Rights Clearing Account (TRCA) - changes to the timing and methodology of TRCA disbursements;
- Updates to the Reliability Related Information required for a select group of Market Participants; and,
- Changes to the TP Terms of Reference as a result of the review mentioned above.

A look ahead for the TP includes rule amendments to Performance Requirements in section 4.2 and 4.3 of Chapter 4 of the IESO Market Rules and the series of rule amendments that are expected with Market Renewal which are expected to reach the TP in Q1 2021.

For more information, including the TP process, membership and meeting materials, please visit the [Technical Panel](#) webpage.