

Feedback Form

Update on Obstacles to Storage Resources in Ontario – February 7, 2022

Feedback Provided by:

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On November 10, 2021, Ontario's Minister of Energy released a [letter](#) requesting further information regarding a number of the IESO's current and planned initiatives to meet the province's anticipated electricity capacity needs emerging in the mid-2020s; this includes the status of electricity storage in the province.

The Minister is asking the IESO to work with the Ontario Energy Board (OEB) to provide an update on the implementation status of solutions for the barriers to storage identified in the IESO report [Removing Obstacles for Storage Resources in Ontario](#) and respond to the Minister by March 31, 2022

- Following the February 7, 2022, joint IESO and OEB presentation on the draft responses to the Minister's request, the IESO and the OEB are seeking feedback from key energy storage stakeholders on each organization's proposed recommendations.
- **Please submit feedback to engagement@ieso.ca by February 18, 2022.**

<p>1</p>	<p>Is the current status of each organization's respective recommendations clear to stakeholders?</p>	<p>For IESO recommendation #1 (Review and Amend Market Rules); ESC believes there are gaps in the current approach provided by the IESO.</p> <p>First, while the IESO has amended the current Market Rules/Market Manuals to incorporate energy storage for the interim period there is no clear process for ensuring the interim period market rules are reflected within the MRP market rules.</p> <p>ESC recognizes that the IESO has proposed some adjustments to the MRP proposed rules recently (i.e., a 2nd Interim Storage Design). The recommendations listed should acknowledge the 2nd Interim Storage Design and ensure the appropriate resources and effort are committed to executing the 2nd Interim Storage Design.</p> <p>Second, the November 10th letter from the Minister of Energy references enhanced consideration for energy storage resources in multiple instances. In particular, the Minister's letter references ensuring energy storage can participate in current and future procurements (e.g., Long-Term RFP). Given the increased emphasis on energy storage participation; ESC recommends that the IESO consider increased commitment of resources and funding to assist in expediting the integration of energy storage into wholesale market design. This could be accomplished as part of the IESO's 2022 business plan and through the ongoing implementation plan for MRP.</p> <p>Third, during the February 10th Long-Term RFP (LT-RFP) webinar the IESO indicated that State of Charge control by IESO tools would be available for potential storage projects contracted under the LT-RFP. Based on the current IESO timelines for the Long-Term Vision project for storage, State of Charge</p>
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		<p>control is only conceptual and requires further detailed analysis by the IESO and consultation with stakeholders. If the IESO intends to assume the availability of State of Charge capabilities within their tools for LT-RFP contracted storage, the IESO should commit to these future upgrades immediately.</p>
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<p>2</p>	<p>Where barriers continue to exist, do stakeholder have comments on how they are being addressed?</p>	<p>In the responses to many of the recommendations to the OEB, the OEB's Framework for Energy Innovation (FEI) consultation was referenced.</p> <p>The FEI consultation has a broad mandate including integration of DERs into system planning, consideration and funding of non-wires solutions, and utility remuneration for non-traditional distribution and transmission investments.</p> <p>Further, the FEI working group recommendations are to the OEB Executive and are only an initial step.</p> <p>ESC is concerned that the FEI process and timelines do not align with the priority for integrating energy storage resources into Ontario's electricity sector regulatory framework.</p> <p>ESC recommends that the OEB consider establishing focused generic proceedings to address specific energy storage shortfalls. For example, the application of transmission and distribution charges for energy storage resources should be a separate and focused consultation to establish unique energy storage tariff treatment under the uniform transmission rates and distribution rates. The consideration of an opportunity service in Alberta by the Alberta Electricity System Operator, currently under review by the Alberta Utility Commission, is an excellent starting point.</p>
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3	Are there additional obstacles that are not captured in this presentation?	<p>In its response on IESO Recommendation #2, the IESO stated that it will continue to work with the Ministry on treatment of GA charges for storage resources. Cost allocation and rate design for GA is influenced by a cross-section of government agencies (i.e., IESO and OEB) and the ministry.</p> <p>ESC believes that a unique rate design for energy storage resources is appropriate and recommends that a specific stakeholder engagement be launched to investigate the unique rate design of GA for energy storage resources.</p>
4	Which remaining obstacles are highest priority for the storage community?	<p>The highest priorities for the energy storage community are the following:</p> <ul style="list-style-type: none"> - The fair and equal treatment of transmission and distribution rates for energy storage resources; - Establishing a State of Charge tool; - Enacting a unique storage participation model in the market rules; - Treatment of GA; and - utility remuneration for reliability services from energy storage resources

General Comments/Feedback

Overall ESC is pleased that the recommendations of the 2018 report are being revisited. A lot has happened since the report was released that has increased the importance of energy storage to meeting Ontario’s future electricity system needs:

- The IESO has concluded the long-term vision project for storage which has provided guidance on the future treatment of energy storage resources and the potential investments in IESO tools required.
- MRP is starting to incorporate energy storage resource participation models through 2nd Interim Storage Design

- Ontario is beginning to embark on a pathway to net-zero that will require significant investments in new electricity infrastructure to meet electrification demand and supply mix turnover. Energy storage's unique capability to maximize the utilization of existing infrastructure is a significant value offering to Ontario system operators and rate-payers.
- Current procurements by the IESO are being asked to ensure participation of energy storage to meet Ontario's resource adequacy needs.

While all of the actions are supportive of energy storage in Ontario, a key drawback that exists is lack of focus and delivery on specific energy storage issues. Many of the barriers to energy storage are being addressed under broader consultation or initiatives where the uniqueness of energy storage is being lost. In ESC's view, there are many changes and enhancements that can be made to support energy storage with significantly less resource investment via focused actions with clear deliverables. ESC recommends that the IESO and OEB consider initiating separate engagements to focus on near-term energy storage barriers outside of the broader consultations. This will provide much needed support for energy storage that is contracted through current procurements and provide guidance to how the evolution of energy storage in the Ontario electricity sector will occur.

Taking a step back, the current plan for integrating energy storage resources into the Ontario electricity sector is not until the late 2020s. At this point, Ontario will likely be a decade behind other markets in implementing wholesale and regulatory framework reforms to maximize the value of energy storage for Ontario. Given the pressing challenges Ontario is facing and the pivot towards a net-zero electricity system, Ontario should expediate the timelines as much as possible.