

Feedback Form

Resource Adequacy webinar – January 26, 2021

Feedback Provided by:

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Following the January 26, 2021 engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following items discussed during the webinar. Background information related to these feedback requests can be found in the presentation, which can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by February 17, 2021. 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.

Feedback Requested

Topic	Feedback
<p>Does the proposed process to set acquisition targets and select competitive mechanisms align with stakeholder needs?</p>	<p>While IESO has outlined a high-level framework, ESC suggests that additional depth and discussion is required on various elements of the proposed process. For example:</p> <ul style="list-style-type: none"> - Details of the decision-making process, including objectives, criteria, metrics, constraints, etc., as well as transparency related to the decision-making process itself, including release of supporting rationale and analysis - Options for stakeholder review and input with respect to determination of acquisition targets and proposed competitive mechanisms - Options for broader customer participation (i.e., leveraging behind-the-meter assets) - Ensuring that sufficient timeframes to develop competitive procurement processes, including RFP design and standard contract terms - Considerations for governance and oversight, particularly as it relates to investor confidence in the AAR, including transparency as it relates to any changes in the AAR from year-to-year - Details with respect to the “transition phase” and the use of uncompetitive processes to secure resources <p>Further, ESC recommends that the IESO establish a clear timeline for the Resource Adequacy engagement. We suggest that there is urgency in completing and implementing the framework to provide confidence to the market. ESC is concerned that the IESO plans to “fully implement the Resource Adequacy framework by the end of the decade.” As indicated by our recently published valuation study, energy storage resources are can provide immediate benefits to electricity customers and a net savings of up to \$2 billion over ten-years.</p> <p>ESC also suggests that there is increased need to deploy energy storage to support broader net-zero carbon policy objectives. Given needs emerging in mid-2020, Ontario is well positioned to take advantage of funding to support the transition to a lower emissions electricity grid. For example, the Federal government announced new investments in clean energy (i.e., \$964 million over four years will be invested in smart renewable energy and grid modernization projects), with a goal of reducing Canada-wide electricity emissions of 11 MT.</p>

Topic	Feedback
Is there any additional information that the IESO should consider including in the Annual Acquisition Report (AAR) to help participants make investment decisions?	<p>ESC suggests that the AAR should include:</p> <ul style="list-style-type: none"> • Established seasonal targets for annual capacity auctions and an outline of planned amendments to future capacity auctions • Identification of long-term needs that would be eligible for longer term commitments or contracts • Connection constraints and hosting capacity of electricity grid • Level of certainty in the plan and identification of contingencies that may be required • Review of uptake of DERs and other BTM resources and their contribution to meeting resource adequacy needs, along side other values streams • Overview of changes from previous AAR and rationale for changes.
What are the timing considerations from a stakeholder perspective with respect to the AAR?	<p>ESC agrees that the AAR should be released following the publication of the APO.</p> <p>We urge the IESO to develop an AAR as soon as possible, particularly as it relates to needs emerging in mid-2020s. We recommend IESO implement these processes to ensure fair competition with new resources, such as energy storage, that can effectively provide required capacity within the needed timeframe.</p>
Are there any concerns with the proposed Capacity Auction enhancements?	<p>ESC recognizes that the consultation for UCAP definition will require significant stakeholder input and analysis, building on experience from other jurisdictions, for example, implications of proposed duration requirements.</p> <p>ESC seeks clarification from IESO with respect to the definition of “uprates”, including the potential eligibility of projects that involve the deployment of energy storage to increase or firm-up capacity of existing generation facilities.</p> <p>ESC recommends that the IESO consult with stakeholders on plans for future enhancements to capacity auctions, including plans to enable distributed energy resources (DERs) as outlined by the IESO’s DER whitepaper series. For example, this should include consideration of behind-the-meter resources, and their ability to provide services to customers, grid operators and the wholesale market.</p>

General Comments/Feedback

ESC is pleased to provide this feedback to the IESO. As emphasized in our previous submissions and illustrated in our 2020 Energy Storage Valuation Study, given the current inability to fully integrate energy storage within Ontario's electricity market, ESC recommends that IESO contract for the full suite of services energy storage can deliver in order to immediately unlock the system-wide value of energy storage.