Feedback Form

Resource Adequacy webinar – April 22, 2021

Feedback Provided by:

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Following the April 22, 2021 Resource Adequacy engagement webinar, the Independent Electricity System Operator (IESO) is welcoming 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 May 13, 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 on draft market rule and manual amendments for 2021 Capacity Auction administrative enhancements

Draft Market Rule and Manual / Section	Feedback
Market manual (MM) 12 / Section (S) 3.2	No comment
MM 12 / S 4.1	No comment
MM 12 / S 5.2	No comment
MM 12 / S 5.3.3	No comment
MM 12 / S 6	No comment
MM 12 / S 8	No comment
MM 5.5 / 1.6.26.3.5	No comment
Market rule (MR) Ch. 2 / S 1.2.2.6	No comment
MR Ch. 11	No comment
MR Ch. 7 / S. 18.4.4	No comment
General comments/feedback	No comment

Draft scope for hourly demand response (HDR) baseline methodology review

Topic	Feedback
Data Is the proposed source data appropriate? Is the analysis timeframe appropriate?	No comment
Suitable Business Days Is the proposed method for choosing proxy event days appropriate? Should additional types of days be excluded from the set of proxy event days?	No comment
Baselines	No comment

Topic	Feedback
Are there additional baselines that should be evaluated? Do stakeholders support the exclusion of regression-based baselines?	
Performance Assessment Are the proposed evaluation principles of accuracy, integrity, and simplicity appropriate? Are the proposed statistical performance metrics to assess baseline accuracy appropriate?	No comment
General comments/feedback	No comment

General Comments / Feedback

During the April 22, 2021 Resource Adequacy webinar, the IESO provided a high-level update on the short-term needs and mechanism (i.e., Capacity Auction) and mid-term needs and mechanism (i.e., RFP). ESC understands the IESO intends to use annual Capacity Auctions to satisfy short-term capacity needs, and that IESO has prepared an enagement plan to make amendments to the Capacity Auction (i.e., UCAP and eligible resources) to come into effect for the December 2022 Auction.

In the mid-term, for system needs emerging in the latter half of the 2020s, the IESO is proposing that it would conduct one or more RFPs to award contracts with 3-year terms. While the IESO has not provided full details of the planned RFP(s), it appears that the IESO will be targeting existing facilities as contracts expire.

ESC is concerned with the details of the IESO's proposed framework provided to date. While the IESO's Annual Planning Outlook suggests that new capacity is needed, incremental to assets currently operating, the IESO has yet to describe a process for the acquistion of new resources. Recongizing that the IESO's first Annual Acquisition Report is due to be published mid-2021, we encourage the IESO to:

- Consider the limitations within the IAMs that prevent energy storage from providing the full suite of servces until the long-term design vision is fully established and implemented (i.e., post 2024 given current MRP schedule)
- Consult on energy production requirements or duration requirements (ESC notes that lengthening energy production requirement may increase offer prices, therefore, IESO should provide cost/benefit analysis assessment)

- Consult contract terms and provisions (inc. length of contract term) and appropriateness for attracting investment, as well as analysis supporting IESO's decision related to contract terms, particularly as new resources are required
- Provide clarity with respect to squencing of "mid-term" RFPs, including eligiblity or project readiness requirements (if any)
- Ensure a level-playing field for all resources participating in competitive procurements
- Clarify efforts to potentially enable RFPs for hybrids or co-located projects (e.g., storage + renewables)
- Consider timelines associated with meeting regional system needs and locational value within RFPs; particularly southwestern Ontario or other areas identified per IESO's IRRPs.

As demonstrated by our study, Unlocking Potential: An Economic Valuation of Energy Storage in Ontario, contracting for energy storage would help ensure that the benefits are realized in Ontario. ESC is supportive of the IESO's proposal to move forward with a mixture of procurement mechanisms to secure the required resources to meet Ontario's capacity needs.

We also acknowledge that time is of the essence to ensure Ontario can take advantage of potential federal investments in supporting non-emitting technologies. For example, Natural Resource Canada recently launched of the Smart Renewables and Electrification Pathways program, which will provide $964 million over four years for smart renewable energy and grid modernization projects. The program is focused on funding construction of projects that use market ready technology and apply workplace equity, diversity, and inclusion components. In addition, Federal government's Strategic Innovation Fund plans to invest $3 billion over 5 years through the Net Zero Accelerator fund to accelerate decarbonization projects with large emitters, scale-up clean technology, and accelerate industrial transformation across Canada's economy. It is pertinent for the IESO to identify a pathway for the competitive procurement of energy storage to ensure Ontarian's benefit from federal investments in energy storage and other enabling technologies.