

IESO York Region Non-Wires Alternatives Demonstration Project Feedback Form

July 23, 2020

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| <u>Date Submitted:</u> <i>2020/08/13</i> | <u>Feedback Provided By:</u> Company Name: Energy Storage Canada Contact Name: Justin W. Rangooni, Executive Director Contact Email: [REDACTED] |
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Following the July 23, 2020 webinar to discuss the IESO York Region Non-Wires Alternatives demonstration Project, the IESO is seeking feedback from participants on the Draft Demonstration Project Rules. Please provide your feedback in Table 1 below. The IESO will work to consider feedback and incorporate comments as appropriate and post responses on the engagement webpage. The referenced presentation and associated Draft Demonstration Project Rules can be found under the July 23, 2020 entry on the IESO York Region NWA Demonstration Project [webpage](#).

The IESO is also seeking more information about your organization. Please complete the applicable sections in Table 2 below. Please note the IESO will not post the information you submit in Table 2.

Please provide feedback by August 13, 2020 to engagement@ieso.ca. Please use subject: *Feedback: York Region NWA Demo*. To promote transparency, feedback submitted in Table 1 below will be posted on the IESO York Region NWA Demonstration Project [webpage](#) unless otherwise requested by the sender.

Thank you for your time.

Table 1

| Topic | Feedback |
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| <p><i>Do the proposed dates present any challenges?</i></p> | <p>The timeline for this project provides little opportunity for a participant to develop a new resource that is not already committed. It will be difficult to site, plan, receive CIA approval and build a new facility within the five-month forward period unless the facility has already started the process. ESC believes the proposed dates present a challenge to properly evaluate the potential of available resources through this Demonstration Project.</p> |
| <p><i>General feedback on the Draft Demonstration Project Rules</i> (please include the specific section of the Rules being referenced)</p> | <ul style="list-style-type: none"> • The cost benefit approach to comparing the Non-Wires Alternatives (NWA) and the traditional poles and wires is not fully transparent. • The revenues being offered for the NWAs through this auction does not appear to be high enough to support incremental generation – it appears to only support projects that are already in place i.e. the Draft Demonstration Project Rules do not encourage new investments. • The revenues proposed to being offered do not fully consider the costs to connect into the system. • The term is too short given the asset life of an energy storage resource and has a revenue stream which is variable based on whether the asset is called upon. • Given variable revenue it will be difficult to develop a business case for new assets. |

General Comments/Feedback:

Energy Storage Canada (ESC) does applaud the IESO for developing the IESO York Region Non-Wires Alternative Demonstration Project. This project has the potential to define the ability for Ontario LDC's to effectively evaluate and implement NWA while also assessing the viability of the Distribution System Operator concept. The project's objectives align with innovations ESC has been advocating for within the IESO wholesale markets and could provide significant insights that could lead to more efficient markets. Unfortunately, the rules and timelines for the project will restrict participation of new resources and limit the potential learnings.

ESC recommends the following enhancements to the current draft rules:

- Extend the demonstration to five years. This will provide greater opportunity for participants to recover costs of new facilities.
- Allocate minimum procurement requirements for certain resources types to evaluate the ability of new resource types to provide capacity and energy at a distribution level.
- Resources should be able to receive multiple revenue opportunities ("value stacking") through participation in all of the following: IESO capacity auction, wholesale energy market, net metering, and this demonstration project.
- The capacity and energy maximum clearing prices should support new build and should be increased to a level that would incent participation of new facilities.
- Consideration of options for Non-Wires Solutions should be consistent with distribution utility asset management plans and principles. To that end, revenue payments should be commensurate with the avoided cost of the wires option, including contract length, rather than the business model being proposed in this pilot.
- Directly connected Storage facilities are limited to participation as "generation" in the project, this eliminates half of the resource's activities from participation. The project would be more efficient and provide greater benefits if it recognized all capabilities of a storage resource.
- The measurement and verification process should be restructured so that energy storage resources are properly valued.

ESC also recommends that IESO consider our analysis on NWA in our recently released report *Unlocking Potential: An Economic Valuation of Energy Storage in Ontario* (which can be found here: <https://energystoragecanada.org/unlocking-potential>)

ESC also has the following questions with regards to the Draft Demonstration Project Rules:

- Please confirm the ability of BTM storage resources to participate as DR?
- What is the minimum size of contributors DERs (i.e., DERs that form part of an aggregated resource)?
- What is the total project cap (e.g. MW)?
- Any confirmation on what the second window will be?
- What happens after the pilot – are there any planned restrictions or opportunity for the pilot to be extended?

ESC appreciates the opportunity to provide feedback on this important project and looks forward to working with the IESO on ensuring the project meets the identified objectives.