



Decision of the Independent Panel – Exemption Application #1360

Part 1 – Panel Members

Panel Members hearing the application: Steve Baker, Patricia Koval, Joe Oliver
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Part 2 – General Information

1. Exemption Application ID: 1360
2. Market Participant Name: NRStor Goderich CAES LP (“NRStor Goderich” or, the “Applicant”)
3. Location/Site: Goderich Compressed Air Energy Storage
4. Role of Applicant in the market as it pertains to this Exemption Application: Electricity Storage Participant
5. Date Exemption Application Heard: June 15, 2021
6. Did Exemption Applicant agree to Terms and Conditions of the IESO Staff Recommendation: Yes
7. Market Rule(s) or Related Market Manual(s) from which the exemption is requested: Chapter 7, Section 21.2.4b as per exemption application
8. Material Reviewed: a) IESO Staff Presentation b) NRStor Goderich exemption application c) NRStor Goderich additional submission d) IESO staff recommendation
9. Applicant’s Position: NRStor believes that the requested exemption outlined in the exemption application would not negatively affect grid reliability in any way nor would it restrict non-discriminatory access to the grid. It would increase operational efficiency,

decrease costs to NRStor as a market participant, and decrease costs to the IESO in the form of administrative burden. Due to these factors, NRStor believes that it is in the best interest of the NRStor Goderich facility, the IESO and Ontario ratepayers to provide an exemption.

10. IESO Staff recommendation: IESO staff recommend the request to be exempted from the requirement to be registered as a dispatchable load be denied due to the impact this will have on the facility's settlements and instead propose a more specific exemption from the requirement for a dispatchable load to submit bids to withdraw energy for the NRStor Goderich facility.

Part 3 – Decision

Decision:

In reviewing the NRStor exemption application and the IESO Staff recommendation, the Panel denies the exemption application submitted by NRStor and accepts the rationale of the IESO Staff recommendation. The Panel hereby grants an exemption to NRStor Goderich that:

- Requires NRStor Goderich to register the facility as a dispatchable load, as per the market rules
- Will permit NRStor Goderich to withdraw energy without having to submit bids despite this registration.

This exemption is subject to the terms and conditions set forth below.

Part 4 – Reasons

Reasons of the Panel:

The Panel has reviewed the exemption application by NRStor and the alternative exemption, terms and conditions proposed by IESO staff. In its deliberation, the Panel notes that the market rule exemption requested by NRStor to Chapter 7, section 21.2.4b would result in the injections of energy being settled on a dispatch interval basis at the Market Clearing Price while the withdrawals would be settled hourly at HOEP. This is contrary to the interim energy storage design rules that were effective January 18, 2021, where a key principle was that both injections and withdrawals should be settled at the same price.

The alternative exemption recommended by IESO staff will permit NRStor Goderich to effectively operate on a non-dispatchable basis in not having to submit bids to withdraw energy, while conforming to the energy storage design that the facility be settled on the same basis for its withdrawals and injections. NRStor Goderich are aware of this alternative exemption and have indicated that it addresses its concerns. The requirement for NRStor Goderich to submit offers and follow dispatch instructions for its injections of energy will remain unchanged.

The Panel has decided that this accommodation is warranted given an earlier recommendation provided by IESO staff that the facility could be non-dispatchable for its withdrawals, made prior to the IESO having the opportunity to develop its approach to the integration of storage resources. This recommendation was subsequently used by NRStor to support the business case for the project, a project initiated in response to a 2015 request for proposal. The size of the project will limit any impacts that permitting such withdrawals might have on IESO's operations and on markets.

Part 5 – Terms and Conditions

<p>Effective Date of Exemption (or event causing exemption to become effective)</p>	<p>The date when and if the exemption is granted.</p>
<p>Date of Expiration of Exemption - If greater than 5 years, the Panel must be satisfied that the circumstances justify a later date - Circumstances which will cause the exemption to immediately expire</p>	<p><i>Exemption</i> to be reviewed when any of the <i>market rules</i> from which the <i>exemption</i> is granted are replaced or <i>amended</i> by the new <i>market rules</i> anticipated as a result of the Market Renewal Program.</p>
<p>Market Rule(s) or related Market Manual(s) from which the Exemption is granted</p>	<p>Chapter 7, Sections 3.3A.2 and 3.3A.3 Chapter 7, Section 3.4.1.2</p>
<p>Restrictions on the manner of operation and/or additional obligations to be met during the term of the Exemption, if any</p>	<p>The <i>exemption</i> from Chapter 7, Sections 3.3A.2 and 3.3A.3 pertains to withdrawals only. NRStor Goderich will continue to submit <i>dispatch data</i> for its injections according to Chapter 7, Sections 3.3A.2 and 3.3A.3.</p> <p>Withdrawals shall not be made while the facility is under an <i>operating reserve</i> activation on its injections.</p> <p>NRStor Goderich will be registered as a <i>dispatchable load</i> for the purposes of withdrawing energy, according to Chapter 7, Section 21.2.4b.</p>
<p>Monitoring Information Required Information required to be provided by the Exemption Applicant for monitoring by the IESO</p>	<p>No monitoring information is required.</p>
<p>Payment of Costs - Processing Costs (when introduced) - Incremental Exemption Costs - Settlement amounts to be withheld or repaid</p>	<p>N/A</p>

<p>Reconsideration/Removal</p> <ul style="list-style-type: none"> - Date on which the Exemption will be reconsidered (if applicable) Circumstances under which the Exemption will be reconsidered (if applicable) other than unforeseen future change in circumstances 	<p>The <i>exemption</i> will be reconsidered if NRStor modifies the configuration of the facility resulting in an up-rate of its capacity to withdraw <i>energy</i>.</p>
<p>Transferability</p> <ul style="list-style-type: none"> - List the terms and conditions that need to be met to allow for a transfer of this exemption to be approved by IESO staff - Transferability in respect of a corporation, refers to a change of control of the corporation within the meaning of the Business Corporations Act (Ontario) 	<p>No special conditions are necessary.</p>
<p>Other:</p>	<p>N/A</p>