

January 16, 2018

IESO Engagement  
Via email to: [engagement@ieso.ca](mailto:engagement@ieso.ca)

**RE: Comments Regarding Forthcoming Request for Information for Supply from Non-Emitting Resources**

ITC Holdings Corp. (ITC) appreciates the Independent Electricity System Operator's (IESO's) request for stakeholder feedback regarding the development of a forthcoming Request for Information (RFI) for potential future supply from non-emitting resources (NERs), as discussed during the IESO's December 21, 2017 webinar.

ITC is developing the Lake Erie Connector (LEC) transmission interconnection project. The LEC will connect the IESO wholesale electricity market with the PJM Interconnection (PJM). PJM is a regional transmission organization and North America's largest wholesale electricity market serving 65 million people in a region that comprises all or parts of 13 states and the District of Columbia. PJM contains over 170,000 MW of generating capacity, of which more than 37,000 MW are from non-emitting resources (this is roughly the size of Ontario's entire generation capacity) with a substantial number of new NERs in various stages of development. Therefore, imports of NER supply from PJM's wholesale market can represent a significant and cost-effective source to help meet Ontario's future capacity needs (i.e., approximately 2,000-4,000 MW) beginning in the mid-2020s coinciding with the retirement and refurbishment of nuclear generating units in Ontario.

The LEC project is a 1,000 MW, bi-directional high-voltage direct current (HVDC) contracted transmission line, approximately 73 miles long (mostly buried in Lake Erie) interconnecting transmission substations in Erie County, Pennsylvania and Nanticoke, Ontario.

In addition to being able to supply capacity and energy from NERs, the LEC project provides additional, substantive benefits to Ontario, including:

- Power System Reliability Benefits
  - Energy and capacity supply
  - Voltage control through reactive power
  - System flexibility (potentially intra-hour)
  - System support following emergency or unforeseen events
- Market Efficiency Benefits
  - Increased competition and liquidity through direct connection to PJM's wholesale electricity market
  - Better utilization of Ontario's resources (e.g., facilitating exports during surplus baseload generation (SBG) events)
  - Enhanced trade of multiple electricity products (e.g., energy, capacity, environmental attributes (EAs) such as renewable energy certificates (RECs) or comparable products)

### **Comments on the NER RFI**

The following points provide rationale and motivation as to why we support the IESO's plan to administer an RFI for supply from NERs.

- The Ontario Government's latest Long-Term Energy Plan (LTEP), released on October 26, 2017, identifies capacity needs starting in the mid-2020s of approximately 2,000-4,000 MW.
- Due to the relative proximity of need, and the presumption of desiring a transparent, competitive process to derive the best and most cost-effective solutions, we suggest quickly implementing an information solicitation potentially leading to a procurement. Although the need for additional capacity begins approximately 6 years from now, many of the best solutions require time to be brought to fruition. It is essential to begin this process right away and move forward expediently.
- Consistent with the LTEP and federal and provincial statutory commitments for greenhouse gas (GHG) emissions reductions, increased supply from NERs will be necessary as supply needs arise. Long-term supply from NERs could be provided by NER imports across the LEC (LEC has been identified in the LTEP as a developing transmission project).
- Information received from RFI respondents will inform the IESO of potential NERs within Ontario and, equally importantly, of existing and potential NERs outside of Ontario. Regulatory changes may be required to treat non-emitting imports from neighbouring markets in a similar fashion to imports from Quebec (integrating the necessary operating agreements or other mechanisms to ensure recognition of the non-emitting nature of the supply).
- Information received from RFI respondents can critically inform and help guide applicable mechanisms to be designed within the IESO's Market Renewal Initiative (MRI). Some of those are mechanisms specifically within Ontario's wholesale electricity market (e.g., design components within the proposed Incremental Capacity Auctions (ICAs), creation of some type of Generation Attributes Tracking System, etc.) and some are mechanisms outside of the market (e.g., valuation of and market for EAs, procurement contracts, etc.).

The RFI for supply from NERs provides a timely opportunity to attain broader and more detailed information compared to the scope of typical RFIs or Requests for Expression of Interests (REOIs). This information will be important as Ontario makes important decisions regarding future supply sources, mechanisms to ensure future supply, and how broader Ontario Government policy objectives (e.g., climate change) and statutory requirements can best be met within the electricity market.

### **Scope and Timing**

Because the scope of RFIs are typically not as comprehensive as Requests for Qualifications (RFQs) or Requests for Proposals (RFPs), the NER RFI could be developed relatively quickly, including reasonable stakeholder consultation on scope and contents. Therefore, ITC recommends that the IESO not design a two-phase RFI (i.e., Phase I – market-based information, Phase II – technical and costing information).

Instead, ITC recommends that the IESO design and administer a single-phase RFI. This way, the IESO and stakeholders could sooner understand the potential for future supply from NERs and could then more expeditiously plan towards meeting Ontario's future capacity needs through procurement of NERs.

ITC recommends that the RFI be released in early Q1/18 with responses due to the IESO by late Q2/18. This timeline also better ensures that information gathered from submissions in response to the NER RFI can be incorporated within the development of high-level design documents for respective MRP workstreams (e.g., energy, capacity, etc.).

### **Contents of Responses**


ITC recommends that the following five categories should comprise the information that respondents will need to provide in response to the RFI. These categories will equally apply to respondents with NERs located within Ontario and to respondents with NERs located outside of Ontario.

1. General Supply Information
  - Non-emitting fuel type(s) (type of generation)
  - Geographic location/site of resource(s)
  - Project/facility size (MW) and amount of supply (MW and MWh)
  - Existing facility, facility upgrade or expansion, new project development(s)
  - Any combination of non-emitting fuel types, technologies (e.g., energy storage), and/or projects/facilities (e.g., transmission)
  - For upgrades, expansions, and new project development(s): timing, plans, and capability to begin construction (including details on interconnections and transmission lines where applicable)
  - Detailed estimates of the resource(s) availability and any intermittency.
2. Benefits and Supply of Electricity Products
  - Products that could be supplied (e.g., energy, capacity, ancillary services (identified specifically), EAs/RECs, etc.)
  - Description of benefits to Ontario's power system that can be supplied by each identified product per identified resource(s) (e.g., duration of supply commitment meeting Ontario's resource adequacy needs, deliverability, operability, flexibility, etc.)
  - Ability to provide additional benefits to Ontario's power system (e.g., storage, ability to help manage Ontario SBC, resilience, security, etc.)
  - Other benefits of the proposal(s) including contract flexibility, new or increased access to other markets, etc.
3. Connection and Deliverability
  - Physical and electrical location/site of resource(s) and connection/delivery point(s)
  - Capability to deliver within Ontario and to Ontario
  - Identification of existing or potential transmission congestion and the potential impact of the proposal
4. Commercial Information
  - Indicative term of supply commitment(s)
  - Indicative price/costs (\$/MWh) (\$Cdn)

- Financial information and capabilities of respondent. (e.g. credit rating, balance sheet information).
  - Relevant experience of respondent (e.g., project development, project financing, operations, delivering across interconnections, etc.).
5. Community and Stakeholder Engagement and Plans
- Past or existing community and stakeholder engagement plans (including plans with Indigenous peoples)
  - Identification of any future community and/or stakeholder engagement plans (including plans with Indigenous peoples)
  - Identification of any declarations or agreements with communities and/or stakeholders (including declarations or engagements with Indigenous peoples)
  - Identification of any past, existing, or future environmental plans, approvals, permits, etc.
6. Permitting
- For existing or planned project(s) and associated interconnections, generator lead lines, and/or transmission lines: detailed list of permits needed, permits received, the status of applications, typical times from application to issuance, etc.

Thank you for the opportunity to provide stakeholder feedback regarding the development of a forthcoming Request for Information (RFI) for potential future supply from non-emitting resources (NERs). We look forward to continuing to engage with the IESO on non-emitting resources and the associated RFI and, as always, remain available to meet and discuss any questions about our suggestions with you at any time.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. S. Harvill', written in a cursive style.

Terry S. Harvill, Ph.D.  
President, ITC Grid Development  
A Fortis Company

