



January 17, 2018

Independent Electricity System Operator
Stakeholder Engagement

SUBJECT: Request for Information – Non Emitting Resources

This is in response to the IESO's request for comment on the material presented at the December 21st webinar with respect to the proposed Request for Information (RFI) from non-emitting resources.

While the OWA supports the RFI initiative, it will be important to those submitting information to have a clear understanding of how the data collected will be used to inform policy and/or procurement in the future. As I understand it, the outcome is intended to complement the work being undertaken by the Non-Emitting Resources Subcommittee (NERSC), whose report is scheduled to be submitted to the Market Renewal Working Group in the fall of 2018. In turn, the NERSC advice is expected to inform High Level Market Design decisions, most notably those related to the Incremental Capacity Auction, the first of which is scheduled for 2021 to meet an expected requirement of up to 3,000 MW in 2025. As I have noted in each of these stakeholder engagement initiatives, the current regulatory framework in Ontario for waterpower, regardless of size, translates into a development timeline of up to eight (8) years. As such, and given the IESO's expressed objective that all resources participate in meeting future energy and capacity needs, it is important that the IESO acknowledge and address this challenge of timing for waterpower.

Additionally, I recommend that the RFI process not only seek information at the project level but also from the sector more broadly, and, in the case of waterpower, in collaboration with the OWA. The IESO and the OWA have worked together in the past on similar initiatives to support policy and planning, notably in the "Evaluation and Assessment of Ontario's Waterpower Potential" (2005), and the "Northern Hydro Assessment - Waterpower Potential in the Far North" (2013). I believe a scoped collaborative undertaking to address the objectives of the RFI will provide insight not otherwise available from individual proponents.

With respect to the specific topics raised during the webinar, I offer the following comments:

1. Phasing of the process

Based on the requested information listed for each of the phases, it is unclear why most of the “detailed information” suggested for Phase 2 couldn’t or shouldn’t be collected in Phase 1. In fact, it is recommended that development/construction information including timelines, regulatory requirements and permitting be collected in Phase 1 to ensure the IESO has an indication of timing considerations of relevance to the broader market renewal objectives.

2. Information requested under each phase

As noted on the webinar, it would be helpful to have much more specificity on the “market products and services” that projects and technologies more broadly can or could provide. It would also be important for the IESO to collect information on any impediments (e.g. regulatory) to the provision of such products and services. For example, the flexibility of some waterpower facilities has been compromised in the past but there are now opportunities to restore or expand operating bands.

The rationale for or value of collecting “indicative, non-binding project capital and operating costs” through the RFI (Phase 2) is unclear. As the IESO noted on the webinar, these resources are expected to participate in the renewed energy and capacity markets and support a projected need seven (7) to eight (8) years from now. Beyond the commercial confidentiality considerations associated with providing project-specific financial information, the utility of such information in an exercise focused on understanding the ability of non-emitting resources to provide market-procured products and services is questionable.

3. Timeline

The OWA recommends that the RFI process be completed no later than September 2018, concurrent with and in support of the work of the NERSC. With the elimination of detailed project specific financial information, the entire process can be accomplished in a single phase.

4. Engagement approach

While the IESO has provided an open and inclusive approach to stakeholdering the RFI, supported by a proposed “technical conference”, it will continue to be a challenge to reach all project proponents who could provide information to support the analysis. Put simply, the breadth and depth of Market Renewal related engagement is overwhelming. Response to the RFI presumes an understanding and appreciation of the future energy and capacity markets at the project level. I can assure you that such is not the case across the diversity of the waterpower industry. I am concerned, therefore, that project proponents who should be providing information may be unable to effectively contribute. I would recommend that the IESO also work directly with and through the OWA to help address this challenge.

Thank you for the opportunity to comment. I look forward to continuing to work with the IESO on this important initiative.

A handwritten signature in black ink, appearing to read 'Paul Norris', with a long horizontal flourish extending to the right.

Paul Norris
President
Ontario Waterpower Association