

# Memorandum

To: Stakeholder Advisory Committee

From: Terry Young, Vice President, Policy, Engagement & Innovation

Date: April 27, 2018

**Subject: IESO Business Update – IESO Response to Business Plan Priorities received from Members of the Stakeholder Advisory Committee**

The IESO relies on the input received from members of the Stakeholder Advisory Committee (SAC) and other stakeholders to ensure that priorities within the sector are considered in the IESO's business planning process.

The following is a summary of the priorities received at the February 21, 2018 SAC meeting. The feedback will be directly considered in the 2019 to 2021 business planning process. The draft 2019-2021 Business Plan will be presented at the August 22, 2018 SAC meeting along with how SAC feedback has been incorporated.

Also included in the memo are actions and initiatives the IESO is currently undertaking in these areas.

For a more detailed description of the input received on this item, refer to the Meeting Notes of the February 21, 2018 SAC meeting found at [www.ieso.ca/sac](http://www.ieso.ca/sac).

Input from Committee members has been summarized into the following seven themes:

- Market Renewal
- Innovation
- Conservation
- Cyber security
- General IESO business / broader sector
- Stakeholder Engagement

## On Market Renewal:

Input from SAC meeting:

- Ensure it is moving along according to the timeline while also ensuring the various components interconnect within and outside Market Renewal
- Ensure existing contracts such as regulated generators reflect changes within Market Renewal and do not deem them ineligible to participate
- Ensure transparency is maintained and public policy is integrated. The non-emitting subcommittee is a good example of this and should be formally recognized.
- Identify how and if Demand Response will be incorporated as an Incremental Capacity Auction product. Will all capacity be procured through the ICA?
- On non-emitting resources, more discussion is needed on the inclusion of mechanism to participate and the internal IESO tools to support this as well as regulatory and rule design keeping in mind cap and trade policy in relation to incentivising these resources
- It should be recognized that flexibility on its own is an extremely valuable product. It has been implied that Market Renewal will resolve flexibility however discussions should continue to ensure it is given an appropriate level of deliberation. Shorter term interim solutions for flexibility should also be considered to ensure those resources who can offer it are able to.
- Bring more items of discussion on Market Renewal to the SAC who is able to offer greater variation of perspectives

*IESO Response:*

*The IESO will continue to present preliminary decisions in each of the market renewal engagement initiatives. Throughout the year, market renewal engagements will transition from the preliminary decision phase to the development of high level designs that will be published for stakeholder input.*

*Additionally, there have been changes to the engagement process such as the creation of the Non-Emitting Resources Sub-Committee in response to stakeholder feedback. The IESO has also looked to find efficiencies to the engagement process, such as hosting a shared meeting on market power mitigation in the three energy stream meetings and holding fewer but longer meetings to reduce stakeholder fatigue. The IESO has shared an engagement plan and milestones with the Market Renewal Working Group to get feedback on a process to review the High Level Designs and meetings leading up to that.*

## On Innovation:

Input from SAC meeting:

- It is vital for the IESO to maintain expert knowledge on Distributed Energy Resources (DERs), its potential impacts on interoperability, potential saturation points as well as developments in storage.
- In regards to regional planning, consider the emerging technology alternatives such as the 'no wires' solution before traditional poles and wires
- Support the use of provinces smart meter data and explore who should share these costs, and have discussions on who and what the primary market or sector could be.

- Renewable demonstration projects should be prioritized.
- The IESO should be involved in conversations relating to electric vehicles (EVs), their impact on the IESO controlled grid as this will build relationships with other aligned agencies.
- The IESO should investigate the value of big data initiatives.

*IESO Response:*

*The IESO will engage SAC and other stakeholders in the development of an innovation strategy, roadmap and workplan that will see to set out a shared vision for the future of Ontario's electricity system and broader energy sector, the roles that IESO and others will play in that future state and the specific activities that IESO and others need to undertake to drive towards those desired outcomes.*

*It is expected that the roadmap will include a DER stream to define and prioritize all of the activities that the IESO and its partners are currently or will undertake with regards to DER understanding and integration (i.e. from a market development, operability, regulatory and technology perspective). The goal of this work will be to bring together the many activities currently underway within the sector to support a shared future vision of DER in Ontario.*

*The IESO is currently working on several different initiatives to investigate innovative technologies in Ontario. Through the Implementation Plan directive initiatives, the IESO will investigate Power-to-Gas technologies, Virtual Net Metering and establish a Renewable Distributed Generation Integration Fund. It is expected that these initiatives will support the development of non-wires alternatives as part of regional planning processes.*

*Other implementation plan initiatives will also begin engagement components this year including the Review and Report on the Regional Planning Process that will explore how the existing process considers cost-effective non-wires solutions in the regional planning process, and identify barriers for implementing them. Pilot projects on third party access from the Meter Data Management / Repository will also go into the field this year that will help to better understand the value of data to recipients and the requirements/processes needed to make this data available.*

*In 2017 IESO sponsored Plug N Drive's Charge My Car program. IESO will look to continue its engagement with Plug N Drive and others in order to understand (and potentially seek to leverage) the growth of EVs in Ontario.*

**On Conservation:**

Input from SAC meeting:

- Conservation and demand management programs are a success. The current conservation framework ends in 2020. The IESO needs to take a leadership role now and start conversations for continuation to ensure momentum is not lost
- From a consumer perspective, confusion remains between programs and funding sources. The IESO should take a leadership role to simplify this

*IESO Response:*

*The IESO will formally submit recommendations to the Ministry of Energy for the second half of the Conservation First Framework (2018-2020) and future conservation frameworks. The IESO will begin implementation of the recommendations later in 2018, pending Ministry of Energy response and subject to any required government decisions, and will provide a full update on the implementation plan with SAC.*

*These recommendations will build on the report prepared at the conclusion of the Conservation Mid-Term Review engagement initiative. Feedback from stakeholders indicated that there was alignment in many of the report themes which are available in the [report](#).*

### **On Cybersecurity:**

Input from SAC meeting:

- It is commendable the IESO is taking a leadership role on cybersecurity. As this work continues, the IESO needs to work with other agencies. The hydro sector is working with the Ontario Energy Board as an example

*IESO Response:*

*The IESO proposes to evolve the existing cyber security forum to include cybersecurity issues facing not only bulk transmitters but also non-bulk transmitters and distributors in Ontario. This will leverage the capability, experience and engagement expertise of the IESO. The IESO recently hired Alex Foord as Chief Information Officer and Vice President, Information and Technology Services who will ensure that cybersecurity needs are addressed within the IESO and with its external partners.*

### **On Engagement:**

Input from SAC meeting:

- The IESO engagement outreach can be broadened
- All sectors should be reached out to as opposed to a select few. This may be accomplished from an account management perspective.
- Vulnerable sectors such as small businesses would benefit from being more informed
- Although the IESO should not take on the responsibility of public education, they should consider playing a role in terms of support and encouraging relationships.
- From an evolving energy market context, keep abreast of the impact to the natural gas market as it relates to gas supply to existing generators.

*IESO Response:*

*The IESO will be developing and implementing an engagement strategy which will contain the goals, objectives and tools/techniques that the IESO will use to ensure continuous improvement (and which will address issues of inclusivity, accessibility and education) in IESO engagement processes; questions for discussion will be brought to SAC to inform the strategy. The IESO will also engage communities and*

stakeholders through Regional Forums, the Electricity Summit, the Indigenous Energy Symposium and other forms of direct outreach. The IESO is also seeking opportunities to coordinate engagement initiatives to reduce the burden of participation for the public.

### **On General IESO Business / Broader Sector:**

Input from SAC meeting:

- Governance – It is important for everyone to have a solid understanding to encourage their participation in Ontario’s energy market
  - The IESO could be more precise on how decisions are made, the impact of changes, who makes decisions and dispute resolution particularly as they relate to market rule and manual changes expected from Market Renewal
- Sector cost control:
  - Important not in terms of being the lowest but instead being competitive. Is it possible for costs to go down instead?
  - The IESO needs to be cognizant of costs for Ontario’s energy tracking towards 100% emission free. Is the last 4-5% cost effective?
- Planning
  - Emphasis should be placed on grid stabilization in northern Ontario rather than simplifying the solution to transmission lines in the area

*IESO Response:*

*The IESO thanks SAC members for providing input and feedback into all parts of IESO business. The governance conversation will be continued in the Market Renewal Working Group and widened as required by the scope of the discussion. With regards to cost control, the estimated province-wide net benefits of Market Renewal ranges from \$2.2 billion to \$5.2 billion. These province-wide benefits are shared by customers and suppliers. As a part of the LTEP Implementation Plan’s Customer Reliability work stream, the IESO will review customer reliability and supply security delivered by the IESO-controlled grid and report back.*

*Discussion Questions:*

- *Are there additional considerations that should be included as part of the IESO’s 2019-2021 Business Planning discussion?*
- *What areas of focus are most important to your constituency?*