

# Feedback Form

## 2023 Annual Acquisition Report (AAR) – February 23, 2023

### Feedback Provided by:

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Following the February 23, 2023 engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the [engagement web page](#).

**Please submit feedback to [engagement@ieso.ca](mailto:engagement@ieso.ca) by March 9.** If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

## Questions Directed at All Resource Types

Topic	Feedback
Do you agree with the IESO recognizing market exit as an uncertainty and its intention to consider that some facilities exit the market in its analysis?	The EDA does not have comments currently.
Do you expect your facility to participate in the next 5-10 years?  What are some considerations that may impact participation?	n/a
Facilities require regular maintenance and operational activities throughout their lifecycle. At what year of life would your facility require significant capital investments to extend its usable life? How long of a commitment would you expect to pay-off significant capital investments?	n/a
How can existing assets be maximized? What is needed for these facilities to stay and continue operation?	n/a
Is repowering your facility(ies) with a renewable fuel an option for future participation, and if so, what would be the earliest timeline for this?	n/a

## Questions Directed at Natural Gas Facilities

Topic	Feedback
How do you interpret the expected Clean Electricity Regulations (CER) in terms of the impact on the future operation of your facilities, including for emergency use purposes?	n/a

Topic	Feedback
What impact will the rising federal carbon price have on the operation of your facilities in 2030 and beyond?	n/a

## Other

Topic	Feedback
Has the IESO missed any considerations in terms of the future participation of existing resources?	Yes: please see below.

## General Comments/Feedback

### **Non-traditional energy and capacity resources**

The EDA believes that the IESO's presentation on February 23, 2023 could have more meaningfully acknowledged the potential capacity and energy contributions of conservation and demand management (CDM). In the context of energy security, conservation is considered another fuel, alongside coal, hydrocarbons, nuclear, and renewables. Although traditionally the AAR has considered transmission-connected generation assets, the [OEB's CDM Guidelines for Electricity Distributors](#) recognize that CDM activities can address regional system needs.<sup>1</sup> Consequently, distribution-led CDM to mitigate demand should be considered in earnest, given the impending energy gap that Ontario faces. Doing so would be aligned with the AAR's objective of accurately accounting for all resources without double counting, whether they contribute supply or mitigate demand.

### **CDM**

The EDA's October 2022 position paper, [The Power of Local Conservation: The Future of Conservation and Demand Management in Ontario](#), highlights these bulk and local benefits, and the history of successful LDC-led CDM actions in the province. It notes three key pillars facing Ontario's energy landscape today:

- the impending supply gap,
- the increasing interest and attention of electricity customers in net-zero goals and energy affordability, and
- the emergence of non-wires alternatives (codified in the OEB's guidelines for LDCs) and their respective regulatory barriers to implementation.

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<sup>1</sup> <https://www.oeb.ca/sites/default/files/uploads/documents/regulatorycodes/2021-12/CDM-Guidelines-Elec-Distributors-20211220.pdf>, page 6.

It revisits LDCs' successful and cost-effective delivery of CDM programs in Ontario for over a decade, in previous conservation frameworks. For example, in the first three years of the 2015-2020 Conservation First Framework (CFF), LDCs facilitated energy savings by Ontario's families and businesses, while reducing peak demand by 648 MW—equivalent to the capacity of the Halton Hills gas generation station.

The EDA's position paper proposes programs developed and led by LDCs, to target significant energy reduction in their service territories, referred to as "Conservation Accelerator Programs (CAPs)." Specifically, the EDA's proposal projects a 10-year budget of \$2 billion for CAPs to reduce 1,934 MW of power from the grid—more than the combined maximum capacity of the Halton Hills and Napanee gas plants combined (1,783 MW) for a comparable capital cost.

### **DERs and the energy transition**

As noted in the IESO's February 23, 2023 presentation, the 2023 AAR is anticipated to focus on the energy transition. As an enabling technology, DERs are envisioned to be part of a modernized, net-zero grid in support of an electrified economy. LDCs are expected by the OEB to use DERs as a non-wires alternative to defer or avoid traditional poles-and-wires investments through optimizing the functionality of existing assets.<sup>2</sup>

The EDA appreciates that the IESO is undertaking several efforts with regards to DERs, including the DER Market Vision and Design Project (MVDP) and the Transmission-Distribution Working Group (TDWG). The EDA and its members are active participants in these stakeholder engagements. The EDA has submitted comments throughout the DER MVDP and has been a participant in all TDWG meetings.

The DER MVDP announced its foundational and enhanced models for DER aggregation on January 25, 2023. The EDA and LDCs did not expect 1) the omission of LDC participation from both models, and 2) the omission of the Total DSO model in the enhanced model. The EDA's comments can be accessed [here](#).

At the TDWG meeting of February 27, 2023, the EDA and several LDC participants expressed concern about the omission of LDCs from the DER MVDP's foundational and enhanced models, and about the IESO's decision to pursue the dual participant model. It is unclear if that model is the most cost-effective for ratepayers.

The IESO informed webinar participants that it selected the dual participant model to proceed with developing T-D protocols in the near term and confirmed that it has considered the role of LDCs in this context. Since the TDWG's focus is on technical protocols, the IESO deferred policy and economic considerations to the Ministry of Energy and the Ontario Energy Board.

The EDA understands that the topic of this feedback form is the 2023 AAR. However, we believe that the IESO's various initiatives could be enhanced with greater coordination amongst one another. These topics are interconnected and actions in one project are consequential to outcomes in others. The DER MVDP's foundational model would be deployed in the post-2026 timeframe, which is within

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<sup>2</sup> <https://www.oeb.ca/sites/default/files/FEI-Report-20230130.pdf>, page 3.

the time horizon of the 2023 AAR. The EDA urges the IESO to meaningfully facilitate and incorporate sector stakeholder feedback into its planning activities which inform the procurement process.

### **Resiliency needs**

The EDA appreciates that the IESO anticipates a continued focus on resiliency needs in the 2023 AAR. In the 2022 AAR, the resiliency discussion focused on the importance of a diverse supply mix for maintaining reliability of the power system, as extreme weather events become more frequent.<sup>3</sup>

Ontario's distribution sector must be considered in any discussion of power system resiliency needs, because that is the part of the system that delivers energy to end users. LDCs are on the front lines of electricity and the first call that customers make when there is an unscheduled power outage. Besides taking the responsibility of communicating to their customers very seriously, LDCs also bear the financial responsibilities related to extreme weather events. Unlike other sectors further upstream in the electricity industry, LDCs' revenues are not guaranteed: they must be recovered from customers, some of which may not be able to pay. The EDA notes that the OEB is beginning a consultation on [Distribution Sector Resilience, Responsiveness & Cost Efficiency](#), and looks forward to new approaches in addressing the financial impacts to LDCs due to extreme weather—which is occurring with increased frequency and intensity.

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<sup>3</sup> <https://www.ieso.ca/-/media/Files/IESO/Document-Library/planning-forecasts/aar/Annual-Acquisition-Report-2022.ashx>, page 22.