

Feedback Form

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

Feedback Provided by:

Name: Justin W. Rangooni

Title: Executive Director

Organization: Energy Storage Canada

Email: [REDACTED]

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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 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 |
|---|---|
| <p>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?</p> | <p>Yes, we agree that the IESO should be factoring in market exit within its plan. This is a high priority for our members, many of whom are owners/operators of existing resources in Ontario. These facilities can be augmented with energy storage and converted to hybrid facilities and therefore we believe the IESO is correct to focus attention on maintaining these assets into the future.</p> <p>That said, ESC believes that the IESO has taken a narrow view by only looking at contracted resources. IESO should widen its view and also consider existing DERs operating Ontario that may not be subject to IESO contract – for example, behind-the-meter energy storage resources that have been developed for customer electricity bill mitigation.</p> |
| <p>Do you expect your facility to participate in the next 5-10 years?</p> <p>What are some considerations that may impact participation?</p> | <p>Several stand-alone energy storage assets have already been constructed in Ontario, which are under contract with the IESO. The continued operation of these resources will factor into the overall opportunity for revenue from the wholesale market, as well as the potential for future contracted revenues, versus overall operations cost (e.g., utility demand charges). As noted above, the continued operation of other existing resources is a priority for ESC members as well, because continued operation depends on the ability of owners/operators to access sufficient revenues for injected energy as well as capacity.</p> <p>A significant amount of behind-the-meter energy storage has been built in Ontario. Continued operation of these resources is premised on benefits provided to the host-customer in terms of ability to offset electricity costs or ability to access incremental revenue streams through the wholesale market or other markets.</p> |

| Topic | Feedback |
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| <p>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?</p> | <p>No comment.</p> |
| <p>How can existing assets be maximized? What is needed for these facilities to stay and continue operation?</p> | <p>Optimizing and repowering existing generation resources with energy storage should be a high-priority for IESO. ESC continues to support the IESO's efforts with respect to the Hybrid Integration Project. Energy storage should be considered at existing renewable energy sites, as well as existing gas generation sites or hydroelectric sites.</p> <p>Generally, securing incremental investment at these sites requires long-term commitments. Further, there needs to be a transparent process to align the term of the existing facility with the term of the incremental storage.</p> |
| <p>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?</p> | <p>No comment.</p> |

Questions Directed at Natural Gas Facilities

| Topic | Feedback |
|---|--------------------|
| <p>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?</p> | <p>No comment.</p> |
| <p>What impact will the rising federal carbon price have on the operation of your facilities in 2030 and beyond?</p> | <p>No comment.</p> |

Other

| Topic | Feedback |
|--|--|
| Has the IESO missed any considerations in terms of the future participation of existing resources? | Please refer to the comments above. IESO should ensure that its definition of "existing resources" includes resources not contracted with the IESO, as well as DERs. |

General Comments/Feedback

Overall, ESC sees significant opportunity to improve the AAR:

- The AAR should provide a clear investment signal to the market and outline concretely how the IESO plans to meet emerging resource adequacy needs; IESO should establish clear targets timeline and performance objectives associated with procurement initiatives it undertakes
- It is clear that proceeding with the Hybrid Integration Project is pivotal in Ontario and should be prioritized as a near-term opportunity to firm up capacity of existing resources and secure commitment from existing resources for future, long-term operations; the IESO should consider a holistic approach with respect to the repower of existing resources as well as incremental investments required for the addition of energy storage at existing sites
- The IESO should not take a narrow view with respect to resources it seeks to acquire; the IESO should ensure that there is sufficient focus on the continued operations of non-contracted resources
- The potential role of DERs appears to be an after-thought in the IESO plans and this is surprising based on the results of the DER potential study. The AAR should place much greater emphasis on mechanisms to acquire DERs through programs.
- The IESO should take the opportunity with this AAR to establish a clear roadmap and timelines for future procurements to simplify its overarching resource adequacy framework:
 - Can procurement be conducted more frequently on a more streamlined timeline?
 - What flexibility can be incorporated with the procurement to provide flexibility on term-length or bridging between existing contracts and repowered/augmented facilities?
 - Should the IESO offer targeted procurements / programs to support acquisition of resources that have specific characteristics / needs?

We look forward to continued engagement on next steps.