

Feedback Form

Annual Acquisition Report

Public Information Session – April 8, 2022

Feedback Provided by:

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Following the April 8^h public information session on the Annual Acquisition Report (AAR), the Independent Electricity System Operator (IESO) is seeking feedback from participants on a variety of questions and details included in the report and session on April 8 to help further inform the path forward on meeting the needs identified in the AAR.

The referenced presentation can be found on the [AAR webpage](#).

Please provide feedback by **April, 27 2022 to engagement@ieso.ca**. Also, please feel free to send any questions or request for clarification on the AAR in advance of the April 20 engagement session. This will ensure the IESO is prepared to help inform stakeholder feedback before the April 27 deadline.

Same Technology Expansions

Topic	Feedback
<p>What procurement/negotiation timelines (i.e., contract execution) and forward period would be required to support a 2025 in-service date?</p>	<p>It is essential for the IESO to coordinate its consideration of the timelines required for interconnections – whether for transmission connected projects or distribution connected projects (e.g., DERs).</p> <p>The OEB’s recent amendments to the Distribution System Code concern connection processes (e.g., screening and information sharing) and come into force October 2022. We seek assurance that the IESO’s timelines and processes will align with, and not differ from, these revised connection practices that will be implemented by LDCs.</p> <p>In addition to connection timelines, we recommend that the IESO consider a broader role for LDCs as it ramps up new processes to expand production at existing sites. There is a significant amount of distribution-connected generation operating today. We urge the IESO to consider additional, customer-facing mechanisms for the expansion of existing generation, and whether LDCs can fill the role of enabler or program delivery supporter (e.g., serve in a role conceptually similar to the LDC’s role in CDM program delivery, and/or broadened to include program design, implementation, orchestration, etc.).</p> <p>Given the extent of the identified system needs and the opportunities for DERs to meet future system needs, LDCs should be more actively involved, and can participate in and contribute to meeting future resource needs.</p>

Topic	Feedback
Is there any other external support (e.g., from the IESO) that would be needed to help proponents meet expedited development timelines?	<p>We suggest that the IESO consider offering:</p> <ul style="list-style-type: none"> • timely and ongoing provision of information on the timelines for potential connection requests for expanded projects; this information will support LDC business planning (e.g., resourcing to support suppliers) • in coordination with the new procurements, to work more closely with LDCs on the anticipated increase of distribution-connected resources that could require distribution grid upgrades • timely and ongoing provision of information to LDCs of procurement and contracting issues (e.g., timelines).
What considerations should be given for community engagement and/or indigenous participation?	We support community engagement, engaging the municipality and engaging Indigenous peoples in upcoming procurements.

Forward Capacity Auction

Topic	Feedback
Expanded participation and eligibility for resources	The EDA makes no comment.
Demand curve parameters	The EDA makes no comment.
Interactions with the annual capacity auction including target capacities	LDCs will benefit from knowing the IESO's perspective on matters including the IESO's priorities/preferences of connection requests, on the LDC's processing of multiple connection requests in locations with limited connection availability, participation in the annual Capacity Auction and/or the new Forward Capacity Auction.
Input into the design of longer commitment periods	The EDA makes no comment.

Topic	Feedback
Other business/engagement/participation considerations associated with longer forward periods	The EDA makes no comment.

Expedited Procurement

Topic	Feedback
What incentives are sufficient to encourage expedited project development to meet the 2025 needs (e.g., term length, pricing adders, reduced RFP requirements)?	The EDA makes no comment.
What procurement timelines (i.e., contract execution) and forward period would be required to support a 2025 in-service date?	<p>The IESO's forward period timelines must be coordinated with LDCs' timelines to connect resources, whether connecting new resources or planning the expansion of existing resources. This will enable LDCs to participate in and contribute to the solutions that will meet future resource needs.</p> <p>We urge the IESO to augment its consideration of the available options and to include distribution connected resources. We recommend that the IESO consider the broader role that LDCs can play to connect smaller scale resources (e.g., DERs) to their respective distribution grids - potentially within shorter timeframes than is possible for larger scale resources, and within the IESO's required timelines. LDCs are well situated to bring additional, customer-facing mechanisms to the grid and/or to act as program enablers or program delivery supporters. For these reasons, it is essential that LDCs be more actively engaged in the IESO's contracting for resources processes.</p>
Is there any other external support (e.g., from the IESO) that would be needed to help proponents meet expedited development timelines?	Please see our comment above.

Topic	Feedback
What considerations should be given for community engagement and/or Indigenous participation?	Please see our comment above.

General Comments/Feedback

The IESO is under significant pressure to secure the needed electricity supply to meet resource adequacy requirements – and must do so during a period of economic turmoil (e.g., due to the COVID-19 pandemic, geopolitical conflicts) causing supply chain constraints and inflation, as well as a period of changing policy and customer demands (e.g., net-zero, decarbonization).

To provide the magnitude of system supply needs and according to the projected timelines, the IESO will conduct multiple procurements and other programs. Interestingly, the IESO has prioritized the implementation of MRP and delayed other enhancements to the IESO market (e.g., integrating distributed energy resources (DERs) will not be complete until after 2026). It is unclear whether the IESO has included the contribution of Conservation and Demand Management (CDM) programs when calculating total resource requirements, as it did in past periods. The IESO has not clearly established that all new capacity procured must be IESO-market dispatchable. If there is a legitimate need for new capacity to be IESO dispatchable, we propose that the IESO analyze its impact on costs, specifically for whether costs could increase.

As we commented in our March 31, 2022, feedback with respect to the Long-Term RFP, LDCs are well situated to connect new supply resources in their service areas and to bring these resources to market expediently.

We reference the new CDM guidelines that were published in 2021. They require that LDCs’ distribution system planning processes include consideration of the role of CDM activities to meet system needs within their service areas. The new guidelines identify that CDM includes energy efficiency, demand response, energy storage, behind-the-meter generation and other innovative solutions. Importantly, these guidelines establish that LDCs may seek funding through distribution rates for CDM programs that are determined to be the preferred solution and that cost-sharing mechanisms may be established with another party if the benefits of a preferred CDM solution are shared. We encourage the IESO to work closely with LDCs regarding potential opportunities to meet the emerging supply needs through customer-facing programs administered by LDCs, including CDM. It is possible that CDM programs may provide distribution system benefits, while also reducing the need to procure bulk system resources.

As is identified elsewhere in these comments, the OEB has recently amended the Distribution System Code for how LDCs are to process requests to connect. These amendments are expected to impact the number and sizes of devices that will connect to LDCs’ distribution systems.

As set out in this submission, we recommend that the IESO consider the potential benefits of LDCs serving as enablers or program delivery supporters, as this may expand the inventory of existing projects and/or expedite the procurement of new resources. Given the magnitude and timing of supply needs, it is prudent for the IESO to consider all available options to secure the needed resources, and to establish partnerships with other entities that will expand opportunities for

participation in procurement. We look forward to a future where LDCs may be more actively engaged through increased participation to contribute to mitigating emerging supply needs in the IESO Administered Market.

We urge the IESO to provide more complete information within the AAR with respect to potential electricity costs and how they will be allocated to enhance all parties' understanding of electricity resource procurement. For example, it will be helpful for the IESO to address how out-of-market costs related to IESO contracting and the new Forward Capacity Auction are to be recovered, and whether they will be recoverable through the Global Adjustment. We seek to understand whether the pending volume of procurements could put upward pressure on the Global Adjustment in the near future. If so, we also seek to learn and understand the consumer protections and oversight mechanisms that will be deployed to ensure that the costs recovered from customers are reasonable.

We appreciate this opportunity to provide feedback, and we welcome the opportunity to meet with the IESO on this submission.