

Feedback Form

Annual Acquisition Report

Public Information Session – April 8, 2022

Feedback Provided by:

Name: Paul Norris

Title: President

Organization: Ontario Waterpower Association

Email: [REDACTED]

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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
What procurement/negotiation timelines (i.e., contract execution) and forward period would be required to support a 2025 in-service date?	<p>For expansions to existing waterpower facilities to meet a 2025 in-service date, contracts would be required to be issued as early as possible in 2022. Such expansions would have to have minimal permitting and approvals requirements (e.g. eligible for the screening process under the OWA’s Class Environmental Assessment). Even these projects can be expected to face challenges associated with supply chains and the availability of professional services (engineering, environment etc.). The IESO should recognize that the “boom” approach to securing new capacity (be it through facility expansions or the expedited Long Term RFP) will necessarily create upward pressures on costs, particularly at a time when there is competition for these same products and services from other jurisdictions (e.g. Hydro Quebec RFP with longer term commitments). Every effort should be made to ensure that the suite of currently proposed and subsequent procurements create a smooth and steady investment climate.</p>

Topic	Feedback
<p>Is there any other external support (e.g., from the IESO) that would be needed to help proponents meet expedited development timelines?</p>	<p>Yes. The IESO should provide details of the key parameters of the proposed contract provisions for the expansions (e.g. term, price derivation). For example, under the HCI program, expansions were encouraged through a rate structure that was established through a multiplier of an established price, with a term that was a maximum of twenty (20) years. Subsequent government policy “closed” the window for expansion applications under these contracts. It will be imperative that should an expansion be proposed, the term of the existing contract be extended to match or exceed the contract term for the expansion to enable the required investment. In addition, the IESO should immediately engage the appropriate regulatory agencies (e.g. MECP, MNDMNRF) to ensure that their permitting and approvals processes are aligned or realigned to meet the timelines. Finally, given the enduring and growing need for capacity and energy identified, same technology expansions that can come on-line post 2025 should also be enabled.</p>
<p>What considerations should be given for community engagement and/or indigenous participation?</p>	<p>The IESO should incent community and/or indigenous participation (e.g. price-adder), but this should not be a requirement for eligibility.</p>

Forward Capacity Auction

Topic	Feedback
<p>Expanded participation and eligibility for resources</p>	<p>Existing contracted waterpower facilities are ineligible for the forward capacity auction.</p>
<p>Demand curve parameters</p>	
<p>Interactions with the annual capacity auction including target capacities</p>	

Topic	Feedback
Input into the design of longer commitment periods	
Other business/engagement/participation considerations associated with longer forward periods	

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)?	Extended term length, pricing adders and reduced RFP requirements could all encourage expedited (or any) development to meet not only 2025 but 2027 and 2030 timelines. Greenfield waterpower development will not be enabled through a fifteen (15) or seventeen (17) year contract. The standard used for previous procurements has been forty (40) years. The IESO must recognize that in order to encourage investment in new waterpower projects which are capital intensive, long lead time, perpetual assets, the approach to procurement must be customized rather than a "one size fits all". The latter approach necessarily compromises the IESO's "technology neutral" objective.
What procurement timelines (i.e., contract execution) and forward period would be required to support a 2025 in-service date?	Greenfield waterpower takes an average of eight (8) years to permit and construct (as was specifically recognized in previous procurements).
Is there any other external support (e.g., from the IESO) that would be needed to help proponents meet expedited development timelines?	Regardless of the procurement mechanism, the IESO should immediately engage the appropriate regulatory agencies (e.g. MECP, MNDMNRF) to ensure that their permitting and approvals processes are aligned or realigned to meet the timelines.

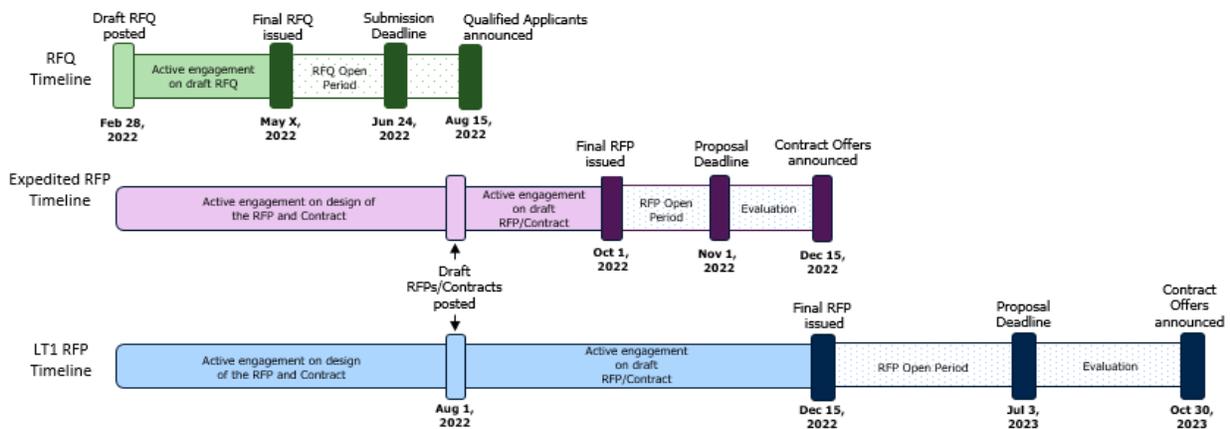
Topic	Feedback
What considerations should be given for community engagement and/or Indigenous participation?	The IESO should incent community and/or indigenous participation (e.g. price-adder), but this should not be a requirement for eligibility.

General Comments/Feedback

This section can include insight on the proposed additional mechanisms including:

- Whether these are the right mechanisms to support in-service dates of 2025/26?

Expedited and LT RFP Procurement Timelines*



*All future dates are tentative: 2022 and 2023 timelines are not to scale.

Are the proposed timelines for the expedited process achievable?

For waterpower, it is very unlikely. This points to the need for longer term planning. For expansions, the process should have commenced in 2020/2021. For new builds, in 2017/2019. The reactive approach to identifying and attempting to satisfy short term reliability requirements does not produce optimal results for investors or ratepayers. The IESO needs as part of its resource acquisition framework mechanisms that will support and incent long lead time projects and contract terms that are consistent with the capital investment requirements of long-life span assets. None of the existing and newly proposed mechanisms achieve this.