

Feedback Form

Clean Energy Credits – April 21, 2022

Feedback Provided by:

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Date: May 5, 2022

Following the April 21, 2022 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 **May 5, 2022.** 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.

Registry Design Features

Topic	Feedback
Are there any registry features missing from the proposed list, either basic requirements or future functionality?	Click or tap here to enter text.

CEC Product Offering Options

Topic	Feedback
Has IESO identified the right set of CEC product offerings? Are there any missing?	Click or tap here to enter text.

Topic	Feedback
Are there benefits/challenges to any of the proposed CEC product offerings that have not been covered?	CanREA would not support any further consideration of options for the integration of behind-the-meter generation within the proposed CEC framework. This would give rise to significant administrative challenges associated with monitoring, verification and retirement of credits from net metered generation, and thus significant double-counting risk.

Topic	Feedback
Which CEC option(s) works best for your company? For Ontario?	Click or tap here to enter text.

CEC Customer Preferences Survey

Topic	Feedback
What are the most relevant findings from the CEC customer survey?	<p data-bbox="743 226 1513 424">Feedback from prospective customers on preferred clean energy credit offerings, generation type, and price they are willing to pay for PPAs and unbundled credit purchases are instructive in terms of focusing the next steps of this engagement.</p> <p data-bbox="743 466 1513 1096">Of 381 prospective buyers invited to participate, 121 unique organizations were represented in the survey results, which corresponds to a response rate of 28%. Survey respondents appear to represent a fairly broad range of industries and annual electricity consumption levels. While the insights presented here are valuable, there are over 10,000 businesses with at least 100 employees headquartered in Ontario, per the most recent Industry Canada data. We also understand the IESO to be prioritizing compatibility with other North American credit registries as part of this design process, per the Minister’s January directive – To this end, stakeholders have no visibility at present in terms of potential demand from other North American jurisdictions with which the Ontario system would potentially be integrated, and extremely limited visibility of the potential market within the province.</p> <p data-bbox="743 1138 1513 1495">A formal Request for Expressions of Interest (REOI) process, preceded by a thorough buyer pre-qualification process, would yield more actionable insight in terms of total market size, demand of individual applicants, indicative pricing and other preferences. Regrettably, there is not sufficient time at this stage to design and undertake a sufficiently thorough buyer pre-qualification and REOI process in advance of the January 2023 target implementation date.</p>

General Comments/Feedback

There is significant opportunity to leverage global demand for PPAs to drive new investment in the renewable generation assets that will be required to meet Ontario's energy supply needs, to provide long-term value for ratepayers, as well as to help achieve the province's decarbonization objectives set out in the Made-in-Ontario Environment Plan. However, there are many unanswered questions that remain with respect to this proposal and the IESO's ability to deliver on a January 2023 target launch date.

CanREA would recommend that the IESO give further consideration to an option or options in which the IESO releases a limited number of CECs to contract holders to retail on behalf of the IESO under a proceeds-sharing arrangement, with the vast majority of unbundled CECs from existing Ontario-based assets to be retired on behalf of customers in proportion to their load. This approach would in CanREA's view strike an appropriate balance in terms of addressing both residual supply mix concerns as well as capitalizing on growing demand for CECs on a limited basis in order to realize some near-term financial benefit for ratepayers.

As the results of the survey of prospective buyers indicates, for a large proportion of commercial and industrial consumers, to have their operations powered by renewable electricity grid is a core organizational priority, the value of which must be weighed against any short-term financial benefit that might accrue to them from the CEC resale arrangement.

We would also concur with the view that direct resale of these CECs *by* the IESO would give rise to significant administrative complexity and fairness considerations with respect to the IESO's role as the CEC registry system administrator.

In general, we would like to emphasize that it is very challenging to provide feedback given the lack of specificity in the proposals provided by the IESO thus far. This is entirely understandable given the extremely short timeframe for this consultation process and numerous competing demands for IESO staff time and resources, but the reality is that given the complexity of what is contemplated, the level of stakeholder consultation is inadequate. Designing and implementing a successful Ontario-specific registry will require:

- Clearly defined technology resource type, vintage, and certification details
- Sufficient interest from multiple prospective counterparties
- Clear rules regarding what projects can generate credits and for how long post-COD
- Interoperability of the system with other jurisdictions (e.g., Alberta's TIER and NYSERDA)

It would seem unlikely that this can be achieved by the January 2023 target implementation date.

CanREA would recommend that the IESO proceed with further consideration of an option or options for proceeds-sharing arrangements for the retailing a limited supply of CECs from existing contracted facilities on a demonstration project basis for launch in January 2023 to meet short-term market demand, while planning for the retirement of the vast majority of remaining credits from existing generation on behalf of Ontario ratepayers in proportion to their load.

Going forward, it is evident that additional time is required to gather stakeholder feedback from both the prospective off-taker and developer sides on specific, detailed and comprehensive design proposals, and to test the system before an eventual go-live date. To realize the potential long-term value of this initiative will require a careful and considered approach over a significantly longer consultation and design time frame than has been planned for.