

Stakeholder Feedback and IESO Response

Joint IESO-OEB Grid Innovation Fund/Sandbox Distributed Energy Resource (DERs) Integration Targeted Call – August 25, 2021

Following the August 25, 2021 public webinar introducing the Grid Innovation Fund and Innovation Sandbox's targeted call for DER integrations, the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) received feedback from participants on some of the elements that make up the design of the targeted call.

The IESO received feedback from:

- [Alectra Utilities \(Alectra\)](#)
- [Electric Power Research Institute, Inc. \(EPRI\)](#)
- [Electricity Distributors Association \(EDA\)](#)

The presentation materials and stakeholder feedback submissions have been posted on the [DER Roadmap webpage](#). Please reference the material for specific feedback as the below information provides excerpts and/or a summary only.

Notes on Feedback Summary

The IESO appreciates the feedback received from stakeholders. The IESO has provided a summary below, which outlines specific feedback or questions for which an IESO and/or OEB response was required at this time

Application Guideline Document

All three stakeholder submissions indicated that the criteria are sufficiently clear. The EDA submission included two additional points for consideration, which are noted in the table below.

| Feedback | IESO/OEB Response |
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| The “wholesale market and distribution participation” criteria is especially important as it focuses on benefits for both the bulk system and the distribution system. | Agreed. |
| As a part of the “Project Team & Partners” criteria we would also like to note that LDCs should have the option to partner with other LDCs and share the costs of the project as a single project proponent. As some smaller LDCs may find it difficult to meet these criteria without partnering with other LDCs and sharing the costs and risks. | LDCs have this option and are able to participate in projects as partners to, amongst other things, share costs. |

The feedback submission from Alectra included two additional aspects for consideration with respect to the Project Evaluation Criteria when evaluating submissions, which are noted in the table below.

| Feedback | IESO/OEB Response |
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| To support a diverse and inclusive energy sector, Equity, Diversity and Inclusion (ED&I) perhaps maybe considered as project evaluation criteria. | As part of the IESO’s commitment to Equity, Diversity & Inclusion, an enterprise initiative is currently underway to assess and create meaningful opportunities for diverse partners across a number of business areas, including the IESO’s supply chain and the Grid Innovation Fund. The inclusion of ED&I focused evaluation criteria may be one tactical outcome of the broader strategy. |
| Cyber security related standards/controls/tools maybe needed to be factored into project funding criteria. | The proposal template has been updated to include a component related to cyber security and how associated risks will be managed/mitigated. |

General Comments/Feedback

All three stakeholder feedback submissions included additional comments/questions and recommendations in their feedback submissions, which are summarized below.

| Feedback | IESO/OEB Response |
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| <p>Alectra commented that in general, the funding evaluation is well-established, and suggested that perhaps societal and environmental impact maybe warrant some consideration when making funding decision, when all stated project evaluation criteria are met.</p> | <p>GIF funded projects must ensure that they do not have a net-positive greenhouse gas emissions impact. This requirement is reflected in the Application Guideline and Proposal Template Part A.</p> |
| <p>EDA commented that more strategic partnerships between distributors, aggregators and service providers are needed to successfully leverage DERs/DER Aggregators.</p> | <p>The IESO and OEB agree, which is reflected in the higher weighting allocation to the “Project Team and Partners” evaluation criteria.</p> |
| <p>EDA recommended that all new grid innovation fund projects should have a requirement to engage with LDCs to better understand grid impacts and OEB regulatory requirements, and that Ontario’s LDCs may have a more active role within the electricity system as “Fully Integrated Network Orchestrators” by:</p> <ul style="list-style-type: none"> • Developing intelligent platforms to enable DERs within the distribution system • Integrating DERs within distribution system plans (e.g., NWAs) • Optimizing and coordinating the use of DERs | <p>The IESO and OEB are encouraging applicants to form strategic partnerships to meet the objectives of the joint targeted call, including partnerships with LDCs to understand distribution-level impacts and benefits of the proposed projects. Applicants are also encouraged to include partners that have a good understanding of OEB regulatory requirements, and to reach out to the OEB Innovation Sandbox for any questions regarding regulatory requirements that may be at issue for their proposed project. The “Project Team & Partners” evaluation criteria specifically identifies including a utility partner, where appropriate.</p> |

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| <p>EPRI’s feedback submission included a number of questions for clarification:</p> <ol style="list-style-type: none"> 1. Please confirm that the funding sources are available to US-based proposing entities. 2. Please explain the ways that the 25% cost share can be provided. Ideally, examples of different ways to provide cost share would be very helpful. 3. Please clarify if proponent and partner contributions are a total of 50% of total project cost, of which 25% must be in cash. 4. Realizing the final contract may not be available until a later date, is there a draft example contract that could be provided for review? 5. Is it possible for DER that are owned by electric distribution utilities within Ontario to be used in the demonstration? 6. Solutions likely will involve integration with the IESO and effort by IESO staff to accommodate. Additionally, participation in market services may have costs. Should these costs be included in the proposals? 7. Can you please provide more clarity on what is meant by ineligible expenses - “Costs over \$50,000 for any single consultant or contractor that has not been selected through a competitive process”? The requirements are for at least three partners to submit a proposal, so one prime and at least two sub-contractors. It is our interpretation that this competitive process would not apply to subcontractors who are part of the bidding team. | <ol style="list-style-type: none"> 1. US-based proposing entities are eligible for the joint targeted call provided that the project being proposed is located in Ontario. 2. Proposal Part B template provides the breakdown on budget allocation. The lead applicant + project partners must allocate a minimum of a 25% cash toward the project. 3. Correct. The IESO will fund a maximum of 50% of project costs with a minimum contribution of \$1M. If the ask of the IESO is 50% of project costs, the lead applicant + partner contributions must be 50%, of which 25% must be cash. 4. The Contribution Agreement is available online here. 5. Yes, this is possible. Project proposals may include resources owned by any entity. 6. Generally speaking, IESO staff time should <u>not</u> be included as budget items within Proposal Part B. Applicants should clearly articulate within Proposal Part A if/how IESO/OEB support is required for IESO/OEB review during the review. Please note that funding recipients may not participate in IESO administered markets while they are under contract with the Grid Innovation Fund. 7. The competitive process for costs over \$50,000 for any single consultant or contractor does not apply to project partners. |