Feedback Form

Local Generation Program – June 5, 2025

Feedback Provided by:

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Title: President

Organization: OREC (Ottawa Renewable Energy Co-operative)

Existing contract number (if applicable): We currently hold 25 FIT contracts

Email: [redacted]

Date: 18 June 2025

Following the June 5, 2025 webinar to provide an update on the Local Generation Program (LGP), the IESO is seeking feedback on the high-level design of the recontracting stream of the LGP

The referenced presentation and supporting materials can be found under the June 5, 2025 entry on the Local Generation Program webpage.

To promote transparency, feedback submitted will be posted on the Updates to IESO Monitoring Requirements: Phasor Data engagement page unless otherwise requested by the sender. If you wish to provide confidential feedback, please mark "Yes" below:

- ☐ **Yes – there is confidential information, do not post**
- ☒ **No – comfortable to publish to the IESO web page**

Please provide feedback by June 19, 2025 to engagement@ieso.ca. Please use subject: *Feedback: Local Generation Program*.

General Questions for Existing Facilities / Suppliers:

1. Have you been following the IESO Medium and Long Term Procurement engagement sessions and or been reviewing those RFPs, and contracts etc?

Yes, OREC has been following the IESO Medium and Long Term Procurement engagement sessions somewhat. However, the scale of those procurements – as we understand them - do not align with our projects nor our administrative resources to apply.

2. Were you aware of ERP before todays presentation?

Yes, OREC was aware of the Enabling Resources Program (ERP) prior to today's presentation. We have been following its developments, particularly as it relates to the integration of distributed energy resources (DERs), energy storage, and hybrid facilities into the IESO-administered markets.

3. Which IESO offers are you most interested in for your facilities? Why?

For community-owned and local generation facilities, our primary interest lies in the Local Generation Program (LGP). While we recognize the importance of other IESO offers (e.g., Medium-Term and Long-Term RFPs, market participation), the LGP is uniquely positioned to foster distributed, community-led projects that offer localized benefits beyond bulk energy supply.

Reasons for interest in LGP:

- Community Empowerment & Benefits: LGP has the potential to prioritize genuine community equity and governance, ensuring local economic development and direct benefits for residents.
- Grid Resilience: Locally sited generation enhances grid resilience by diversifying supply points and reducing reliance on long-distance transmission, which is critical given increasing demand.
- Tailored for Smaller Scale: The LGP's focus on distribution-connected resources between 100 kW and 10 MW is well-suited for community-scale renewable energy and storage projects.
- Extension of Economic Life for Existing Assets: The recontracting stream of the LGP is essential for extending the operational and economic life of our existing Feed-in Tariff (FIT) contract DER sites. These solar & wind assets continue to be viable, low-cost sources of clean electricity with minimal ongoing maintenance, and their continued operation after their initial contract expiry is a cost-effective way to meet Ontario's growing electricity demand.

4. Do you need more information about the different IESO offers to make a decision? What information do you need?

Yes, further clarity on the interplay between the LGP and other IESO offers would be highly beneficial to inform decision-making.

Specifically, we need more information on:

- **Streamlined Processes:** Assurance that the LGP will offer a truly streamlined and simplified process for smaller, local projects compared to the complexities of larger procurements.
- **Lack of LGP Support for Community-Scale Battery Energy Storage Systems (BESS) Revenue:** OREC is highly interested in deploying community-scale BESS, both standalone and co-located with generation. However, a significant barrier is that the current LGP design does not appear to offer direct revenue streams or contract mechanisms to compensate for the value BESS provides (e.g., capacity, grid services, local peak shaving, load shifting). While other IESO programs (like ERP or LT RFPs) may offer market participation for storage, their scale, complexity, and market-centric requirements are often not suitable or accessible for community-owned and smaller-scale DER projects. Therefore we are seeking a program that provides a DER revenue model for *prosumers* – those that both consume and generate power.
- **Complementarity vs. Competition:** How will the LGP specifically complement, rather than compete with, other procurement streams (e.g., LT2 RFP, ERP market participation), particularly regarding the inclusion of new technologies like storage? How do we know that Renewable Energy Cooperatives (RECs) like OREC won't be squeezed out of fair competition?

5. What if any thoughts do you have around your larger (>1MW) facilities participating in the IESO electricity market?

OREC is supportive of projects larger than 1 MW being within the scope of the LGP as they can contribute significantly to local supply needs. We recognize that these larger facilities may have greater potential for direct participation in the IESO electricity market, especially for hybrid generation-storage projects or those with dispatchable capabilities.

Our thoughts include:

- **LGP's Suitability for >1MW Projects:** We believe the LGP can provide a more tailored and stable contracting environment for these larger distribution-connected projects compared to the full wholesale market, especially given the LGP's focus on regional needs and community benefits.
- **Enabling Technologies (ERP):** The ongoing work within the ERP to enable storage, hybrids, and aggregations of DERs to participate in the market is crucial. Clear market participation models and transparent settlement mechanisms are essential for these assets if market participation is the chosen path.
- **Revenue Certainty vs. Market Volatility:** While market participation offers potential for higher revenues, it also introduces price volatility. A blend of stable contracted revenue (through LGP or similar) with market participation for flexibility services could be an attractive model, particularly for community-based projects that require more predictable financial returns.
- **Operational Requirements:** Ensuring that market participation requirements and operational complexities are manageable for a broader range of participants, including community-led entities, is important. Ontario will need every available kW given the estimated

growth in demand. The IESO should consider all avenues to leverage and contract such generation going forward.

6. What are the top 3 reasons you might be interested in an opportunity through LGP instead of the IESO's Long Term (LT) procurement, or ERP or a corporate PPA?

1. **Genuine Community Ownership and Local Benefits:** The LGP could be uniquely positioned to foster projects with true community equity and governance. This ensures that the social and economic benefits (e.g., local job creation, community wealth building, energy literacy) are retained within the local community, which is often not the primary driver for LT procurement, ERP, or corporate PPAs.
2. **Addressing Localized Grid Needs & Resilience:** LGP can specifically target areas with local transmission and distribution constraints or growing demand, contributing to regional energy security and resilience. This directly aligns with the IESO's updated demand forecast, demonstrating how distributed local generation can efficiently meet needs and reduce the burden on bulk transmission.
3. **Simplified Access and Appropriateness for Smaller Scale:** If designed effectively, the LGP can provide a more accessible and streamlined pathway for smaller to mid-sized distributed generation projects (100 kW to 10 MW) that may find the complexities, scale requirements, and cost structures of the LT procurements, direct market participation via ERP, or corporate PPAs prohibitive or less advantageous given their specific community-oriented objectives.

7. What are the top 3 reasons you are considering building new electrical generating facilities to connect to the distribution (Dx) system instead of facilities to connect to the transmission (Tx) system?

1. **Localized Demand & Reduced Transmission Needs:** Connecting to the distribution system allows projects to be sited closer to local demand centers, reducing transmission losses and alleviating congestion on the bulk transmission system. This becomes increasingly vital with the IESO's significantly increased demand forecast.
2. **Community Engagement & Site Suitability:** Smaller-scale, distribution-connected projects are often more amenable to community engagement and finding suitable host sites within existing community footprints (e.g., rooftops, brownfields, municipal lands), leading to higher social license and faster development.
3. **Faster Deployment & Scalability:** Generally, developing and interconnecting distribution-connected projects can have shorter lead times compared to large-scale transmission-connected facilities, enabling quicker deployment of much-needed capacity to meet rapidly growing regional demands. They also offer a modular and scalable approach to energy development.

8. What would be the main drivers around your decision to choose some specific location to develop a facility?

- **Local Distribution Capacity & Grid Interconnection:** Availability of sufficient hosting capacity on the local distribution network and clear, transparent, and affordable interconnection processes are paramount. Lack of this information and excessive interconnection costs remain significant barriers.
- **Proximity to Local Demand/Load Centers:** Siting projects where energy is consumed maximizes local benefits, reduces transmission losses, and improves overall system efficiency.
- **Community Interest & Support:** Strong interest and support from our membership in and around the local community, including Indigenous communities, is a key driver, as it ensures social license and facilitates successful project development and long-term operation.
- **Available Land/Infrastructure:** Access to suitable land or existing infrastructure (e.g., municipal buildings, agricultural sites, industrial zones) that minimizes environmental impact and development costs.
- **Economic Development Potential:** Opportunities to create local jobs, generate tax revenue, and foster energy literacy within the community.

Other Comments/Feedback

Topic: High Level Program Design	**Feedback**
Program Eligibility and Bid Evaluation – Community Benefits	We strongly advocate that the LGP clearly define and prioritize genuine community equity and governance, moving beyond nominal partnerships. Program elements should incentivize substantial local ownership models (like co-operatives, municipal, or Indigenous ownership) and direct community benefit-sharing, offering higher evaluation points for structures that embed local decision-making power and deliver concrete value to OREC members and their communities.
Grid Access and Interconnection	Standardized and transparent grid access is paramount for all DERs. The IESO must urgently collaborate with LDCs to mandate and facilitate the public sharing of real-time hosting capacity information at the feeder level to reduce speculative development. Furthermore, to eliminate prohibitive barriers for smaller DERs, the LGP should include provisions for standardized, affordable interconnection cost ranges across the province. The entire interconnection process for distribution-connected projects also needs significant simplification and acceleration.

Topic: High Level Program Design	Feedback
Resource Eligibility and Energy Storage Integration	A critical gap in the LGP's current high-level design is the absence of direct revenue streams for community-scale Battery Energy Storage Systems (BESS). OREC is keenly interested in deploying BESS, which offer significant capacity and grid services. However, market-based programs like ERP are generally inaccessible to our members' community-scale projects due to their complexity and size thresholds. We strongly urge the IESO to integrate a clear, accessible, and dedicated revenue stream for community-scale BESS directly within the LGP framework, or establish an equally accessible and tailored program specifically for them, enabling communities to invest in these vital assets and contribute to system reliability.
Program Scope and Aggregation Models	While we support the proposed 100 kW minimum for individual LGP projects, there is a significant opportunity to **aggregate much smaller DERs**, especially **expiring Micro-FIT sites**, through mechanisms like **Virtual Net Metering (VNM)**. OREC, as a Renewable Energy Co-operative, is uniquely positioned to coordinate and manage such aggregation for its members, providing a streamlined way for the IESO to procure clean energy from numerous small assets without individual contracts. This would unlock substantial distributed capacity, provide continued value to homeowners (our members), and foster broad local energy participation, aligning the LGP with both demand growth and the continued economic life of existing clean energy assets.
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General Comments/Feedback

We think the LGP is a program that could enable significant benefits to Ontario's electricity system. It addresses many drivers identified in 'Energy for Generations Ontario's Integrated Plan to Power the Strongest Economy in the G7'. In particular, from Minister Lecce's Message, the government is seeking programs which *"…will modernize the grid to support a smarter, more flexible system – one that can better integrate and manage new technologies like battery storage, smart devices, and* ***distributed energy resources****. This transformation will* ***empower families, communities, and businesses to not only use energy, but to produce and store it,*** *making them active participants in our energy future."*