



November 21, 2022

Mr. Chuck Farmer
Vice President, Planning, Conservation and Resource Adequacy
Independent Electricity System Operator (IESO)
1600-120 Adelaide Street West
Toronto, ON
M5H 1T1

Re: Long-Term Request for Proposals (RFP) Capacity Procurement

Dear Mr. Farmer,

The City of Ottawa recognizes the hard work that the IESO is undertaking in procurement. The energy transition is leading to unprecedented changes in the electricity sector, and this is translating into enormous challenges to the dedicated professionals who manage electricity systems.

With regards to current Long-Term RFP Procurement, the City of Ottawa would like to take this opportunity to constructively express some concerns. Our first concern relates to municipal approvals for prospective projects. During the consultations for this procurement, the IESO consistently provided assurances that the current procurement would require municipal approvals. The City of Ottawa is therefore disappointed that the actual language in the Expedited Long-Term RFP procurement document provides an avenue for proponents to be contracted to operate without a supportive municipal council resolution.

From a historical perspective, the issue of municipal approvals for electricity projects has been a contentious one since the adoption of the now repealed Green Energy Act. The requirement for municipal approval of projects, however, should be viewed by the IESO as a valuable component of the procurement process. This requirement ensures projects have alignment with municipal plans and projects, have community buy-in and has the potential to ensure that projects avoid mistakes in planning and execution. Furthermore, many municipalities, such as the City of Ottawa, now have community energy plans and professional staff with subject matter expertise in energy planning and conservation. The requirement for municipal approval will therefore serve to enhance energy planning across the province.

For these reasons, the City of Ottawa recommends that the Expedited Long-Term contract¹ make it clear that supportive municipal council resolutions are required. Specifically, section 2.14 of the draft Expedited Long Term contract should be modified to retain i) and remove ii) as follows: If the Proposal did not include a Municipal Support Resolution at the time of its submission under the E-LT1 RFP and the Facility is not located in whole or in part on Indigenous Lands, the Supplier shall, by no later than sixty (60) days after the first (1st)

¹ EXPEDITED LONG-TERM RELIABILITY SERVICES (E-LT-1) CONTRACT (Draft) Section 2.14 a. Independent Electricity System Operator. August 25, 2022

anniversary of the Contract Date, provide the Buyer with a written notice including (i) a Municipal Support Resolution dated after the Proposal Submission Deadline, ~~or (ii) a letter signed by a Land Use Planner confirming that all permits and approvals that are required to be issued by or on behalf of a Municipality for the construction, operation and maintenance of the Facility have been received or issued.~~

The City of Ottawa would also request the IESO re-consider some of the direction it provided in the [Resource Eligibility Interim Report](#) with a focus on the pending non-expedited phase of this procurement. When the IESO set the direction in this report, the IESO effectively added energy to the Long-Term RFP's capacity procurement. In doing so, the IESO has conflated energy procurement with this capacity procurement, a procurement which has tight daily supply windows. The impact of this approach is that dispatchable, combustion-based energy, including non-renewable natural gas, is favoured over the variable renewable ones. This, in turn, is problematic from both an economic and climate prospective.

From an economic perspective the City of Ottawa has concerns with the IESO's approach. By favouring combustion-based energy resources over other resources without considering an economic test between combustion-based resources and other resources such as renewables, the IESO is missing the opportunity to reduce system costs. With the falling price of renewable resources its likely that more energy procurement of renewables, in combination with the storage being procured in the Expedited Long-Term procurement could reduce costs for Ontario ratepayers and businesses. With the current inflation challenges, its incumbent on the IESO to include an economic assessment for more competitive procurement options. Although, there isn't time to do this for the Expedited Long-Term procurement, it can, and we feel must, be undertaken for the balance of the Long-Term RFP.

Also, from a climate perspective, its notable that the City of Ottawa unanimously approved a Climate Change Master Plan in 2020, set targets to reduce emissions 100% by 2050, and developed an integrated community-wide energy and emission model to achieve these targets. The model clearly shows that net-zero resources such as genuinely carbon neutral combustible resources are in short supply and very high demand. As a result, these resources are needed almost exclusively for space heating and industrial processes in Ottawa and cannot be directed towards electricity generation in significant amounts. This observation is likely even more pronounced across the province as Ottawa is a relatively non-industrially focused community.

The City of Ottawa thanks the IESO for the opportunity to provide this input. Please contact Mike Fletcher, Project Manager, Climate Change and Resiliency to discuss these opportunities further.

With appreciation,

A handwritten signature in blue ink, appearing to read 'Don Herweyer', with a long horizontal flourish extending to the right.

Don Herweyer, MCIP, RPP
General Manager, Planning Real Estate and Economic Development
City of Ottawa
110 Laurier Avenue West
Ottawa, Ontario
K1P 1J1