

# Northern Hydro Program – Response to Feedback

## **Feedback – Ontario River Alliance**

The Ontario Rivers Alliance (ORA) provided feedback noting that the Northern Hydro Program (NHP) would benefit from further consideration of long-term climate and hydrologic factors. ORA highlighted that existing hydro facilities depend on stable freshwater availability, which climate assessments indicate may become more variable over time. ORA suggested that the structure of the proposed contracts, particularly their duration and the absence of climate-related adjustment mechanisms, could leave ratepayers exposed if water flows decline. ORA also raised the importance of transparent environmental performance reporting.

Additionally, ORA observed that the NHP is being developed alongside broader provincial energy planning initiatives, including updated long-term demand forecasts. The feedback suggests that these forecasts, which have recently been revised upward, play an important role in shaping procurement decisions and may warrant continued examination. ORA encouraged ensuring that future planning and procurement processes incorporate climate-resilient approaches, align costs with system value, and emphasize clear communication with ratepayers. The ORA recommended integrating climate-adjusted hydrologic analysis, shortening contract terms, enhancing emissions reporting, and prioritizing options that maintain affordability and system resilience.

## **IESO Response – Ontario River Alliance**

Thank you to the Ontario Rivers Alliance for providing thoughtful and comprehensive feedback. The NHP is designed to ensure the efficient performance of these hydroelectric assets over the long-term as part of the IESO's ongoing efforts to cost-effectively secure the resources needed to satisfy Ontario's forecasted system needs. The NHP has been designed to appropriately balance both ratepayer and supplier risks, in large part through the use of the IESO's Enhanced Power Purchase Agreement (E-PPA) contract. The E-PPA contract includes financial incentives that complement energy market signals and encourage hydroelectric suppliers to provide energy to the grid when it is needed most, delivering value to Ontario ratepayers.

The E-PPA contract used in the NHP includes contractual mechanisms designed to give facility owners the ability to manage risks they may be exposed to over the life of the contract, without removing

the responsibility for delivering the expected energy volumes. Other notable features of the NHP that are designed to ensure optimal long-term operation and ratepayer value include:

- Non-performance charges that apply to facilities that fail to meet performance standards over an extended period of time
- Contract payments do not accrue to facilities on long-term outage for maintenance, repairs or upgrades to the facility
- Off-ramp opportunities are available, such as Suppliers have the option to terminate their NHP contract in the 8<sup>th</sup> or 15<sup>th</sup> contract year.

In addition, under the NHP the IESO retains ownership of Environmental Attributes associated with the Facility.

### **Feedback – Ontario Waterpower Association**

The Ontario Waterpower Association (OWA) expresses appreciation for the IESO's professionalism and the efforts of its staff, particularly the program and engagement leads, in developing the Northern Hydro Program. It notes that the IESO has applied lessons learned from the Small Hydro Program and has considered broader social and system benefits. The OWA looks forward to the program's launch and ongoing support for long-term hydroelectric assets.

### **IESO Response – Ontario Waterpower Association**

The IESO appreciates the OWA's feedback and echoes the sentiments towards the hydroelectric community for their input throughout the process.