Resource Adequacy – Feedback Form

Meeting Date: September 28, 2020

Date Submitted:	**Feedback Provided By:**	
2020/10/20	Organization:	Hydro One Networks Inc.
	Main Contact:	Henry Andre - Director, Regulatory Affairs – Pricing
	Email:	[redacted]

Following the September 28, 2020 Resource Adequacy webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following items discussed during the webinar. More information related to these feedback requests can be found in the presentation, which can be accessed from the engagement web page.

Please submit feedback to engagement@ieso.ca by October 20, 2020. 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.

Stakeholder Feedback Table

IESO Requests	Stakeholder Feedback
Principles to Guide the Resource Adequacy Framework Conversation	
The IESO proposes to use the MRP guiding principles to guide the discussion with stakeholders on the development of a high-level Resource Adequacy framework. Are there other principles that should be considered throughout this discussion?	Hydro One believes that the MRP guiding principles should be modified for the purposes of the Resource Adequacy engagement to: (i) include specific reference to outcomes for end-use customers and (ii) include an additional principle regarding preserving system reliability. Outcomes Valued By End-Use Customers Outside of a reference to "reducing system costs" under the Efficiency principle, the MRP guiding principles do not directly consider end-use customers or the service outcomes that they desire. Instead the MRP principles focus on outcomes that are valued by generators/developers such as process efficiencies, timely access to information, etc. The IESO market exists to ensure that there is sufficient supply to meet the needs of the homes and businesses of Ontario. It is Hydro One's view that the guiding principles should be refocused to better balance the needs of the parties that bid in to the IESO market with the needs of the customers that the market supplies. Preserve System Reliability Hydro One believes that the IESO should establish an additional principle: "Preserve System Reliability". The IESO's Resource Adequacy framework should ensure that its mechanisms have safeguards in place to preserve the reliability of service. Electricity is critical to Ontario's economy and to people's lives. A procurement framework cannot be successful if it does not seek to preserve system reliability. Preserving reliability becomes particularly more important as an increasing number of resources connected at the distribution-system level compete to provide services to the IESO's markets. Additionally, Hydro One believes that the Cost Efficiency principle should be expanded to also seek to maximize utilization of existing assets before acquiring more.

Draft Resource Adequacy Framework	
Do these three capacity acquisition timeframes (commitment and forward periods) provide sufficient options for meeting the needs of your resource type?	Hydro One understands the desire to minimize multi-year commitments in order to provide flexibility for changing requirements and ensure that the lowest-cost resources are consistently being procured. That said, enabling transmission and distribution network infrastructure can be required to connect generators. As a major electricity transmitter and one of the larger electricity distributors in Ontario, Hydro One is concerned with with the timing of forward periods for the mid-term (up to 3-4 years) and long-term mechanisms (5+ years). Specifically, Hydro is concerned with the potential for situations where the lead-time to construct new or modified transmission/distribution facilities exceeds that of the generation facility should network enhancements/reconfiguration be required. The IESO should consider how the proposed mechanisms will function in the context of long-term planning. It is unclear from how near/mid/long-term requirements for enabling network infrastructure will be addressed within the proposed framework. The proposed mechanisms will require some methodology for assessing the feasibility of connecting to the grid when identifying needs or will need appropriate integration with other coordinated planning processes to ensure network enhancements are in place sufficiently in advance. Without certainty of need, utilities may be impacted in their ability to obtain rate recovery of enabling investments and generators may not be able to meet their obligations.
Which option(s) are most suited to your resource type?	
Based on timing when various mechanisms are going to be available, do you see timing gaps when a resource needs a mechanism before that mechanism is ready?	The IESO has indicated that its proposed framework must be sufficiently flexible to accommodate uncertainty, including material changes that arise from public policy objectives. The IESO may wish to consider how the timing of its planning and procurement cycles should mirror or otherwise reflect political governance cycles to mitigate uncertainties.

Resource Adequacy Engagement Plan	
What else needs to be considered in discussions on the high-level framework?	In developing its engagement plan, the IESO should consider how it should coordinate with the OEB. Past procurements in Ontario have been largely driven by directives from government. As the IESO transitions to procuring an increasing amount of resources through its compeititive mechanisms it should consider what is the appropriate role for the OEB in the development and oversight of the proposed framework.
What needs to be considered in future engagement phases to develop the details of the mechanisms in the framework?	Future engagement phases need to consider how the feasibility of connection will be determined. The availability of capacity for connection of new resources is not uniform across Ontario. Electricity transmitters and distributors are best positioned to identify the feasibility of connection. The IESO should consider how it can effectively partner with utilities to facilitate the connection of new resources or accommodate additional investments in existing resources. Such a coordinated approach will ensure that, where possible, resources are strategically placed to leverage existing capacity rather than requiring the construction of additional infrastructure. Strategic placement can also ensure that resources are located where they can provide the greatest benefit.
What other areas need to be discussed with stakeholders to operationalize the framework?	As a transmitter and distributor, Hydro One maintains the infrastructure that enables the connection of the resources that supply customers with power. Hydro One has obligations under its licenses to maintain the reliability, integrity and safety of its transmission and distribution systems. Fulfilling this obligation includes prudent and timely operations, maintenance and renewal of transmission facilities which can require outages that could impact the availability of capacity resources. Hydro One suggests that the IESO ensure that the proposed mechanisms do not impact ability of Hydro One and other transmitters to plan for or obtain outages for the purposes of maintance and renewal of their facilities. Remuneration for generators is tied to their availability for offering in to the market. If generators are penalized when subject to an outage in the transmission or distribution system it can create a disincentive to accept outages. Hydro One suggests that remuneration under the proposed IESO mechanisms should be structured such that there are no such disincentives. Transmission and distribution outages should be not cancelled or rescheduled except in instances where there are system reliability needs.