

Feedback Form

Resource Adequacy Engagement webinar – November 18, 2020

Feedback Provided by:

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Following the November 18, 2020 Resource Adequacy engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following items discussed during the webinar. Background 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 December 9, 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.

Feedback on Key Resource Adequacy Discussion Areas

Topic	Feedback
<p>Will the key discussion areas proposed cover the major areas that need to be discussed with stakeholders to develop and operationalize the framework? Are there any major areas missing?</p>	<p>4 Discussion Areas:</p> <ul style="list-style-type: none"> - General Framework - Acquisition Target Setting - Planning Considerations - Transitions <p>The IESO has identified the key areas for discussion to develop and then operationalize the framework. Within each identified area, there are important elements that will guide Market Participants (and potential Market Participants) to evaluate their risk profiles to invest in the Ontario electricity market. It is key that if this is the framework that the IESO will use to procure the next resource fleet for Ontario ratepayers, that confidence exists in the framework on the part of stakeholders, the IESO and the Ontario government. An update to the governance and decision-making structure at the IESO will need to occur for Market Participants to gain this confidence. As the AEMA has noted in past submissions and vocally in the Resource Adequacy engagement session, transparency in decision-making is necessary for developers/suppliers to have the information need to understand what the future will hold. The announcement of the re-contracting of Lennox joins a long list of non-transparent decisions that the IESO has made and announced with little warning and with unsatisfactory responses to questions about why the decision was made. (0 MW Winter target; Manitoba RMR)</p> <p>As we move forward with this new framework, IESO has basically asked the sector to 'trust us'. IESO staff referenced that there will be "less certainty" on the Capacity Auction, "but as we get a better track record some risk will be offset by transparency and certainty of the mechanism". AEMA hopes this is true especially since after 5 years of 'certainty' of the DRA, the IESO announced no winter procurement in the Capacity Auction going forward.</p>

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<p>Are there key discussion areas that should be prioritized or discussed before others?</p>	<p>A key decision is <i>what resources can participate in what procurement mechanism</i>. Although IESO staff clarified (and listed in the presentation) that the examples noted were 'illustrative' and that the 'eligibility for the various mechanisms will depend on a resource's ability to meet the requirements of each mechanism/competition', the high-level framework cites 'existing resources' for Capacity Auction with enhancements mechanism. The framework appears to be set up to meet a future of large centralized supply (upgrades to current resources; new large supply) versus small-decentralized resources (DERs, local community generation). Perhaps a new DER resource would be more cost-effective with a 3-5 year price lock in to give it the stability it needs.</p> <p>A second key discussion area is providing the market with a better understanding of the <i>treatment of current supply resources in the transition period</i>. The announcement of the re-contracting of Lennox gives rise the following questions:</p> <ul style="list-style-type: none"> - What other resources is the IESO targeting to re-contract? - What are the contract term lengths for contract extensions or re-contracts? We expect that the terms of the extended or re-contracted resources will be short as their purpose is to fill the transition period until the Resource Adequacy procurement mechanisms are established and operationalized. - What cost-benefit analysis was completed to determine that re-contracting of resources is the most cost-effective option during the transition period? And will this be shared with Market Participants? <p>Additionally, how will the <i>unsolicited proposal framework</i> fit in with the Resource Adequacy framework? It has been announced by IESO that they are accepting unsolicited proposals and that a framework has been established, however no further public information has been released. Similar to the 'need to re-contract', information needs to be made available on the framework as well as how those projects will fit into the Resource Adequacy framework once it is launched.</p>

General Comments/Feedback

Advanced Energy Management Alliance (“AEMA”) is a North American trade association whose members include distributed energy resources, demand response (“DR”), and advanced energy management service and technology providers, as well as some of Ontario’s largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses. The comments herein represent those of the organization, not those of any individual member.