



**POWER
WORKERS'
UNION**

April 16, 2021

Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON
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Via email to engagement@ieso.ca

Re: March 2021 Resource Adequacy Engagement

The Power Workers' Union ("PWU") represents a large portion of the employees working in Ontario's electricity industry. Attached please find a list of PWU employers.

The PWU appreciates the opportunity to provide input on the March 2021 Resource Adequacy engagement. The PWU is a strong supporter and advocate for the prudent and rational reform of Ontario's electricity sector and recognizes the importance of low-cost, low-carbon energy to the competitiveness of Ontario's economic sectors.

The PWU believes that IESO processes and initiatives should deliver energy at the lowest reasonable cost while stimulating job creation and growing the province's gross domestic product (GDP). We are respectfully submitting our detailed observations and recommendations.

We hope you will find the PWU's comments useful.

Yours very truly,

Jeff Parnell
President

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List of PWU Employers

Abraflex (2004) Ltd.
Alectra Utilities
Algoma Power
Aptum
Atlantic Power Corporation - Calstock Power Plant
Atlantic Power Corporation - Kapuskasing Power Plant
Atlantic Power Corporation - Nipigon Power Plant
Atura - Halton Hills Generating Station
Atura - Napanee Generating Station
Atura - Portlands Energy Centre
Atura – Brighton Beach Generating Station
Bracebridge Generation
Brookfield Power Wind Operations
Brookfield Renewable Power - Mississagi Power Trust
Bruce Power Inc.
Canadian Nuclear Laboratories
Cochrane Telecom Services
Compass Group (Bruce NPD)
Comapss Group (Pickering NGS)
Compass Group (Darlington NGS)
Corporation of the County of Brant
Covanta Durham York Renewable Energy Ltd.
Electrical Safety Authority
Elexicon Energy Inc.
Enwave Windsor
EPCOR Electricity Distribution Ontario Inc.
Erth Power Corporation
Erth Holdings Inc
Ethos Energy Inc.
Great Lakes Power (Generation)
Greenfield South Power Corporation
Grimsby Power Incorporated
Halton Hills Hydro Inc.
Hydro One Inc.
Hydro One CSO
Hydro One Sault Ste. Marie
Independent Electricity System Operator
Inergi LP
InnPower
Kinectrics Inc.
Kitchener-Wilmot Hydro Inc.
Lakeland Power Distribution
Laurentis Energy Partners
London Hydro Corporation
Milton Hydro Distribution Inc.
New Horizon System Solutions
Newmarket -Tay/Midland Hydro Ltd.
Nuclear Waste Management Organization
Ontario Power Generation Inc.
Orangeville Hydro Limited
PUC Services
Quality Tree Service
Rogers Communications (Kincardine Cable TV Ltd.)
Sioux Lookout Hydro Inc.
SouthWestern Energy
Synergy North Corporation
Tillsonburg Hydro Inc.
Toronto Hydro
TransAlta Generation Partnership O.H.S.C.
Westario Power

PWU Submission to the IESO's March 2021 Resource Adequacy Engagement April 14, 2021

The Power Workers' Union (PWU) is pleased to submit comments and make recommendations to the Independent Electricity System Operator (IESO) regarding the Resource Adequacy Engagement webinar held on March 22. The PWU remains a strong supporter and advocate for the prudent and rational reform of Ontario's electricity sector and recognizes the importance of planning for low-cost, low-carbon energy solutions to enhance the competitiveness of Ontario's economy.

The PWU supports increased transparency in the procurement process and further development of procurement mechanisms that will enable Ontario to meet its future, low-emission electricity needs at the lowest cost.

However, there are significant risk factors facing the IESO's strategic vision to meet Ontario's electricity system needs in a timely, flexible, and cost-effective manner. The PWU reiterates and stresses the importance of its two previous recommendations to the IESO:

1. Accelerate the procurement timeline for acquiring low-emitting resources that are already known to be needed to meet Ontario's, long-term, low-carbon electricity demand; and,
2. Focus the competitive procurement mechanisms on seeking solutions to broader system needs beyond just capacity.

Recommendation #1: Accelerate the procurement timeline for acquiring low-emitting resources that are already known to be needed to meet Ontario's, long-term, low-carbon electricity demand.

In previous submissions, the PWU has noted¹, and the IESO has confirmed in the recent Annual Planning Outlook (APO), that Ontario will require significant capacity in 2025 when the 3,000 MW Pickering Nuclear Generating Station ceases operation. However, the IESO has stated that its procurement mechanisms will not be ready until 2025 at the earliest. This delay in implementation unnecessarily exposes Ontario's electricity supply to risk—the province may be left without cost-effective, viable solutions. Concurrently, the IESO is focusing significant attention and resources on mid-term competitive mechanisms for re-contracting existing resources.

The PWU emphasizes the need for the IESO to immediately engage in developing alternative procurement mechanisms to secure the required capacity to replace the long-term, low-carbon baseload electricity capacity of the retiring Pickering station. The PWU suggests that the IESO focus on the immediate development and implementation of long-term competitive mechanisms capable of procuring new low-carbon resources sooner rather than later.

¹ PWU, Resource Adequacy Engagement Feedback Submission, February 2021

As the urgency for new supply grows, in the absence of an approach to secure long term resources, the IESO may be compelled to make sub-optimal decisions or rely on unsolicited proposals, along with the consequences of such decisions. As a result, Ontario could be locked into higher cost, emitting resources as carbon pricing is being implemented across the nation. More critically, Ontario may have insufficient supply to meet the demand growth driven by electrification which is not considered in the IESO's APO.² The absence of a long-term competitive mechanism may leave the IESO with only two options to procure new capacity:

- a) Procure natural gas-fired generation and increase greenhouse gas (GHG) emissions from Ontario's electricity system; or
- b) A higher cost solution that may need to be procured through an unsolicited proposal or bilateral contract.

Both options present additional risks for the IESO given the growing concern over climate change, increasing emissions, municipalities being lobbied to support the phase out of Ontario's natural gas-fired generation^{3,4}, and stakeholder criticism over unsolicited proposals.

Recommendation #2: Focus the competitive procurement mechanisms on seeking solutions to broader system needs beyond just capacity.

The PWU continues to support and advocate for a paradigm shift in the IESO procurement process for meeting future needs with low-cost, low-carbon sources of energy. This requires the development of procurement mechanisms that transparently specify system needs thereby enabling resource developers to bid cost-effective hybrid solutions that best meet those needs. Currently, system needs are only specified by capacity. A broader definition is required today to include: all forms of energy resources; their associated carbon performance and profiles; ancillary services; and, broader societal benefits.

The proposed Annual Acquisition Report (AAR) may facilitate such an integrated view of Ontario's electricity requirements. Such an outcome would require that the resource acquisition process must accommodate innovative integrated solutions. Currently, several other related consultations and engagements are underway reviewing the province's energy planning process, including:

- a) Ministry of Energy, Northern Development and Mines Long-term Energy Plan (LTEP) process reform consultation
 - b) OEB Regional Planning Process Advisory Group (RPPAG) implementing recommendations from the recent IESO report on the Regional Process Review
- c) IESO's new engagements on:
- i. Hybrid Integration Project

² While the IESO posits that carbon abatement is not in its mandate, almost all stakeholders at the recent March 7th OEA Long-Term Energy Planning Symposium acknowledged the need to include climate change as part of the energy planning process.

³ City of Toronto, Special Meeting City Council, March 10, 2021

⁴ Clean Air Alliance, "Mayor Tory & Toronto City Council call for phase-out of Ontario's gas plants", March 11, 2021

ii. Enabling Resources

The IESO should consider the feedback from these other consultations to help improve the process for a transparent procurement framework that enables innovative, integrated solutions. As noted in previous PWU submissions, going forward, the IESO's process should consider the different demand needs of the province (baseload, intermediate, peak) and the associated uncertainty risk for each, and, how to encourage integrated, innovative solutions.

Closing

The urgency to resolve Ontario's go-forward procurement strategy is evident given the risks. The PWU believes the contracting/RFP process should begin now. The IESO's intention to complete the design process in 2025 will be too late.

The PWU has a successful track record of working with others in collaborative partnerships. We look forward to continuing to work with the IESO and other energy stakeholders to strengthen and modernize Ontario's electricity system. The PWU is committed to the following principles: Create opportunities for sustainable, high-pay, high-skill jobs; ensure reliable, affordable, environmentally responsible electricity; build economic growth for Ontario's communities; and, promote intelligent reform of Ontario's energy policy.

We believe these recommendations are consistent with and supportive of Ontario's objectives to supply low-cost and reliable electricity for all Ontarians. The PWU looks forward to discussing these comments in greater detail with the IESO and participating in the ongoing stakeholder engagements.