

# Stakeholder Feedback and IESO Response

## Resource Adequacy webinar – May 28, 2021

Following the May 28, 2021 Resource Adequacy engagement webinar, the Independent Electricity System Operator (IESO) invited stakeholders to provide feedback on the materials presented. This document addresses feedback received specific to the Resource Adequacy Information Guide. Feedback was also received on the Capacity Auction and transition to Qualified Capacity/UCAP content that was presented, which will be addressed outside of this document.

The information guide provides clarity on the information provided in the Resource Adequacy Framework, Annual Acquisition Report (AAR) and mechanism-specific documents. IESO has updated the information guide to account for stakeholder feedback and posted it on the Resource Adequacy Engagement [page](#).

The IESO received feedback from the following stakeholders on the information guide:

- Capital Power
- Consortium of Renewable Generators, Energy Storage Providers, and the Canadian Renewable Energy Association
- Enbridge
- Energy Storage Canada
- Ontario Waterpower Association
- Power Workers Union
- TransAlta Corporation

### Notes on Feedback Summary and IESO Response

The IESO appreciates the feedback received from stakeholders. The sections below outline a summary of the feedback received organized by each topic of the information guide along with an IESO response. This document is provided for information purposes only. It does not constitute, nor should it be construed to constitute, legal advice or a guarantee, offer, representation or warranty on behalf of the IESO.

## Timelines

### Feedback

The IESO should provide more clarity on the timelines for the following:

- Specify the timelines for notice periods, forward periods and commitment periods
- The dates when procurement activities will begin

### IESO Response

The Resource Adequacy Framework provides multiple procurement mechanisms to address needs that may emerge or continue across multiple planning time frames. The Resource Adequacy Framework and AAR specify the commitment and forward periods for the procurement mechanisms and the AAR provides details on when procurement activities will begin.

As described in the updated Resource Adequacy Framework information guide, the commitment periods are as follows:

- Capacity auction – two six-month obligation periods (May-October and November-April)
- Medium-term Commitments – 3-5 years
- Long-Term Commitments – 7-10 years
- Bilateral contracting - expected to be similar to medium-term commitment lengths with the aim of alignment with future competitions

Each AAR will specify the length of time selected guided by the Resource Adequacy Framework as well as estimated timelines for when procurement activities will begin.

The Notice Period for a given procurement will be specified in advance to stakeholders including through mechanism-specific documents.

## Procurement Mechanisms

### Feedback

The IESO should define the circumstances that may trigger the need for bilateral contracting.

### IESO Response

In accordance with the Resource Adequacy Framework, the bilateral negotiations will act as a bridge until sufficient competition, such as new resources, can deliver similar services, and are available to compete to satisfy reliability needs. Bilateral negotiations come into play where a need exists that cannot be addressed in a practical and timely way through competitive processes. This is likely to occur when needs are urgent and/or must be satisfied by supply in a specific location in the province.

## Commitment Details

### Feedback

For the medium term commitment mechanism the IESO should consider commitment periods longer than 3 years if warranted. A three year commitment period doesn't enable enough new project development including hybrid resources. In addition, the Capacity Auction would also benefit from multi-year commitments as the current seasonal commitment period isn't enough to incentivize new entrants.

### IESO Response

Thank you for your response. The Resource Adequacy Framework contemplates medium-term commitments for as long as five years. Through the AAR, the IESO will propose a term length between 3-5 years for an RFP and the rationale.

## Products and Services

### Feedback

For medium-term and long-term procurements the IESO should be more flexible in procuring multiple unbundled or bundled electricity products if warranted and clearly justify any specific supply requirements (e.g., capability to produce continuous energy for multiple hours, etc.). The IESO should consider bundling Renewable Energy Credits with energy and capacity.

IESO's framework should acknowledge barriers for energy storage participation in IESO markets identified by the IESO Long Term Storage Design Vision. IESO should clarify if the AAR will identify future procurements of ancillary services.

### IESO Response

IESO continues to evolve planning outlooks to identify system needs and will consider acquiring multiple products and services when warranted.

The Resource Adequacy Framework is resource agnostic. The IESO is focused on enabling more resources to compete in Ontario's electricity system including more opportunities for energy storage. The AAR will be used to identify any future procurements for ancillary services.

## Eligibility

### Feedback

The Resource Adequacy Framework should identify when new resource development will be enabled particularly for the medium-term and long-term mechanisms.

## **IESO Response**

The Resource Adequacy Framework is resource agnostic and therefore the AAR focuses on reliability services that are required, regardless of technology. More information on the Enabling Resources work plan is available [here](#).

## Transition/Bridging Mechanisms

### **Feedback**

AARs should address how resources with expiring contracts will be factored into meeting power system needs and their participation within associated procurement mechanisms. The AAR should clearly identify the timelines for contract expiration, translated into requirements, needs and target ranges for mechanisms.

### **IESO Response**

Thank you for the suggestion. Please see the forthcoming AAR for information on how timelines for contract expiration were taken into consideration for determining procurement targets and commitment lengths.

## Governance and Decision-Making

### **Feedback**

The Ontario Government's Long Term Energy Plan may result in changes to IESO's planning and acquisition activities.

### **IESO Response**

The IESO's planning and acquisition activities are designed to accommodate government policy.

## Target-Setting Methodology

### **Feedback**

Global and local supply targets should be clearly and justifiably specified within AARs. Furthermore, the information guide should be clear about what the principles are for setting procurement targets, and how they apply for the whole planning and acquisition process. The AAR can provide specifics about principles used for decision-making, but the information guide should include information on the relationship to overall governance and decision-making.

### **IESO Response**

The AAR translates planning and operational information, such as the forecasts outlined in the Annual Planning Outlook and bulk and regional plans, into a series of procurement and market activities. In addition, the AAR specifies the decision-making process that is used to inform the planned actions including acquisition targets.

## Planning Considerations

### **Feedback**

Request to clarify how IESO planning processes, specifically regional and bulk planning are considered when establishing targets to meet system needs. The information guide should lay out how the IESO's planning processes relates to the IESO's Resource Adequacy, AAR, and to the specific procurement mechanisms under consideration.

### **IESO Response**

As regional and bulk plans are developed their recommendations and identified needs will be taken as action items/starting points in the AAR. For example, the 2021 AAR incorporates the findings of the West of London bulk plan. In addition, the AAR outlines the IESO's various planning processes and products and their linkages.

## Programs and Government Policy

### **Feedback**

Programs and policy are absent from the Resource Adequacy Framework and should be incorporated. Furthermore, mechanism specific documents and the AAR should include policy and program elements.

### **IESO Response**

The Resource Adequacy Framework is consistent and accommodating of government policy including programs. By ensuring we only secure the resources needed and locking in to shorter timeframes than in the past, the IESO is providing the flexibility needed to adapt to changing conditions, including government policy and programs.