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Annual Acquisition Report Highlights

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Agenda

- Background
 - Planning and Resource Adequacy Framework
 - Reliability Needs
- Planned Actions to Address Reliability Needs
 - Bilateral Negotiations to Address Specific Transmission Security Needs
 - Capacity Auction Enhancements
 - Medium Term RFP #1
 - Long Term RFP
- Next Steps

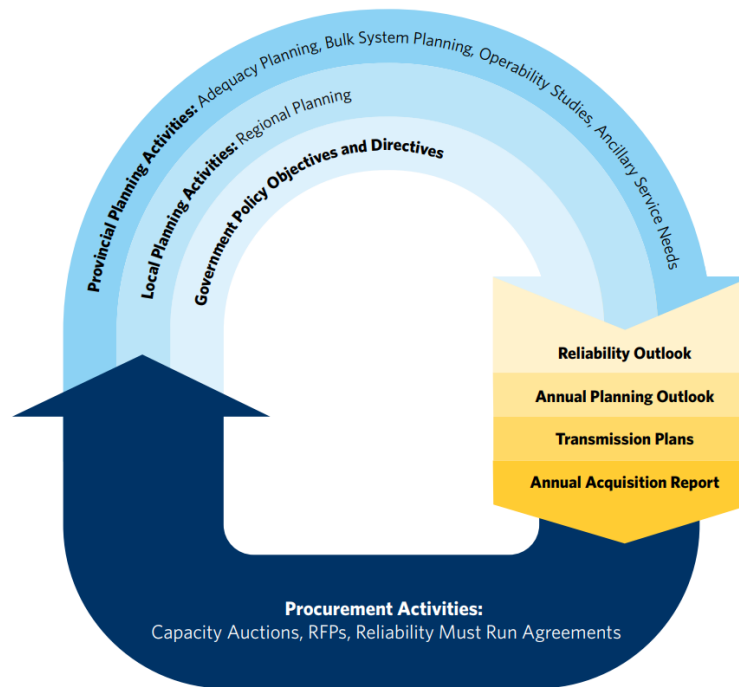


Background

Planning Context for the Annual Acquisition Report

Planning a Reliable System

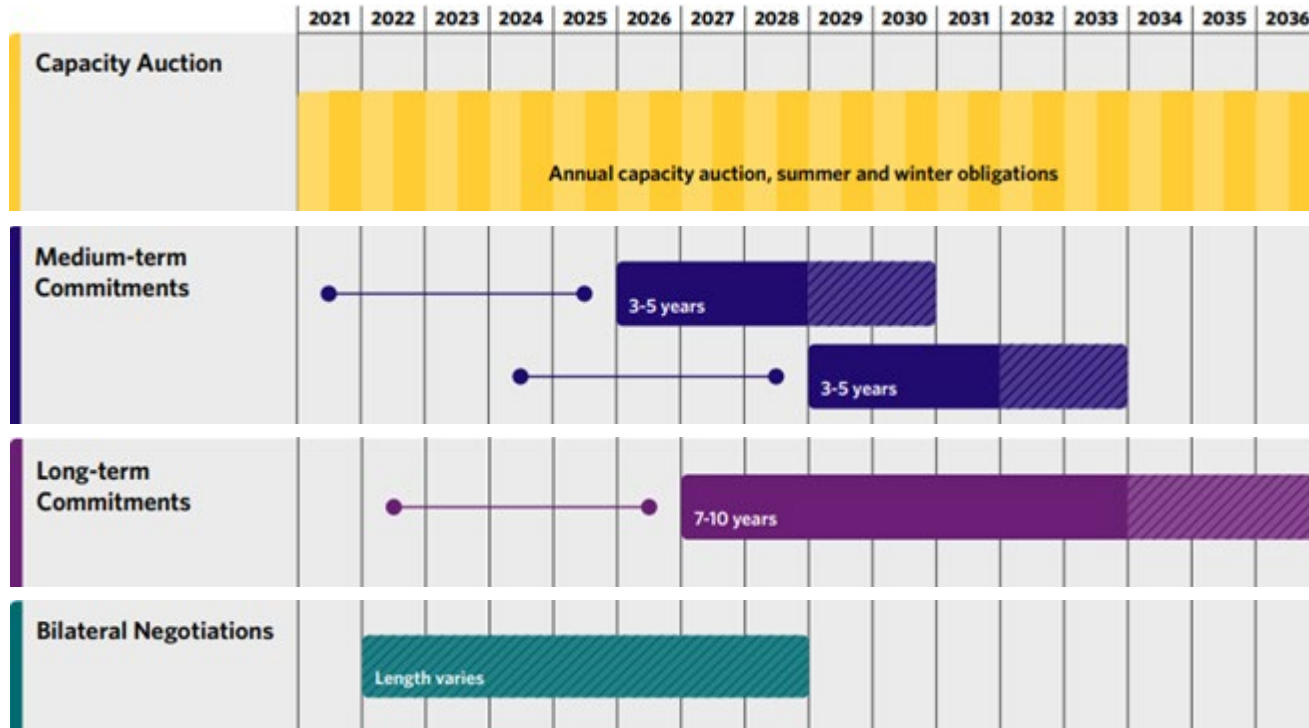
- Capacity Adequacy
- Energy Adequacy
- Transmission Security



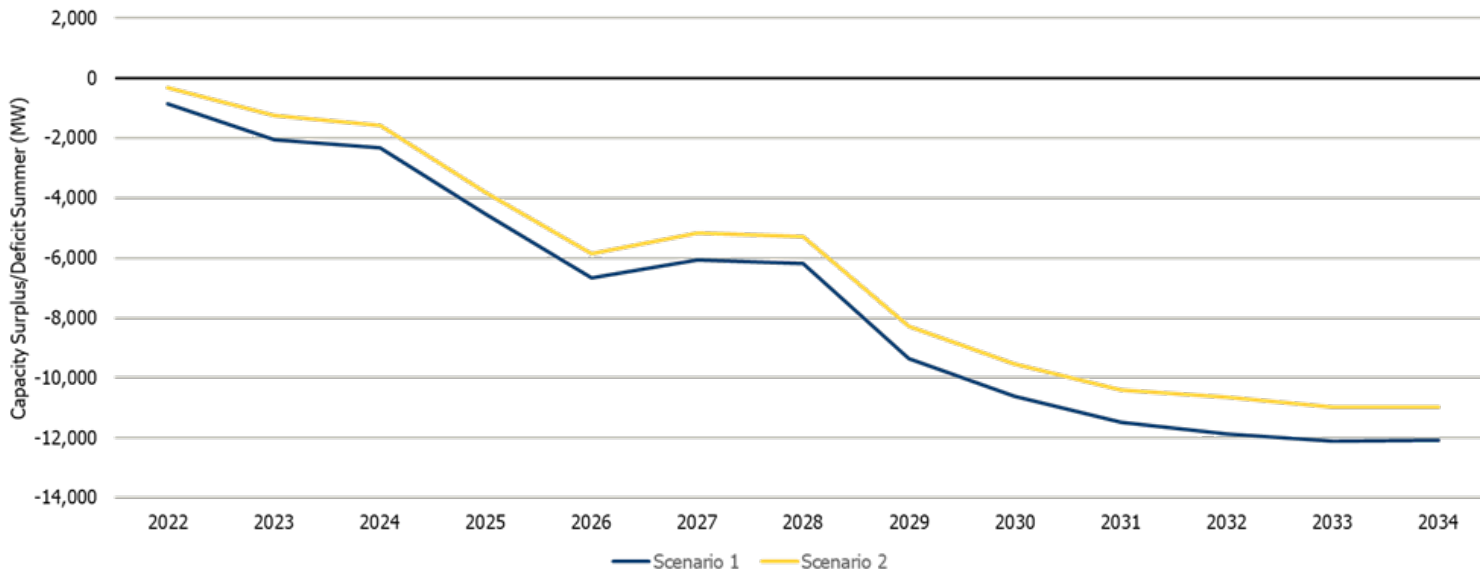
Resource Adequacy Framework: Components

	Mechanism	Application
Government Policy and programs also factored into the Framework elements	Capacity Auction	To balance fluctuations in capacity needs from one year to the next
	Medium-Term Commitments	To secure resources that require either longer forward periods or multi-year commitments, resources can participate in either competitive procurements, such as an RFP, or potentially an enhanced capacity auction in the future
	Long-Term Commitment	To secure resources with very long forward periods or commitments, such as new-build facilities
	Bilateral Negotiations	To secure resources 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

Resource Adequacy Framework: Timing

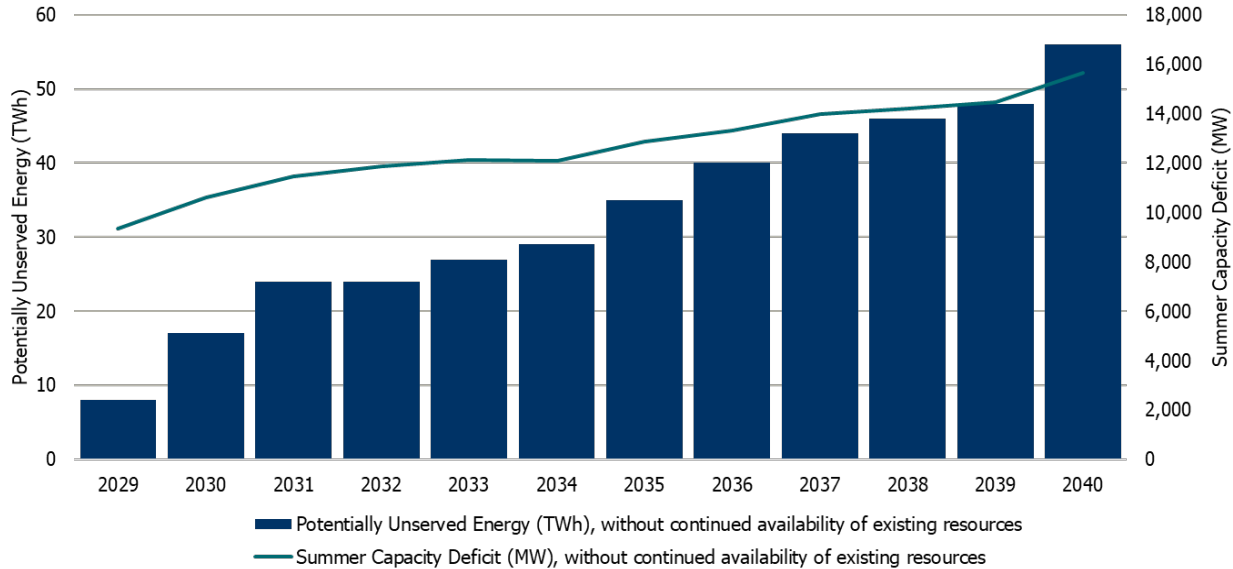


Provincial Capacity Needs, without Availability of Existing Resources



* Needs identified in the 2020 Annual Planning Outlook

Provincial Energy Adequacy Needs



Energy adequacy needs are limited prior to 2029 then increase in the 2030s



Planned Actions to Address Reliability Needs

Transmission Security Needs: FETT

Need

- Over the next few years, supply capacity east of FETT is expected to decline due to nuclear retirements and refurbishments
- Supply capacity could potentially decline further towards the end of the decade as contracts for generation facilities reach the end of their terms

Acquisition Solution

- IESO has recommended upgrades to the transmission line between North Oakville and Pearson Airport by 2026
- Transitional contract with Lennox GS ending in April 2029
- Only supplier in place in the area with the scale to address immediate need
- Provides ~1600 MW of unforced capacity, quick ramping supply and other reliability services

Transmission Security Needs: West of London

Need

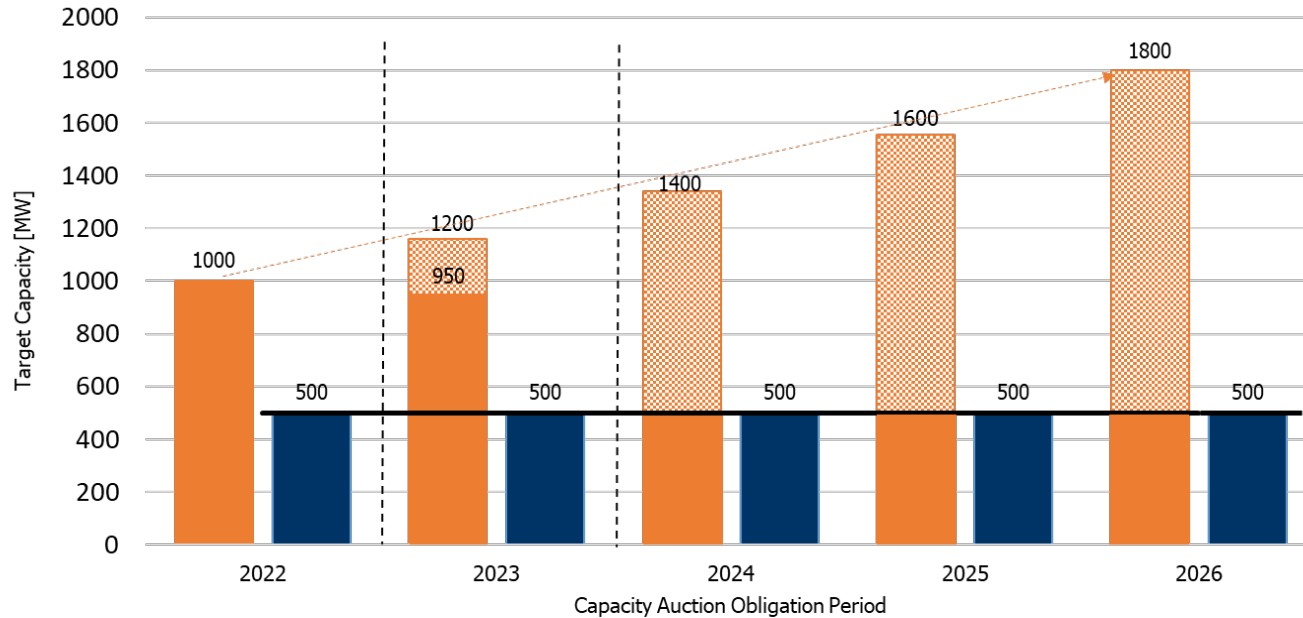
- Electricity demand in Windsor-Essex and the surrounding Chatham-Kent area is growing at a rapid pace, driven by strong indoor agricultural growth in vegetable greenhouses as well as cannabis
- This agricultural electricity demand is expected to grow from roughly 500 MW to 2200 MW from now to 2035

Acquisition Solution

- Transmission reinforcements are proposed but not expected in service until 2028
- Bilateral negotiation with Brighton Beach until 2029
 - Only supplier in place in the area with the scale to address immediate need
 - Provides ~500 MW of unforced capacity

* Full report about needs in the area will be provided through the West of London Bulk Plan this summer

Capacity Auction



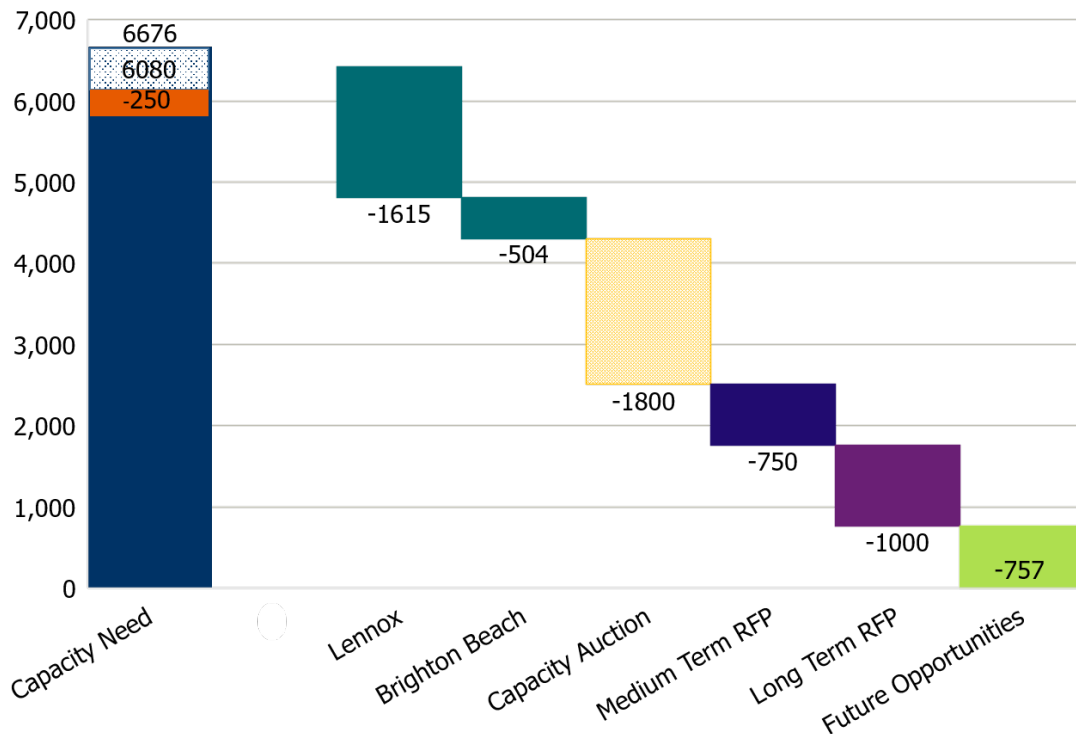
Summer Forward Guidance Winter Firm Guidance Minimum Target Threshold Summer Firm Guidance

December 2021 Capacity Auction

- Pre-auction report will be released September 1
- Target Capacity
 - 1000 MW Summer 2022 obligation period
 - 500 MW Winter 2022/2023 obligation period
- Import Limits
 - 50 MW Manitoba
 - 150 MW Quebec
 - 150 MW Global Import Limit

Medium-Term RFP #1 (2026-2029)

- **Commitment Length:** 3 years starting May 1, 2026
- **Procurement Target:** Up to 750 MW of unforced capacity
- **Services:** Capacity and other attributes that provide system value
- **Timing:** Engagement to begin Q3 2021



Long-Term RFP

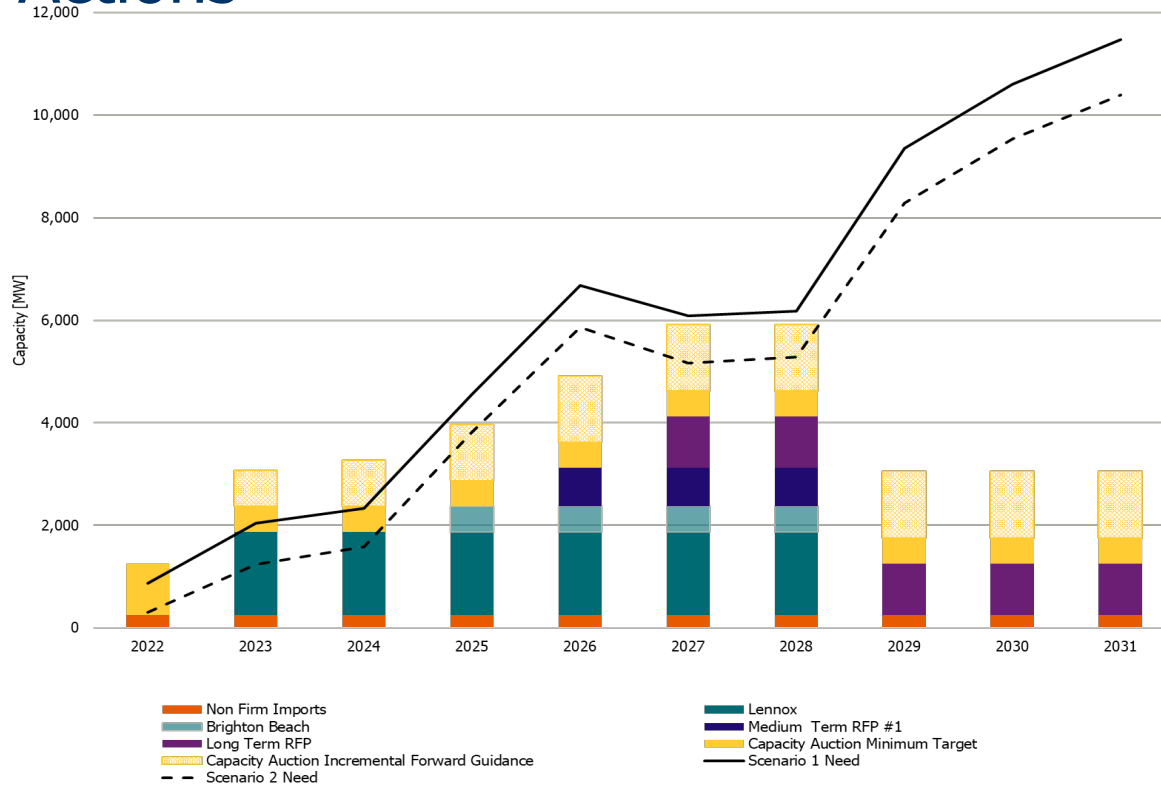
Need

- Additional capacity beyond what is available from existing resources
- Resources that can provide additional energy and operability benefits
- Subsequent APO and AARs will help further define specific system needs

Acquisition Intention

- **Commitment Length:** 7 to 10 years
- **Procurement Target:** At least 1,000 MW
- **Services:** Capacity, Energy, Operability
- **Timing:** Intended to launch RFP process in late 2022

Planned Actions



Next Steps

Planned Action	Next Steps
Capacity Auction	<ul style="list-style-type: none">• Publish the 2021 pre-auction report with targets from the AAR on September 1, 2021• Engage stakeholders on enhancements (e.g. transition to qualifying capacity on a UCAP basis) for the 2022 capacity auction
Medium-Term RFP Engagement	<ul style="list-style-type: none">• Beginning in Q3 2021, the IESO expects to seek stakeholder input on the procurement design and draft procurement documents for the medium-term RFP
Long-Term RFP	<ul style="list-style-type: none">• 2021 APO to identify reliability needs that may be addressed in the long-term RFP
Annual Acquisition Report	<ul style="list-style-type: none">• IESO will start engagement with stakeholders in late Q4 to seek feedback on the 2021 AAR and to inform future iterations

Thank You

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