



Chuck Farmer
Vice President, Planning, Conservation and Resource Adequacy
Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON M5H 1T1

December 14, 2021

Dear Chuck,

This submission responds to the Independent Electricity System Operator's (IESO's) November 23, 2021 presentation, *Procurement Fees – Resource Adequacy Framework*¹

Power Advisory has coordinated this submission on behalf of a consortium of renewable generators, energy storage providers, and the Canadian Renewable Energy Association (CanREA) (the "Consortium"²).

The Consortium continues to support the Resource Adequacy Framework and is pleased that IESO has launched a specific stakeholder engagement on procurement fees. We are familiar with the reasons why this engagement has been launched, as Power Advisory acted for the joint intervention of CanREA, Energy Storage Canada, and the Ontario Waterpower Association (referred to as "REASCWA" during the intervention) within the IESO's most recent Revenue and Expenditure Requirement application that was before the Ontario Energy Board (OEB).³ Therefore, we understand that IESO has been ordered by OEB to re-file its request to have the ability to raise procurement fees from the maximum of \$10,000 per proposal (that was previously approved by OEB) to up to \$50,000 per proposal.

General Comments on the November 23, 2021 Presentation

Listed below are high-level comments and requests regarding the November 23 presentation.

- The Consortium generally agrees with IESO's working list of factors (i.e., impacts to competition, eligibility of existing vs. new-build facilities, capability of proponents, encouraging serious proposals, and expected project size) to be considered when setting the to be proposed procurement fee(s) to OEB. However, we do not agree with one of IESO's listed factors – costs to administer procurements. We understand that administering procurement processes have costs, but these costs should be included within IESO's operating budget representing on-going

¹ See <https://www.ieso.ca/en/Sector-Participants/Engagement-Initiatives/Engagements/Resource-Adequacy-Engagement>

²The members of the Consortium are: CanREA; Axiom Infrastructure; BluEarth Renewables; Boralex; Capstone Infrastructure; Cordelio Power; EDF Renewables; EDP Renewables; Enbridge; ENGIE; Evolgen (by Brookfield Renewable); H2O Power; Kruger Energy; Liberty Power; Longyuan; NextEra Energy Canada; Pattern Energy; Suncor; and wpd Canada.

³ See <https://www.rds.oeb.ca/CMWebDrawer/Record?q=CaseNumber%3DEB-2020-0230&sortBy=recRegisteredOn-&pageSize=400>

costs (e.g., staffing, other resources (e.g., lawyers, etc.)) to administer procurements as a regular activity to meet Ontario's resource adequacy and reliability needs which at times could include procurements to meet specific policy objectives. Put another way, according to proceedings before OEB regarding the last two IESO Revenue and Expenditure Requirement applications, IESO spent at least \$1.7 million to develop and implement the former Incremental Capacity Auction (ICA) – which was meant to be the main procurement process rather than administration of multiple Requests for Proposals (RFPs) resulting in contracts, yet IESO did not seek similar cost recovery from would be proponents participating within ICAs to enable the development, implementation, and administration of ICAs.

- Regarding past procurement fees, the Consortium is appreciative that IESO has provided a very helpful list of previous IESO/Ontario Power Authority (OPA) procurement initiatives and their respective procurement fees. We know that prior to the former OPA launching multiple procurement initiatives they conducted extensive research on similar procurement processes and key procurement components (e.g., procurement fees, etc.) to help inform the design of their procurements. Therefore, the Consortium requests that IESO conduct similar research and report back to stakeholders on the range of procurement fees across Canadian and U.S. jurisdictions regarding processes to contract for all fuel-types and technologies of generation (not including nuclear generation), storage, hybrid generation co-located with storage, demand response, and distributed energy resources. The comparison of other jurisdictions on slide 11 is a good starting point but we recommend that more research is needed.
- The Consortium understands how previous stakeholder feedback can be informative to IESO, as indicated on slides 13 and 23 but we believe that most of this feedback is no longer relevant – mainly because some of the listed feedback was provided many years ago during a very different time within Ontario's electricity market. For example, SkyPower is listed as a company that provided feedback, where we note that such feedback was provided at least over 10 years ago and likely around the time when OPA was designing the now defunct Feed-in Tariff program. Further, we note that SkyPower has not been active within Canada since that time, so we do not understand why such feedback is relevant today.

Questions Posed by IESO within November 23, 2021 Presentation and Consortium Responses

Listed below are responses to IESO's posed questions from the November 23 presentation.

Does the proposed framework assist the IESO in running effective procurements with serious proponents?

The Consortium supports development and implementation of procurement fees, so generally agrees with IESO's proposed framework. However, as recommended in the above section, we believe more research is needed to help inform stakeholders of the present context/frameworks regarding the use and application of procurement fees.



Does the proposed approach and then stakeholdering the exact fees under each procurement provide appropriate opportunities for feedback?

So far, yes, but it remains to be seen how effective and fair IESO's stakeholder engagement will be regarding determining procurement fees to be filed with OEB and applied to respective IESO procurements going forward. Therefore, the Consortium looks forward to better understanding the stakeholder engagement process post the November 23, 2021 presentation.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Chee-Aloy", enclosed in a thin black rectangular border.

Jason Chee-Aloy
Managing Director
Power Advisory

cc:

Michael Lyle (IESO)
Candice Trickey (IESO)
Barbara Ellard (IESO)
Devon Huber (IESO)
Brandy Giannetta (Canadian Renewable Energy Association)
Elio Gatto (Axiom Infrastructure)
Roslyn McMann (BluEarth Renewables)
Adam Rosso (Boralex)
Greg Peterson (Capstone Infrastructure)
Paul Rapp (Cordelio Power)
David Thornton (EDF Renewables)
Ken Little (EDP Renewables)
Lenin Vadlamudi (Enbridge)
Michelle Dueitt (ENGIE)
Julien Wu (Evolugen by Brookfield Renewable)
Stephen Somerville (H2O Power)
JJ Davis (Kruger Energy)
Deborah Langelaan (Liberty Power)



Jeff Hammond (Longyuan)
Cheryl Dietrich (NextEra Energy)
Rob Campbell (Pattern Energy)
Chris Scott (Suncor)
Ian MacRae (wpd Canada)