

# Feedback Form

## Resource Adequacy – November 23, 2021

### Feedback Provided by:

Name: Kathi Farmer

Title: Senior Regulatory Affairs Advisor

Organization: Electricity Distributors Association

Email: [REDACTED]

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To promote transparency, feedback submitted will be posted on the Resource Adequacy webpage unless otherwise requested by the sender.

Following the November 23, 2021 Resource Adequacy webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following items: the ***Annual Acquisition Report (AAR), enhancements to the Capacity Auction, the Long-Term RFP and IESO Procurement Fees.***

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](mailto:engagement@ieso.ca) by December 14, 2021.** If you wish to provide confidential feedback, please mark the document "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

# Annual Acquisition Report

Topic	Feedback
How can the IESO evolve the Resource Adequacy Framework to enhance it?	<p>Overall, the EDA observes that the IESO's Resource Adequacy Framework appears well-suited for centrally planned, large scale supply resources. Given the development of DERs within Ontario, we recommend that the IESO provide more details with respect to how multiple small-scale alternatives may be evaluated alongside more traditional, large-scale resources.</p> <p>We wish to reiterate comments from our February 17, 2021 submission to the IESO following the January 26, 2021 consultation; these comments are still relevant in the context of providing suggestions for improvement to the AAR:</p> <p><i>As discussed in the EDA's Power to Connect: Roadmap to a Brighter Future, the EDA notes that centralized procurement of electricity resources does not necessarily align with LDC planning. We acknowledge that the IESO's framework considers input via local planning (i.e., regional plans); however, we urge the IESO to take active steps by consulting with LDCs to identify potential areas of collaboration where procurement of new resources could provide multiple system benefits. For example, non-wires solutions deployed to alleviate a distribution system constraint should also be eligible to provide capacity to support province-wide resource adequacy needs.</i></p> <p><i>Therefore, we suggest the AAR should also include:</i></p> <ul style="list-style-type: none"><li><i>• Consideration of distribution system planning (i.e., where non-wires solutions have been identified),</i></li><li><i>• Contributions from energy conservation programs or other initiatives that impact province-wide capacity requirements,</i></li><li><i>• Availability of controllable or dispatchable loads that may offset peak system needs, and</i></li><li><i>• Identification of capacity constraints, as well as inclusion of potential "beneficial" DER connection points.</i></li></ul> <p>We suggest formalizing discussions with LDCs on resourcing matters, perhaps by establishing a working session/group (e.g., to identify appropriate processes for information exchange related to the development of the AAR).</p>

**Topic**

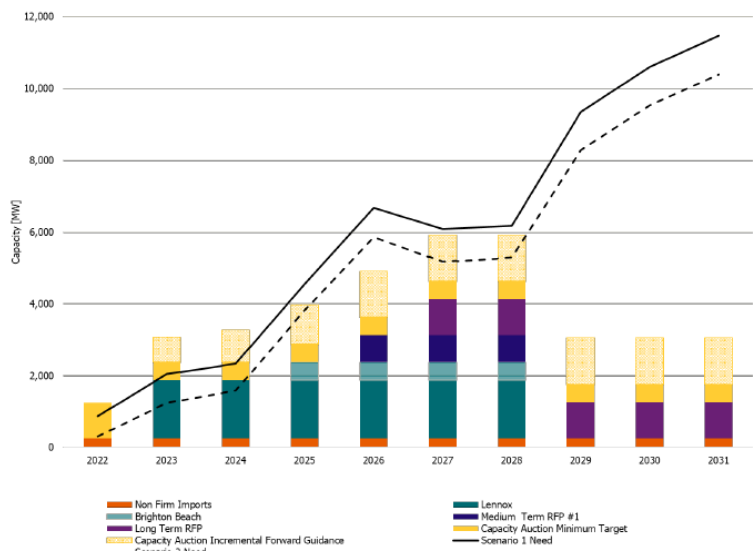
**Feedback**

What sections of the 2021 AAR were most helpful?

In general, the entire AAR contains useful information. However, it is helpful to see the complete plan summarized in one image – Figure 15 does this. It clearly shows the IESO’s planned capacity procurements to meet projected needs and indicates the timeframe for which additional resource acquisitions will be necessary.

That said, this figure appears to demonstrate a supply-side bias of the IESO as it does not factor in potential incremental contributions from energy efficiency resources or load-control devices enabling demand response. We seek to learn whether energy efficiency assumptions are locked in with the IESO’s forecast for peak summer capacity. We suggest that this figure would be improved by accounting for potential for additional energy efficiency measures that will, all other things being equal, put downward pressure on resource adequacy needs.

**Figure 15 | Summary of Planned Actions to Address Resource Adequacy Needs**



The 2021 Annual Planning Outlook, released on Dec. 10, 2021, also indicates the potential for significant electrification that was previously projected in other APOs. Therefore, it would be helpful to update Figure 15 to reflect potential for higher demand, especially as it relates to the transportation sector load growth.

Topic	Feedback
Are there specific topic areas the IESO should focus on in upcoming AARs?	<p>We suggest the following considerations in the upcoming AAR:</p> <ul style="list-style-type: none"> <li>• Consideration of customer affordability, and how the framework ensures long-term cost-effective electricity supply, including a greater focus on the role of energy efficiency and local programs</li> <li>• Timing of upcoming RFPs and expectations for eligible resources</li> <li>• Inclusion of information from the IESO’s DER Potential Study, and expectations for new resource connection to the distribution system</li> <li>• Approach to coordinate with LDCs with respect to potential new DER participation in future RFPs</li> <li>• Outline of scenarios or steps the IESO may take to procure needed resources should shortfalls arise (e.g., if a procurement does not meet required targets); contingency planning may be appropriate as the supply situation tightens</li> </ul>
What additional data would be most helpful to be included as supplemental information in future AARs?	<p>We suggest that it would be important to include the following:</p> <ul style="list-style-type: none"> <li>• Up-to-date accounting of DERs connected (such as, behind-the-meter storage, net-metered generation and other load displacement generation), and including locational information and contribution during peak periods; we suggest that this information include nameplate capacity, in-service dates, whether the DER is controllable or non-controllable, addition of storage to existing generators or controllable load, etc.</li> <li>• Up-to-date accounting of other planned, non-IESO resource commitments, such as LDC procurement of NWAs (storage, demand response) or customer-driven acquisitions of electricity supply, including locational information and contribution during peak periods</li> </ul>
General comments and feedback	<p>Ontario’s LDCs are increasingly interested in IESO procurement activities given the expectation that additional DERs may be acquired to meet system needs, but also as an opportunity to participate. As LDCs consider either the</p>

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	<p>development of LDC-owned non-wires alternatives (NWA) e.g., storage, or the procurement of NWA services, it is important to have a clear understanding of potential generation capacity value which could serve as revenue-offsets to distribution NWAs.</p> <p>The IESO's approach to meeting future resource needs appears to be "status quo" with respect to central planning and procurement. As we expect significant opportunities at the distribution level, e.g., DERs, EVs, it would be prudent for the IESO to evaluate new approaches that could be deployed at the local level to meet capacity needs, e.g., a local EV smart charging program that encourages charging during off-peak periods. We believe innovative approaches to secure the needed resources, including coordination with LDCs, will be required to ensure long-term customer affordability of electricity supply.</p> <p>In addition, given the expected electrification of the economy to achieve net-zero goals, significant investments in distribution systems will be required to connect new loads and DERs. As the IESO anticipates new DER development to contribute to emerging supply needs, there is a need for improved LDC-IESO-OEB coordination, e.g., communication, information sharing, etc. with respect to distribution investments required to accommodate new distribution connections.</p>

## Capacity Auction

Topic	Feedback
Proposed changes for the December 2022 Capacity Enhancements	No comment
Input on how the point in time rule could be enhanced	No comment
General comments and feedback	No comment

## Long-Term RFP

Topic	Feedback
Proposed LT RFQ process and high level considerations	<p>We assert that LDC experience with respect to the provision of distribution services should be included when considering proponents' technical and financial qualifications. The LDC's core business of designing, developing, building, and owning and operating electricity infrastructure can be leveraged to demonstrate proponents' capabilities and the LDC's ability to develop and invest in new supply resources. If LDC experience is not considered in the RFQ phase, the IESO risks unduly narrowing participation within the LT RFP, and thereby restricting market competition. All electricity consumers benefit when there is broad participation in the LT RFP, it enhances competition that will result in affordable electricity supply.</p>
LT RFP design considerations	<p>We agree with the list of design considerations that have been outlined by the IESO so far. We believe it is most pressing and urgent for the IESO to specify the "product definition" of the resources that IESO will be procuring, as this will be used to identify the types of resources that should be developed in response to system needs. We agree with the IESO's overall approach being technology agnostic.</p> <p>Duration of contract terms will be an important design consideration. It appears that the IESO is only contemplating 10-year terms. We recommend providing avenues for longer duration contracts that align with the lifetime of asset operations. Longer duration of contract terms will enable asset owners to offer capacity and energy at lower costs.</p> <p>As mentioned above, we urge the IESO to improve coordination with LDCs with respect to connection. Connection availability will be core to project development and viability. Consideration needs to be given for DERs subject to the Distribution System Code process for connection allocation, and timeframes required to enter into connection agreements.</p>
LT RFP engagement considerations	<p>Community engagement and support for new projects will be critical to the success of the LT RFP process. We encourage the IESO to ensure local community input and</p>

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	engagement is factored into the RFP design, including desire to see low-carbon generation development.
General comments and feedback	<p>The IESO needs to ensure that the LT RFP is conducted in a timely fashion, given the emerging needs for new resources. Given the timeframe that new resources are needed, we believe it is prudent to commence detailed stakeholder engagement on the LT RFP as soon as possible to ensure proponents have enough time to develop projects and to ensure project development and commercialization can occur within the required timelines.</p> <p>In addition, as mentioned previously in this submission, we recommend that the IESO ensure objective evaluation of small-scale resources along-side larger scale resources. It may be reasonable for smaller scale resources, or aggregations of smaller scale resources, to have different RFP requirements relative to larger scale resources.</p>

## Procurement Fees

Topic	Feedback
Does the proposed framework assist the IESO in running effective procurements with serious proponents?	<p>We are concerned that the IESO's proposed non-refundable fees of \$50,000 risks reducing competition and new project development. This matter is particularly concerning for small-scale resources which may be competing against larger-scale resources within upcoming procurements.</p> <p>Some procurement fees may be reasonable. That said, rather than focusing on non-refundable fees, the IESO should utilize proposal security to demonstrate a proponent's financial strength and commitment to projects. Proposal security would be refundable at the end of the RFP process, and would only be at-risk if the proponent failed to execute a contract when awarded.</p>

Topic	Feedback
Does the proposed approach and then stakeholdering the exact fees under each procurement provide appropriate opportunities for feedback?	<p>The IESO has loosely defined a process for establishing procurement fees on a procurement-by-procurement basis.</p> <p>This process would be improved if the IESO established criteria for how procurement fees would be used, in balance with other proposal security requirements, to ensure sufficient competition for new project development.</p>
General comments and feedback	See above.

## General Resource Adequacy Comments/Feedback

We appreciate this opportunity to provide feedback. Overall, we are encouraged to see the steps the IESO is taking to ensure that Ontario continues to have reliable and affordable electricity supply. That said, we note a number of areas for potential improvement, including improved consideration for smaller scale resources that are likely to be developed within communities, whether developed by LDCs (for example, as NWAs) or other parties. We recommend that the IESO consider approaches to enabling improved LDC participation in the development of the AAR, as well as during resource procurement. This includes early consideration of connection requirements for distribution-connected resources, and ensuring appropriate information sharing and communication with LDCs going forward.

Further, we note the need for more focus in energy efficiency measures that could be used to reduce supply needs. Given the trend to decarbonization and electrification, a renewed focus on electricity sector affordability is required. We encourage the IESO to consider novel approaches, such as local programs that could be deployed in coordination with LDCs, in addition to centralized procurement.