

Feedback Form

Resource Adequacy – November 23, 2021

Feedback Provided by:

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Date: December 14, 2021

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 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 data-bbox="743 226 1446 300">ESC offers the following areas of improvement for the IESO's Resource Adequacy Framework:</p> <ul data-bbox="792 348 1516 1608" style="list-style-type: none"><li data-bbox="792 348 1516 537">• Rather than being prescriptive on term-length, IESO should request that proposals include both price and term length and allow IESO flexibility to select the resources that balance risks between price and term<li data-bbox="792 590 1516 699">• Add information with respect to greenhouse gas (GHG) emissions and how procurements will meet any GHG emissions targets or net-zero policy goals<li data-bbox="792 762 1516 1035">• Clarify linkages with Enabling Resources stakeholder engagement by identifying timelines for planned improvements to the wholesale market participation models (e.g., FTM storage, DER aggregation, Hybrid integration, etc.); and include greater specificity with respect to resource eligibility within upcoming procurements<li data-bbox="792 1098 1516 1171">• Add granularity with respect to locational needs emerging<li data-bbox="792 1234 1516 1344">• Provide details with respect to load-shape on peak demand days that are driving capacity needs and which support UCAP definition<li data-bbox="792 1407 1516 1608">• In addition to "UCAP" requirements, include plans for procurement of other electricity services and products, such as: Energy, Regulation Capacity, Environmental Attributes, Bulk & Regional Non-Wires Alternatives, etc.

Topic	Feedback
What sections of the 2021 AAR were most helpful?	<p>ESC suggests that the following sections were most helpful within the 2021 AAR:</p> <ul style="list-style-type: none"> • Capacity Auction Forward Guidance (Figure 10) • Waterfall diagram showing results of acquisition strategy (Figures 13 & 14) • Planned procurement schedule (Figure 6)
Are there specific topic areas the IESO should focus on in upcoming AARs?	See recommendations above.
What additional data would be most helpful to be included as supplemental information in future AARs?	See recommendations above.
General comments and feedback	<p>ESC supports the IESO taking proactive steps to identify and set out plans for procurement of resources, and we are supportive of the IESO’s use of both RFPs/contracts and capacity auctions to meet system needs. We believed the inclusion of long-term contracting has the potential to enable significant development of energy storage capacity, which supports the objective of achieving a net-zero grid.</p> <p>One significant gap within the current framework is an assessment of the existing energy storage assets on the grid, including those assets that were procured in the past by the OPA/IESO. Certain assets were designed / built to provide regulation capacity and are not designed/constructed to provide a 4-hour capacity product. These existing resources do not have a clear pathway for re-contracting within the current framework despite the potential to provide significant system value.</p>

Capacity Auction

Topic	Feedback
Proposed changes for the December 2022 Capacity Enhancements	<p>ESC echoes some of the concerns expressed during the webinar with respect to implications of the proposed changes within the Capacity Auction and implications Demand Response resources. While respecting the need to ensure resource availability during times of needs, we do not find that the IESO has backed-up the proposed changes with robust analysis. For example, IESO did not provide evidence of reasonableness for the proposed 10x performance charge, including how this compares to other charges applicable in the IAM.</p> <p>We recommend a conducting additional stakeholder engagement on these proposed changes and ensure that the implications of the changes are assessed as a whole.</p>
Input on how the point in time rule could be enhanced	<p>We recommend including this discussion in a broader engagement with stakeholders regarding transition planning to the MRP. For example, if MRP is implemented mid-way through a capacity obligation period, it would be reasonable to ensure that the proceeding capacity auction has clear rule/plans for transition to the renewed market, including new requirements for participate registration or operations.</p>
General comments and feedback	<p>To provide additional transparency, we suggest that the IESO include a more detailed schedule of planned future changes to the IESO's capacity auction. This should also link back to the IESO's Enabling Resources stakeholder engagement.</p>

Long-Term RFP

Topic	Feedback
Proposed LT RFQ process and high level considerations	<p>ESC is supportive of the IESO’s establishment of an RFQ process that assesses the financial and technical capability of development entities. We recognize that much more detail will be required to define specific criteria, and that a balanced approach will be needed to ensure both competition and qualified new entrants. We recommend that the IESO provide details with respect to its framework and analysis that back up justified criteria.</p> <p>We urge that the IESO consider a streamlined process for qualifications, which allows IESO to complete the qualification evaluation as soon as possible for LT RFP 1 such that the focus can quickly shift to project development and proposal submission.</p>
LT RFP design considerations	<p>We believe that the IESO has identified the appropriate key considerations for RFP design, and we urge the IESO to move forward with consultation on these items as soon as possible. The IESO only provides a high-level schedule at this time (slide 8); however, it appears that IESO will not commence consultation on the RFP process until Q3 2022. This is too late, and we believe there is a risk that IESO will not provide enough time for project development. Therefore, we recommend moving forward on the following high-priority items in early 2022:</p> <ul style="list-style-type: none">• Resource eligibility• Product definition (including attributes/location)• Connection requirements• Community engagement requirements <p>Other items listed on slide 13 will be of key importance, however, clarity on the items above are more urgently required leading up to the RFP phase, allowing additional time to engage with communities and connecting authorities.</p>

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LT RFP engagement considerations	<p>ESC looks forward to additional details on the IESO's engagement phase, and we believe that the outline provided is reasonable.</p> <p>We recommend that the IESO's engagement not only focus on resource development requirements but include a focus discussion on supply mix considerations impacting GHG emissions.</p>
General comments and feedback	See comments above.

Procurement Fees

Topic	Feedback
Does the proposed framework assist the IESO in running effective procurements with serious proponents?	<p>It is challenging to provide feedback on the effectiveness of non-refundable proposal fees, without commenting on other elements of procurements that ensure only serious proponents are eligible. In addition to proposal fees, the IESO can also establish proponent qualifications (e.g., financial and technical criteria) and/or require proponents to submit proposal security that would be at-risk if a proponent did not proceed to the contracting phase once offered a contract.</p> <p>We believe that the IESO should reflect the range of mechanisms that could be deployed to ensure successful procurements. We suggest that the IESO isn't necessarily improving procurement by increasing non-refundable proposal fees, and that a mixture of proponent qualifications and proposal security would be more appropriate.</p>
Does the proposed approach and then stakeholdering the exact fees under each procurement provide appropriate opportunities for feedback?	It appears that the IESO's proposal is to develop proposal fees on a case-by-case basis. We suggest that the IESO prepare a template of guiding questions that could be used to formulate proposal fees, including factors such as: size of projects, timing of need, new build requirements, balance of proponent qualification process and proposal security requirements, etc.
General comments and feedback	See comments above.

General Resource Adequacy Comments/Feedback

Energy Storage Canada appreciates this opportunity to provide feedback.