

Feedback Form

Small Hydro Program Workshop, May 19, 2022

Feedback Provided by:

Name: Shawn Cameron

Title: Operations Manager

Organization: Renfrew Power Generation

Email: [REDACTED]

Date: May 24, 2022

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

Following the (Thursday, May 19, 2022) Small Hydro Program Design Outreach Session, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following discussed items. 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 Thursday, June 2nd. To promote transparency, feedback provided will be posted on the engagement webpage.

Small Hydro Program – Capacity Payments

	Topic	Feedback
1.1	<p>What feedback do you have on the payment structure as it relates to a capacity payment plus an energy payment with a floor and a ceiling?</p>	<p>It's imperative that RPG receive equivalent revenues to its current HCI contract arrangement. HCI redevelopment contract so the price per MWH is currently a lot higher than 89\$ M used for example. Base rate should be based on each facility individually, considering. From the onset of the directive, it has been the IESO message to not have facilities suffer and that rates would be comparable to current HCI. The proposed payment structure revenue shortfalls that RPG will not survive. RPG completed a major redevelopment with capital expenditure. Our debt service continues past the current HCI expiry in 2029.</p>
1.2	<p>What feedback do you have on the assumptions for the reference case used in developing the payment structure? Specifically, what feedback do you have on the reference case regarding: an appropriate split between the capacity payment revenue versus the energy payment revenue; the assumed capacity factor; the energy floor price?</p>	<p>Base rate established looking at each individual facility. It is important revenues remain contract. RPG's current rate is considerably more than \$89/mwh. Capacity factor (CF) time of year. Taking advantage of extra water is very important for revenue when below the river. In our case we have our newest facility around 50% CF and the 2 older facilities have a much lower CF as they have been used only in surplus water periods and are possible to change if they become part of a contract as facility versatility for maintenance periods covered by any of the units.</p>

	Topic	Feedback
1.3	What feedback do you have regarding setting the fleet wide capacity factor benchmark at 40%? (Below this capacity factor, capacity payments will be reduced)	It is important to try and get this correct. I suggest picking capacity factor based on the a yearly reconcile. With over achievers getting compensated and deduction as necessary investigation to the reason such as forced outages by LDC.
1.4	What feedback do you have regarding the energy ceiling concept and price?	Taking advantage of a wet year and extra revenue not only boosts revenues but also a year to fill in the lows. Facilities are perpetual and rely on revenue boosts to repair infrastructure paying less for energy over the ceiling.
1.5	What feedback do you have regarding an appropriate percentage of the capacity factor for which an escalation factor (Ontario all-items CPI) should apply? What is the justification for the percentage you are recommending?	Currently under HCI it uses 100%. This is what we are accustomed too and rely on. Escalation prices increasing and labor force costs rising.

Small Hydro Program – Dispatchability

	Topic	Feedback
2.1	What feedback do you have on the approach to enhance payment for dispatchable facilities (increase capacity payment by X%, increase ceiling price or revenue share above ceiling price)? In your response, please note if you are a dispatchable facility / intent to become one as this design feature may only impact a very small portion of facilities.	RPG is not a dispatchable site, our facility is run of river.

Small Hydro Program – Tranching

	Topic	Feedback
3.1	What feedback do you have regarding the recognition of economies of scale by providing an adjustment to the capacity payment of facilities under 1MW? What feedback do you have regarding an appropriate adder (in terms of a % of the capacity payment)?	I think that all facilities could be looked at this way. Each have their own

Small Hydro Program – Contract Length

	Topic	Feedback
4.1	What feedback do you have regarding the option to terminate existing contracts and sign into the program at any time, with all contracts ending 20 years from program opening (ie. May 2043), regardless of when a contract is signed?	The current program drafts are not beneficial to RPG and would lead to think the option makes sense but more work on the revenue structure

Small Hydro Program – Community, Conservation Authority & Indigenous Ownership

	Topic	Feedback
5.1	What feedback do you have on a minimum Indigenous, Conservation Authority or Community ownership stake to qualify for an enhanced payment?	Makes sense. Would enhanced payment include facilities like RPG that municipality? Town of Renfrew
5.2	What feedback do you have on the maximum value of an adder (in the case of 100% ownership by an Indigenous Community, Community or Conservation Authority)?	

General Comments/Feedback

	Topic	Feedback
6.1	Please provide any additional comments or feedback that would assist in the design, development and implementation of a Small Hydro Program	I have great concern that payments need to provide revenues in line w contract for our newest facility which carries debt service that extends 2 other facilities that do not currently have a contract and is looking for include them asap as currently paid HOEP rates.