

IESO Engagement

From: IESO Engagement
Sent: August 23, 2022 10:25 AM
To: IESO Engagement
Subject: Resource Adequacy Update

The IESO is on track in the implementation of a comprehensive plan to acquire the electricity supply needed to meet provincial demand that is growing at a pace of almost two per cent a year. After years of stable supply, the IESO has moved forward with a series of procurements to secure more than 5000 MW of capacity.

Ontario's electricity system is undergoing a significant transformation, as strong economic development and electrification of transportation are driving up demand and increasing regional needs. At the same time, upcoming retirements and refurbishments in nuclear supply, along with many expiring generation contracts, are contributing to growing electricity requirements emerging later this decade and continuing into the 2030s.

After issuing a request for qualifications from potential developers for long-term supply projects, the IESO has qualified 55 applicants. Collectively, these applicants demonstrate a broad international interest in investing in Ontario's energy sector and reinforces the value of competitive procurements to meet the province's reliability needs cost-effectively. Qualified applicants include a significant number of potential energy storage projects, a resource that will be critical to long-term decarbonization goals.

A separate competitive procurement for existing generators has also concluded, and the IESO has offered new five-year commitments that secure these critical resources at a lower cost than their previous contracts, reducing the impact on ratepayers. In addition, the IESO has also extended contracts with biomass facilities and is developing a program for existing small hydro facilities.

The third annual capacity auction will take place this December, seeking a minimum of 1,200 MW next summer and 750 MW for the subsequent winter period. The auction has proven to be a critical tool for acquiring a diverse range of supply cost-effectively, including large consumers providing demand response, energy storage, and generation.

In addition, energy efficiency continues to play a critical role in ensuring the reliability and sustainability of our grid. As a result of energy-efficiency efforts over the last 15 years, provincial demand was 12 per cent lower in 2021 than it otherwise would have been. The IESO is currently exploring new and enhanced programs to further reduce growth in energy demand.

The Ontario Minister of Energy has asked the IESO to submit a report to inform the eligibility of emitting resources in the upcoming procurements while considering the need to preserve a reliable, affordable and sustainable electricity system.

Read the IESO's full resource adequacy update: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/resource-adequacy/ieso-resource-adequacy-update.ashx>

Read the Minister's letter: <https://ieso.ca/-/media/Files/IESO/Document-Library/corporate/ministerial-directives/Letter-from-the-Minister-of-Energy-20220823.ashx>