



**POWER
WORKERS'
UNION**

March 15, 2021

Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON
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Via email to engagement@ieso.ca

Re: Regional Planning Process Review Final Report

The Power Workers' Union ("PWU") represents a large portion of the employees working in Ontario's electricity industry. Attached please find a list of PWU employers.

The PWU appreciates the opportunity to provide input on the Regional Planning Process Review Final Report. The PWU is a strong supporter and advocate for the prudent and rational reform of Ontario's electricity sector and recognizes the importance of low-cost, low-carbon energy to the competitiveness of Ontario's economic sectors.

The PWU believes that IESO processes and initiatives should deliver energy at the lowest reasonable cost while stimulating job creation and growing the province's gross domestic product (GDP). We are respectfully submitting our detailed observations and recommendations.

We hope you will find the PWU's comments useful.

Yours very truly,

Jeff Parnell
President

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List of PWU Employers

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Atlantic Power Corporation - Kapuskasing Power Plant
Atlantic Power Corporation - Nipigon Power Plant
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Atura - Portlands Energy Centre
Atura – Brighton Beach Generating Station
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Brookfield Power Wind Operations
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Halton Hills Hydro Inc.
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Hydro One CSO
Hydro One Sault Ste. Marie
Independent Electricity System Operator
Inergi LP
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Nuclear Waste Management Organization
Ontario Power Generation Inc.
Orangeville Hydro Limited
PUC Services
Quality Tree Service
Rogers Communications (Kincardine Cable TV Ltd.)
Sioux Lookout Hydro Inc.
SouthWestern Energy
Synergy North Corporation
Tillsonburg Hydro Inc.
Toronto Hydro
TransAlta Generation Partnership O.H.S.C.
Westario Power

PWU Regional Planning Process Review Feedback

March 15, 2021

The Power Workers' Union (PWU) is pleased to submit comments and make recommendations to the Independent Electricity System Operator (IESO) regarding the Regional Planning Process Review (RPPR) Final Report and related February 22nd webinar. The PWU remains a strong supporter and advocate for the prudent and rational reform of Ontario's electricity sector and recognizes the importance of planning for low-cost, low-carbon energy solutions to enhance the competitiveness of Ontario's economy.

Context

The IESO began the RPPR in 2017 as part of a continuous improvement effort and in response to an Ontario government Directive. In the fourth quarter of 2018, the IESO established the Regional Planning Review Advisory Group (RPRAG) to support the review, which met periodically through 2018 and 2019. Public consultations were held across the province during this period. Subsequently, the IESO held public consultations on a "straw man" design for the RPPR between February and July 2020. On February 4th 2021, the IESO released the Regional Planning Process Review Final Report and then held a webinar on February 22nd to present the Report's recommendations and seek stakeholder feedback.

The Report primarily focuses on: identifying the opportunities to improve process efficiency and flexibility; better alignment of transmission end-of-life needs with regional planning; and, making recommendations to address potential barriers to non-wires alternatives (NWA). Recommendations were made to both the IESO and the Ontario Energy Board (OEB). In response, the OEB has re-established its own Regional Planning Process Advisory Group (RPPAG) to review and carry out next steps.

The PWU supports the IESO's efforts to improve the overall process for system planning, including at the regional level. However, the PWU is concerned that total system cost considerations are absent in the RPPR Final Report, particularly given the focus on NWAs, such as distributed energy resources (DER).

Accordingly, the PWU recommends that the IESO include the optimization of the lowest total system cost as a primary metric in the regional planning process going forward.

Recommendation #1: Include the optimization of the lowest total system cost as a primary metric in the regional planning process.

- a. **The IESO should consider total system cost as a primary metric.** Developing a competitive low-cost electricity system is important for all ratepayers and the province's economic growth. As the PWU has previously recommended,¹ both the IESO and the OEB² should include total system cost in their forecasting and planning decisions while ensuring equal or better service reliability and quality. This should be a primary metric for the regional planning process and this information should be made available to the public.

¹ PWU Feedback on January 2021 Annual Planning Outlook Engagement

² PWU submission to the OEB, Utilities Renumeration and Distributed Energy Resources (DER) Integration, March 2021.

- b. The value of non-wires alternatives remains unclear.** The PWU notes that the RPPR Final Report only references system costs in terms of the possible cost savings available from NWAs, e.g., DERs. In spite of numerous consultations, the system value of DERs has not yet been established and remains an ongoing discussion in the OEB's consultations.³ The regional planning process should determine the actual value that these NWAs provide to the system before encouraging adoption.

While the IESO states that it is only considering "cost-effective" NWAs in this review, it is unclear how these costs are to be defined. The system costs of NWAs are often unaccounted for in current accounting procedures and practices. These include costs related to the integration of these solutions into Ontario's electricity system, such as their impacts on costs for transmission and distribution, and system reliability. Without consideration of these unaccounted-for costs, NWA solutions may appear "cost effective" when they are not; i.e., when the costs to the system outweigh the benefits.

- c. The IESO should prioritize solutions that deliver the best possible value to ratepayers.** Applying a total system cost metric regarding NWA deployment will ensure that the IESO is not burdening rate payers with unnecessary costs. This will require transparently identifying the total costs and benefits of these NWA solutions as well as ensuring they deliver the same or better service to ratepayers at a lower cost. Previous PWU submissions have highlighted the need for planning decisions to be based on cost-benefit analyses and evidence-based decision-making criteria that demonstrate a lowering of ratepayer bills for the same or better services.⁴

Closing

The PWU has a successful track record of working with others in collaborative partnerships. We look forward to continuing to work with the IESO and other energy stakeholders to strengthen and modernize Ontario's electricity system. The PWU is committed to the following principles: Create opportunities for sustainable, high-pay, high-skill jobs; ensure reliable, affordable, environmentally responsible electricity; build economic growth for Ontario's communities; and, promote intelligent reform of Ontario's energy policy.

³ OEB EB-2018-0287 & EB-2018-0288 Sector Evolution Consultations, multiple stakeholders noted this in the recent Feb 2021 stakeholder meeting and subsequent written feedback.

⁴ PWU submission to the OEB, Utilities Renumeration and Distributed Energy Resources (DER) Integration, March 2021.