

Final Engagement Summary Report

Date: December 7, 2023

Transmission Losses

Engagement Initiated: September, 2020

Engagement Description

In the [Decision and Order](#) on the [IESO's 2018 Expenditures, Revenue Requirement, and Fees submission \(EB-2018-0143, "2018 Revenue Requirement"\)](#), the Ontario Energy Board (OEB) accepted the Package Settlement as agreed to between the IESO and participating intervenors. The Package Settlement included a condition that the IESO engage with stakeholders regarding the IESO's transmission losses work to explore cost effective opportunities for line loss reduction with Hydro One.

To satisfy this condition, the IESO led a formal stakeholder engagement on transmission system losses. As part of this engagement, the IESO, with Hydro One's assistance, prepared supporting materials building upon the [public information session conducted in September 2019](#) that informed stakeholders on how transmission system losses are considered during planning of the transmission system in Ontario.

Engagement Objective

The objective of this engagement was to fulfill the condition of the 2018 Package Settlement, ensure stakeholders understood how transmission losses are considered in electricity planning in Ontario and other jurisdictions, and to provide opportunities for stakeholders to provide feedback to be considered in the preparation of a final joint IESO and Hydro One report on each entities' respective practices.

The IESO sought feedback from stakeholders on:

- Opportunities to cost-effectively reduce transmission losses, including through improved processes, cost-benefit analysis methodologies, documentation, and reporting;
- The preparation of the final report; and
- The need for, and the incremental value of, retaining independent, third party expertise to review these processes and identify further areas for improvement.

Engagement Approach

This stakeholder engagement was a public engagement process and was conducted in accordance with the IESO's approved [engagement principles](#). The approach for this engagement initiative included opportunities to provide input through various channels such as webinars, and written feedback.

Industry stakeholders were consulted on the updates in the following engagements:

- September 2019: Public Information Session
- September 2020: Engagement webinar to discuss:
 - Transmission losses cost allocation and economic evaluation;
 - IESO and Hydro One's respective practices regarding mitigating transmission losses;
 - Comparison of planning and operational practices in other jurisdictions where transmission losses are considered; and,
 - Potential improvements to IESO and Hydro One's respective practices
- July 2021: Draft report published for stakeholder review and comment
- June 2023: Evaluation Guideline published

Conclusion

In addition, feedback from the September 2019 Public Information Session helped to inform the IESO's approach for this engagement. Specifically, the IESO repositioned the information sessions that had been proposed as a dedicated stakeholder engagement - with its own engagement page, an engagement plan to clarify the objectives, and providing additional opportunities for feedback. This included clarifying how the IESO would work collaboratively with Hydro One to document and refine our respective processes for addressing transmission losses and make available to the public.

Feedback received in response to the public information session and the engagement webinar helped inform the IESO's Transmission Losses Guideline document, in particular what information should be included to provide sufficient transparency into existing processes.

The IESO hosted two webinars in total to review transmission losses. At the request of a participant, some individual meetings were held.

Highlights of additional actions the IESO took in response to the feedback received throughout this stakeholder engagement are summarized as follows.

- Developed a transparent process flow that outlines how the IESO makes determinations for carrying out a detailed evaluation of system losses, including incorporating an economic planning "threshold" for materiality (\$20 million) to indicate when losses could impact the choice of preferred plan alternative;
- Clearly distinguishing the scope and purpose of an IESO-led system losses evaluation in the context of integrated resource planning, versus an evaluation done by a transmission owner;

- Referencing IESO forecasts for marginal capacity and marginal energy costs as a basis for calculating the avoided economic impacts resulting from potential future transmission system loss savings (as these forecasts are updated, the IESO will continue to rely on the best available information at the time); and
- Revising the draft procedure that was presented in the draft Transmission System Losses Evaluation Guideline to rely less on manual calculations, and instead rely more on the IESO's existing models and tools that have the capability to account for system losses, while leaving manual calculations as a backstop in situations where the models are not used in a particular study.

The IESO thanks all participants in this engagement. The feedback was instrumental in shaping the IESO's Planning Guideline. All materials will continue to be available on the IESO website under "[Completed Engagements](#)".