

**Ministry of Energy**

Office of the Minister

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**Ministère de l'Énergie**

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MC-2014-381

Mr. Bruce Campbell  
President and CEO  
Independent Electricity System Operator  
410–655 Bay Street  
PO Box 1  
Toronto ON M5G 2K4

FEB 20 2014

Mr. Colin Andersen  
Chief Executive Officer  
Ontario Power Authority  
1600–120 Adelaide Street West  
Toronto ON M5H 1T1

Dear Mr. Campbell and Mr. Anderson,

I would like to thank you for submitting your proposal detailing the design and outline of an energy storage procurement framework. This is an important step in realizing the potential of energy storage technologies to increase the efficiency and reliability of Ontario's electricity system.

While I am pleased with the flexibility in the distribution of the total procured MWs between two phases, I would like to request that the upper limit for Phase I (IESO-led) procurement be raised to up to 35MW, with the remainder of the 50MW for Phase II (OPA-led). Both phases should aim to cover the broadest possible range of technologies and projects to support the goal of achieving a diversified portfolio of energy storage technologies.

The proposal indicates your readiness to move quickly, with an IESO-led Phase 1 RFP issued before the end of February and an OPA-led Phase II procurement starting as soon as possible. I intend to issue a directive to the OPA to enable the Phase II process, with the aim of ensuring a timely procurement with contracts awarded before the end of September 2014.

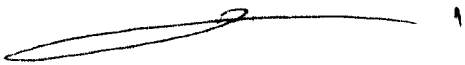
This dual-track approach to procurements will assist Ontario in evaluating the broad range of benefits that storage technology can provide to the electricity system as well as exploring different market mechanisms and commercial arrangements for energy storage solutions. I look forward to seeing a variety of technology types and applications being evaluated through this process so that we can learn how to integrate energy storage resources into the Ontario electricity market.

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The ministry's undertaking of an independent study on the value of energy storage applications will focus on evaluating projects resulting from these procurements in order to better understand the value and barriers to energy storage projects in Ontario, including learnings from other projects already in operation.

I would ask that you keep ministry staff regularly informed on the procurement process and the examination of regulatory barriers while continuing to engage with energy storage stakeholders as appropriate.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bob Chiarelli', with a long horizontal stroke extending to the right.

Bob Chiarelli  
Minister

c: Serge Imbrogno, Deputy Minister, Ministry of Energy  
Jim Hinds, Chair, Ontario Power Authority  
Tim O'Neil, Chair, Independent Electricity System Operator  
Chris Wray, Senior Policy Advisor, Minister's Office