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May 13, 2022

Ontario Energy Board  
2300 Yonge Street  
Suite 2700  
Toronto, Ontario M4P 1E4

Attention: Nancy Marconi, Registrar

Dear Ms. Marconi:

**Re: Ontario Sustainable Energy Association - Interrogatories  
IESO's Application for Approval of 2022 Expenditures, Revenue Requirement, and  
Fees (Board File No. EB-2022-0002)**

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Please see attached OSEA's Interrogatories pursuant to Procedural Order No. 1 dated April 22, 2022.

Yours truly,

Raeya Jackiw

cc: Dan Goldberger, OSEA  
Travis Lusney, Power Advisory LLC

Document #: 2154935

## ONTARIO ENERGY BOARD

**IN THE MATTER OF** the *Electricity Act*, 1998, s. 25(1)  
as amended;

**AND IN THE MATTER OF** a Submission by the  
Independent Electricity System Operator (“IESO”) to the  
Ontario Energy Board (“OEB”) for approval of its 2022  
Expenditures, Revenue Requirement and Fees

## INTERROGATORIES OF THE ONTARIO SUSTAINABLE ENERGY ASSOCIATION (“OSEA”)

May 13, 2022

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### 1-OSEA-1

*Issues:* 1.1 and 1.3

*Reference:* Exhibit B-1-2

*Preamble:* The IESO business plan describes expanded activities for Resource Adequacy and Enabling Resources. IESO’s procurement target has risen from ~1,000 MW of effective capacity described in the 2021 Annual Acquisition Report (“AAR”) to over 6,000 MW in the 2022 AAR. OSEA is interested in the amount of investments and operating funds expected by the IESO to support different resource types and community choice.

Questions:

- a) The IESO procurement target through the Resource Adequacy process is ~6,000 MW of new effective capacity by 2030. Please provide an estimate of the amount of Distributed Energy Resources (“DERs”) and community energy projects that will be procured by the IESO through the Resource Adequacy process.
  - i. If no estimate is available, please explain what resources the IESO’s expects to procure by resource type and connection type (i.e., transmission or distribution).
- b) Please provide an estimate of changes to capital and operating expenditures to reflect the increased procurement target from 2021 AAR to 2022 AAR. Please

provide all supporting documentation and analysis for the estimated changes in expenditures.

## **1-OSEA-2**

*Issues:* 1.1 and 1.3

*Reference:* Exhibit B-1-2

*Preamble:* The IESO business plan describes expanded activities for Resource Adequacy and Enabling Resources. The procurement schedule focuses only on new supply resources under the assumption of continued operation of existing assets. The ability of existing resources, including a significant amount of small and community projects, will depend on IESO's procurement programs. OSEA is interested in how the IESO is planning to procure the continued operation of existing resources, especially small and community projects. Re-powering of existing facilities requires investment decisions be made 3 to 5 years in advance and therefore must be addressed within the IESO's budget window.

Questions:

- a) Please provide an estimate of capital and operating expenditures to support potential re-contracting and re-powering of small and community DERs (e.g., Renewable Energy Standard Offer Program ("RESOP") contracts reaching end of contract term).
  - i. If no estimate is available, please explain why no estimate is available.
- b) For DERs reaching end of contract term, will the Enabling Resources program address the barriers to their continued operation (i.e., the ability to receive market revenue from LDCs without a contract with the IESO)?
  - i. If so, please provide details on how IESO's investments will support the continued operation of DERs.
  - ii. If not, please explain why the Enabling Resources program does not address barriers to the continued operation of existing resources and receiving market revenues without a contract with the IESO.
- c) The IESO is currently undergoing a medium-term Request for Proposal ("RFP") that offers 3-5 year contracts for existing resources. The IESO has announced a 3 year forward capacity auction.
  - i. Do IESO's operating expenses include the two parallel near- to medium-term procurement structures?

- ii. Please comment on the ability of DERs to participate in both procurement structures. How does the Enabling Resources investment align with the increase in procurement and Enabling Resources across the two procurement processes?

### **3-OSEA-3**

*Issues:* 3.1 and 3.2

*Reference:* Exhibit C-3-1

*Preamble:* The IESO is proposing to establish a Reliable Integration Fee for new or modified facilities seeking connection. OSEA is interested in understanding the fairness of a Reliability Integration Fee, the potential cost to customers, and the impact on small and community projects.

Questions:

- a) Please provide the IESO's supporting documentation and analysis justifying the need to collect fees from new or updated facilities for Reliable Integration, including (i) the IESO's rationale for pursuing fees and (ii) the impact of fees on competitiveness of new or modified facilities seeking connection, especially small and community projects.
- b) Examples of Reliable Integration activities include "updating existing system operating limits (SOLs)". How much of the Reliable Integration activities rely on information provided by existing facilities?
- c) As part of Reliable Integration activities, will the IESO seek updated information from existing facilities? If so, will existing facilities be asked to fund the gathering and analysis of the information? If existing facilities are not asked to fund the gathering and analysis of the information, who does the IESO intend to collect those costs from?
- d) DERs are expected to participate under aggregation schemes where multiple sites act as a single resource in the IESO-Administered Market ("IAM"). Does the IESO intend to apply Reliable Integration Fees to each individual DER or only to the DER Aggregator? In either case, please explain the IESO's rationale for applying integration fees in this manner.
- e) The IESO intends to complete Reliable Integration activities on a time and materials basis at ~\$145/hour.
  - i. Please explain how the \$145/hour rate was determined. Please provide any documentation, calculations and reasoning supporting how the \$145/hour rate was determined.

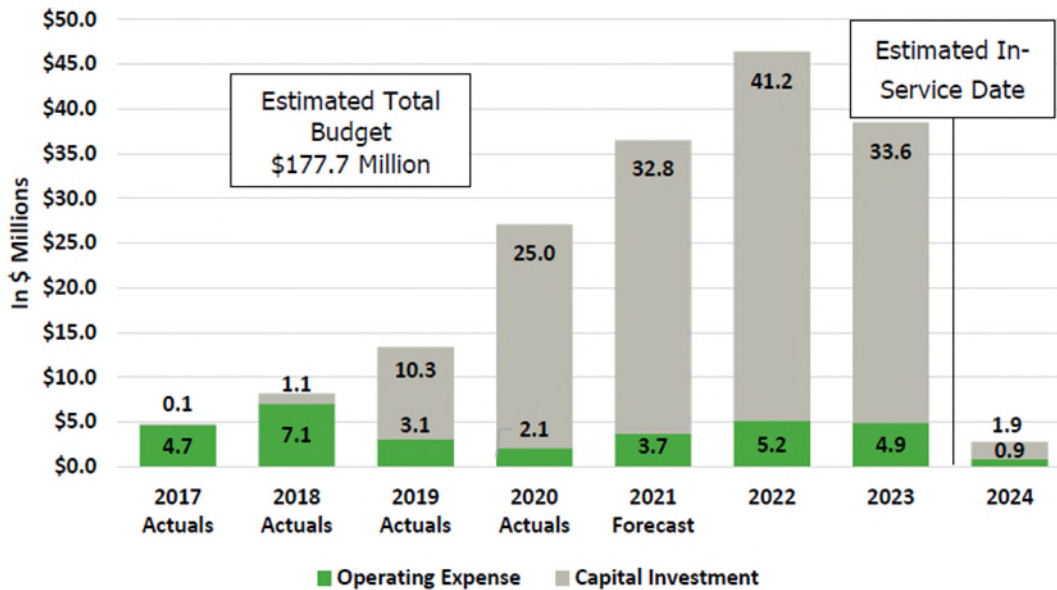
- ii. Market participants must manage costs when developing or expanding facilities, especially small facilities. Hourly rates can become unmanageable if not tied to a limit or scope of budget. Will market participants receive a budget for the Reliable Integration activities? If not, please explain why not.
- iii. What is the dispute resolution process for market participants to address overages by the IESO on the estimated Reliable Integration activities budget? If no dispute resolution process exists, explain why.
- iv. Will the IESO consider a ceiling or cap on Reliable Integration Fees for small projects?
- v. Will the IESO consider a ceiling or amalgamated Reliability Integration Fee for municipal or community energy projects?

**4-OSEA-4**

*Issues:* 4.2, 4.3 and 4.4

*Reference:* Exhibit B-1-2

*Preamble:* The IESO Market Renewal Program (“MRP”) expects to spend almost \$100 million over the next the next three years.



Source: EB-2022-0002 Exhibit B-1-2 page 22 of 36

At the same time, the IESO has expanded procurement targets to ~6,000 MW through multiple RFPs. The first three procurements are described by the IESO in their April 22, 2022, presentation.<sup>1</sup>

	LT1 RFP	Expedited Procurement	Expansion
<b>Target capacity</b>	2,500 MW of effective capacity	~500 to ~1000 MW of effective capacity	~500 to ~1000 MW of effective capacity
<b>Term Start</b>	No later than 2027	2025	2025
<b>Term length</b>	15 year term with potential additional term available for resources able to come online early	Minimum of 15 year base term	New contract or extension of existing contracts. Length of contract/extension dependent on stakeholder feedback
<b>Locational considerations</b>	Global need with strong preference for resources in the <b>West and East of FETT</b> zones	Targeted at meeting global need	Targeted at meeting global need
<b>Eligible Resources</b>	Technology agnostic; new-build resources at greenfield sites or co-located at existing sites able to achieve commercial operation no later than 2027.	Technology agnostic; new-build resources at greenfield sites or co-located at existing sites; <b>must</b> achieve commercial operation by 2025.	Expansions or uprates to existing resources that are under contract and operating in IESO-administered markets. Expansion or uprate must be the same technology as the existing resource and able to achieve commercial operation in 2025.
<b>Qualification</b>	Participation in LT1 RFQ Required	Participation in LT1 RFQ Required	Existing counterparty in good standing with existing contract

The IESO is offering a long-term contract (i.e., 15+ years) through a contract-for-differences structure that protects new or expanded facilities from uncertainty in market revenue. The contract structure is required to attract capital to Ontario for the development of new resources. OSEA is interested in the impact of the procurement schedule on the MRP benefits, project plan, and future market activities. In particular, OSEA is interested on the impact of potential project economics to small and community projects expected to operate within Ontario’s wholesale electricity market.

Questions:

- a) Please provide documentation and analysis supporting the IESO’s assessment of the impact of the proposed contract structures for the procurement targets on MRP benefits case.
  - i. If an assessment of the impact has not been completed, please explain why, and provide a high-level estimation of the potential impact on MRP benefits from the contract for differences structure.
- b) Please describe any adjustments in capital expenditures and operating expenditures for the MRP program related to the IESO’s procurement decisions.
- c) Following the conclusion in 2029 of the procurements streams (i.e., the three described in the table above), please provide an estimate of the amount of supply

<sup>1</sup> <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/long-term-rfp/ltrfp-20220420-presentation.ashx>

resources (i.e., % of installed capacity of market participants) by the following categories:

- i. Rate-regulated assets
- ii. Contracted with the IESO
- iii. Merchant (i.e., not rate-regulated or contracted with the IESO)

## **5-OSEA-5**

*Issue:* 5.1

*Reference:* Exhibit G-1-1, Attachment 1

*Preamble:* In the OEB approved settlement proposal as part of the OEB's Decision and Order in EB-2020-0230, the IESO made the following commitment related to the public availability of planning data "With respect to IESO's planning activities, the IESO commits to increase the public availability of planning data". OSEA is interested in the progress and work plan for continuing the accessibility of planning data.

Questions:

- a) Please provide a summary of the IESO's vision and strategy for meeting the commitment to increase public availability of planning data.
- b) Has the IESO developed a strategy and framework to measure the objective and success measures for sharing planning data publicly?
  - i. If so, please provide documentation and supporting analysis used to develop the framework and justify the approach.
  - ii. If no strategy or framework has been established, please explain how the IESO intends to determine if the commitment in the settlement agreement has been met.
- c) Please provide a summary of capital expenditures related to supporting the commitment for increasing public availability of planning data, including funding commitments along with explanation and justification for capital expenditures.
- d) Please provide a summary of operating expenditures related to supporting the commitment for increasing public availability of planning data, including funding commitments along with explanation and justification for operating expenditures.
- e) The IESO provided an example of enhanced planning data related to the West of London information sharing summary. Please provide a list of all other

information sharing summaries that meet or exceed the information provided in the West of London example (e.g., other bulk system planning areas where information has been shared or is intended to be shared). If no other summaries exist, please explain why the IESO has not made efforts to share more such enhanced planning data.

- f) Has the IESO considered create a centralized repository for planning data for stakeholders and rate-payers to access for information on system needs and plans? If no centralized data repository has been considered, please explain why.