

August 14, 2024

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Nancy Marconi:

**Re: 2562961 Ontario Limited (“256” or “Applicant”)
Application for Electricity Wholesaler Licence**

We hereby submit the accompanying application form and supporting materials (“Application”) to request the Ontario Energy Board’s (“OEB”) issuance of an electricity wholesaler licence to the Applicant. In addition, this cover letter provides further context about the Facility (as described below) that is the subject of the Application, including a previous OEB licence that was issued for the Facility as well as certain past and planned initiatives involving the IESO.

The Applicant owns and operates the Markham Power-to-Gas Facility (the “Facility”), which includes a 2.5 MW electrolyzer at 101 Honda Blvd., Markham, Ontario. The Applicant previously held an electricity storage licence (ES-2016-0202)¹ in respect of the Facility, which was providing ancillary services (frequency regulation) to the IESO from April 2018 to April 2021. The IESO did not renew the ancillary services contract beyond 2021, and the electricity storage licence was allowed to expire at the end of its term, on August 10, 2021.

Separately, the IESO notified 256 in May 2021 that 256 was eligible to opt in to be a Class A market participant in the IESO-administered markets. Subsequently, 256 requested and received Class A status for the Facility, effective July 1, 2021. Prior to that time, 256 purchased electricity for the Facility as a Class B customer.

In June 2023, the IESO issued a letter indicating that 256 was operating without an active OEB electricity storage licence. 256 replied to the IESO, explaining that its activities were limited to purchasing electricity as a Class A customer and that it would take steps as appropriate to reinstate its OEB storage licence as part of advancing its NRCan-IESO Virtual Pairing Project (“VPP”).² Through discussions between 256 and the IESO regarding the VPP (including the potential OEB licensing requirements that

¹ See [link](#) to ES-2016-0202. Note that the Energy Storage Licence was originally issued by the OEB on August 11, 2016 to Hydrogenics Corporation. On December 5, 2019, the OEB [approved](#) an application to transfer the licence to 2562961 Ontario Limited.

² The VPP would involve the virtual pairing, on a pilot basis, of the hydrogen-generating electrolyzer at the Facility with a wind farm, with the goal of demonstrating the potential to reduce power intermittency by smoothing the net power exchange of the combined virtual facility.

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may apply), it was determined that an electricity wholesaler licence and not a storage licence should be obtained due to the Facility's purchase of electricity in the IESO-administered markets.

256 and the IESO concluded that neither an electricity storage licence nor generation licence would be required for the VPP, since: (i) there's no injection of power to the grid from the Facility, and (ii) the IESO does not consider the VPP to be providing ancillary services necessary for the reliability of the grid (see enclosed letter of support from the IESO).

At the time that the Facility transitioned from Class B to Class A, it was not known or identified that an electricity wholesaler licence would need to be obtained for this change. Once the need to do so became evident as noted above, 256 acted expeditiously to prepare and submit the Application and has reviewed its internal procedures to ensure that licensing requirements are appropriately identified and managed going forward.

Should you have any questions on this matter please contact Lesley Austin or myself, or by email at EGlregulatoryproceedings@enbridge.com.

Sincerely,

Mark Kitchen

Mark Kitchen

Director, Regulatory Affairs & Ombuds Office, Enbridge Gas Inc.