



Ontario
Energy
Board | Commission
de l'énergie
de l'Ontario

DECISION AND ORDER

EB-2025-0127

PORTLANDS ENERGY CENTRE INC. ON BEHALF OF PORTLANDS ENERGY CENTRE L.P.

Application to Amend Licence EG-2004-0540

BY DELEGATION, BEFORE: Brian Hewson

Vice President, Consumer Policy &
Industry Performance

April 30, 2025

1 OVERVIEW AND PROCESS

On March 27, 2025, Portlands Energy Centre Inc., on behalf of Portlands Energy Centre L.P. (PEC LP), applied to the Ontario Energy Board (OEB) under section 74 of the *Ontario Energy Board Act, 1998* (OEB Act) to amend Schedule 1 of its electricity generation licence (EG-2004-0540) to reflect an increase to the capacity of Napanee Generating Station by 430 MW, as it has been successful in the Independent Electricity System Operator's (IESO) recent Long-Term 1 RFP procurement. PEC LP has indicated that it will continue to own and operate the facility.

The OEB advised PEC LP that amendments to Part 5B.1 of its electricity generation licence are required to reflect changes to the markets administered by the IESO due to the IESO's implementation of the Market Renewal Program, which is expected to be launched on May 1, 2025.

On April 3, 2025, PEC LP submitted an amendment to its application, requesting amendments to Part 5B.1 of its licence. Part 5B.1 of PEC LP's licence contains a condition that requires it to offer all available generating capacity into the markets administered by the IESO for Operating Reserve, the Day-Ahead Commitment Process and for real-time Energy (Must Offer Condition).

This Decision and Order is issued under delegated authority without a hearing pursuant to section 6(4) of the OEB Act. As part of its review of this matter, the OEB consulted with the IESO. The OEB also provided a draft of the proposed conditions to PEC LP for its comments.

As described below, the OEB is amending Part 5B.1 of PEC LP's licence to reflect the Market Renewal Program. The OEB will also amend Schedule 1 of the licence as requested by PEC LP.

2 DECISION

In 2020, PEC LP's licence was amended to add a Must-Offer Condition which required it to offer all available generating capacity into the IESO-administered markets for Operating Reserve, real-time Energy, and in the Day-Ahead Commitment Process.¹ The amended licence also required PEC LP to enter into an agreement with the IESO in respect of the Must-Offer Condition, which was to include an IESO monitoring program, and to submit the agreement to the OEB for approval.

The Must-Offer Condition was intended to help prevent the exercise of market power, given that PEC LP and its related entities control significant generation capacity in the Province. The Must-Offer Condition requires that generation capacity not be withheld, which could otherwise lead to higher costs, inefficient dispatch, and uncompetitive outcomes.

The IESO's Market Renewal Program will make significant changes to Ontario's electricity markets which are expected to be implemented on May 1, 2025, including the introduction of new Day-Ahead Markets for Energy and Operating Reserve. The approved wording is set out in the Order section below.

Findings

The Market Renewal Program will replace the current Day-Ahead Commitment Process and real-time markets with a new Day Ahead Market and Real-Time Market. Changes are required to the Must-Offer Condition in PEC LP's licence to reflect the implementation of these changes to the market, as the current wording of the Must-Offer Condition refers to the current markets under the current Market Rules (i.e., the Legacy Market Rules).

While the IESO has stated that the changes contemplated by Market Renewal Program will be implemented as of May 1, 2025, it has also provided for a potential return to the Legacy Market Rules in the event of issues encountered during the implementation of the new markets. To account for this possibility, the OEB has bifurcated the Must-Offer Condition to preserve its applicability in circumstances where either of the Renewed Market Rules or the Legacy Market Rules are in force.

¹ See OEB Decision and Order: [EB-2019-0258 / EB-2020-0110](#)

The OEB understands that PEC LP is currently engaged in discussions with the IESO regarding amendments to the Must-Offer Condition Agreement to reflect the changes brought about by the Market Renewal Program. The licence requires that any material changes to the Must-Offer Condition Agreement be submitted to the OEB for approval. The OEB expects PEC LP to submit the proposed amendments to the Must-Offer Condition Agreement as soon as possible.

The OEB is aware that in July 2024, PEC LP began operating the Brighton Beach Generating Station, which it has owned for some time. The OEB understands the amended Must-Offer Condition Agreement will include Brighton Beach Generating Station given its similar operations to the other facilities included in the PEC LP agreement. The OEB expects that upon finalization of the amended agreement, PEC LP will file a licence amendment application to cancel the licence for Brighton Beach Power LP and add Brighton Beach to Schedule 1 of PEC LP's licence.

The OEB notes PEC LP's request to update the capacity information for Napanee Generating Station. In line with the OEB's current practice and desire to reduce administrative burden for licensees, the OEB is amending Schedule 1 of PEC LP's licence to remove the capacity information from all three facilities.

3 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Section 5B.1 of Portlands Energy Centre L.P.'s electricity generation licence (EG-2004-0540), is deleted and replaced with the following:
 1. Subject to any applicable regulatory or safety requirements and the Agreement described in section 5B.2, the Licensee shall comply with the following condition (the Must-Offer Condition):
 - a. the Licensee shall, at all times during any period that the Legacy Market Rules (as defined in the Market Rules) are in force, offer all available generating capacity into the IESO administered markets for Operating Reserve, the Day Ahead Commitment Process and real-time Energy; and
 - b. the Licensee shall, at all times during any period that the Renewed Market Rules (as defined in the Market Rules) are in force, offer all available generating capacity into the IESO administered markets for Energy and Operating Reserve, including the Day-Ahead Market and the Real-Time Market.
2. Schedule 1 of Portlands Energy Centre L.P.'s electricity generation licence (EG-2004-0540) is deleted and replaced with the following which removes the reference to specific capacity at each facility:
 1. The ownership and operation of Portlands Energy Centre natural gas-fired combined cycle generation facility located at 470 Unwin Ave., Toronto, Ontario.
 2. The ownership and operation of Halton Hills Generating Station, located at Part of Lot 15, Concession 6, 7974 Sixth Line South, Halton Hills, Ontario.

3. The ownership and operation of Napanee natural gas-fired combined cycle generation facility located at 7143 Loyalist Parkway, Bath, Ontario.

DATED at Toronto April 30, 2025

ONTARIO ENERGY BOARD

Brian Hewson
Vice President, Consumer Protection & Industry Performance