

April 26, 2021

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Ministry of Energy, Northern Development and Mines (“MENDM”)  
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Submitted via email: [rachel.thompson3@ontario.ca](mailto:rachel.thompson3@ontario.ca)

**RE: Ontario’s long-term energy planning framework (ERO number 019-3007)**

Dear Ms. Thompson

Energy Storage Canada (ESC) is the national association for the energy storage industry in Canada. Our membership represents all players along the energy storage value chain – technology providers, project developers, investors and operators, utilities, electricity distribution companies and NGOs. We represent some of the largest energy companies in Canada as well as some of the smallest and most innovative clean-tech organizations.

ESC focuses on advancing opportunities and building the market for energy storage through advocacy, networking, and stakeholder education. Our mission is to advance the energy storage industry in Canada through collaboration, education, policy development and research. ESC takes an unbiased view with respect to the range of available storage technologies and is supported by the contributions of our active members.

Last summer, ESC published *Unlocking Potential: An Economic Valuation of Energy Storage in Ontario* which demonstrates that Ontario is well positioned to realize savings for Ontario’s electricity customers through the adoption of energy storage. Specifically, we estimate that the integration of at least 1000 MW of energy storage in Ontario would provide a net savings of \$774 million to \$2 billion over 10-years under a base case and a high-case estimate. These savings are premised on several changes in regulatory design, and in market design and structure to enable provision of multiple services, to fully unlock the value of energy storage. The results of our report are also consistent with the National Research Council’s (NRC) *Canadian Energy Storage Report: 2019 Case Study for the Ontario Market* which finds that energy storage “can increase the overall benefits of the Ontario system by improving efficiency, providing resiliency and reliability, and increasing system flexibility. NRC’s report also underscored that value stacking wholesale market services with distribution services is essential for maximizing benefits.

Recognizing the potential benefits to Ontarians, ESC has advocated for the establishment of a competitive procurement process for new energy storage resources:

“Given the current inability to fully integrate energy storage within Ontario’s electricity market, and in order to unlock the system-wide value of energy storage now, the [Independent Electricity System Operators (IESO)] should contract for the full suite of services energy storage can deliver, and should enable the co-optimized operation of these storage resources. This would allow for full realization of the savings potential for customers, which cannot be achieved within the current market design and structure.” (Page 38, Unlocking Potential: An Economic Valuation of Energy Storage in Ontario)

This submission includes recommendations from ESC pursuant to the MENDM’s request for feedback to reform Ontario’s long-term energy planning framework. This submission is informed by the IESO’s Annual Planning Outlook (APO) published December 2020, which indicates that Ontario will require new investments to meet resource adequacy needs arising in the mid-2020s due to the retirement generation.

### **1. How can we promote transparency, accountability and effectiveness of energy planning and decision-making under a new planning framework?**

Transparency and accountability are absolutely required to ensure investor confidence in Ontario’s electricity market, enabling appropriate risk-mitigation by investors and delivering competitive prices for customers. In today’s electricity market, the IESO is the primary source of information about related to the needs of the Ontario grid and plans for future resource acquisition. The IESO’s APO and Integrated Regional Resource Plans (IRRP) provides information about projected system needs it does not provide granular data sufficient to guide resource development. Furthermore, these processes have limited accountability since the IESO’s plans and their underlying assumptions are not publicly scrutinized or defended.

The IESO’s planning process is also challenging to appropriately account for government decision-making (i.e., future government directives) that will have an impact on long-term plans. As a result, the IESO’s planning documents often include broad-sweeping caveats that the plans or needs may change due to future government direction. Therefore, the planning process is disjointed and feels uncoordinated between the various decision-making entities.

To improve transparency in planning, we recommend:

- Improving granularity and access to data about system needs (provincially and regionally) that inform planning documents prepared by IESO or other entities
- Providing analysis related to options considered, decisions-making framework, evaluation criteria and trade-offs embedded within the plans
- Detailing areas of uncertainty within the plans and how potential risks will be mitigated and communicated
- Clarifying accountability for decision-making between various government and agency decision-makings

## **2. What overarching goals and objectives should be recognized in a renewed planning framework?**

ESC suggests that the overarching goal of the renewed planning framework should be ensuring that electricity needs of Ontarians are met affordably, reliably, and sustainably. This would be achieved by:

- Transparent and timely access to data about emerging system needs;
- Clear decision-making frameworks and evaluation criteria, including a description of all costs or risks, including carbon pricing, as well as mitigation strategies; and
- Promoting the use of competitive frameworks and eliminating barriers to participation.

## **3. What respective roles should each of the Government, IESO, and the OEB hold in energy decision-making and long-term planning?**

The government's role should be to establish policy objectives for technical planners and regulators. For example, guidance on how planning decisions must account for affordability, community input and constraints, and environmental objectives. The government should ensure that seams-issues are addressed between various decision-making entities, clarifying accountability, and closing the gaps that arise in today's planning framework.

With respect to long-term planning and decision-making, the IESO's role should be to provide technical expertise and analysis, identifying system need, coordinating with stakeholders to solicit feedback, and neutral evaluation of options. Central to IESO's role is communications to stakeholders with respect to system needs, evaluation criteria, approach for evaluating options including trade-offs considered.

In the current framework, the OEB's role with respect to long-term planning is limited as it related to contracting new supply. ESC observes that there are trade-offs that need to be considered if the OEB's role were to be expanded to include oversight of supply-related decision. While increased regulatory oversight may improve the scrutinization of the planning process, there is a risk of increasing regulatory burden and delaying the timeframe in which to decisions are made. That said, certain elements of today's planning framework may merit a regulatory review, particularly if competitive tensions underlining the decision are limited. For example, it may be appropriate for the OEB to review planning assumptions associated with contracts for supply resources that are part of sole-source negotiations.

## **4. What kinds of decisions should be made by technical planners at the IESO and the OEB as regulators?**

The kinds of decisions that should be made by the IESO's technical planners include determining characteristics of system need, design of procurement mechanisms, timelines associated with launching procurements to meet system needs.

The OEB's decision-making should be focused on the enforcement of applicable laws and regulations.

## **5. What types of decisions should require government direction or approval?**

It may be appropriate for government to provide direction or approval on decisions that re-enforce government policy or to establish objectives, criteria, standards, etc. [NTD: need to consider how to weigh use of directives and ongoing planning certainty. For example, it would be reasonable for government to direct IESO to procure energy storage (i.e., prior to fully enabling energy storage within the wholesale market), which has been done in other jurisdictions (see ESC's valuation study for examples.) The government may also approve of IESO expenditures to make investment in system tools to enable energy storage benefits in the wholesale market ahead of currently planned schedule.

## **6. Are there gaps in the IESO and the OEB's mandates and objectives that limit their ability to effectively lead long-term planning?**

ESC believes that the IESO's mandate and objectives is sufficiently broad such that it should not be limiting to their ability to effectively lead long-term planning.

While the OEB is responsible for certain planning related decisions (e.g., leave to construct applications, rate setting for regulated entities, etc.), it is not required to review supply-side decisions in the current framework. Like transmission and distribution infrastructure, supply-side decisions represent large investments on behalf of electricity consumers. That said, as mentioned above, the benefits of increasing regulatory oversight must be weighed against the risks of increased regulatory burden and potential delays.

## **7. Should certain planning processes or decisions by the IESO, the OEB, or the government receive additional scrutiny, for example through legislative oversight or review by an expert committee?**

It may be appropriate for additional scrutiny of the planning processes or decisions that are made in absence of competition (e.g., sole-sourced contracts) or decisions that reflect prescribed financial threshold.

## **8. How often and in what form should government provide policy guidance and direction to facilitate effective long-term energy planning?**

A three-to-four-year planning cycle is an appropriate timeframe for government to provide policy guidance. A longer timeframe may lead to plans becoming stale-dated, while a shorter timeframe may provide little additional benefit. The form of providing policy guidance should be structured such to enforce effective implementation by IESO and/or OEB.

## **9. How do we ensure effective and meaningful Indigenous participation in energy sector decision-making?**

ESC recommends learning best practices from completed projects that involved significant indigenous participation. For example, the Gull Bay Microgrid Project can provide an excellent template. This project involved the Gull Bay First Nation along with several ESC members. In fact, ESC held a webinar

on April 7, 2021 to share the learnings from the development of that project. ESC would be pleased to make introductions if required.

Energy Storage Canada welcomes this opportunity to provide recommendations pursuant to the MENDM's request for feedback to reform Ontario's long-term energy planning framework in order to fully unlock the potential of energy storage in the province. We look forward to next steps in this consultation.

Sincerely,

A handwritten signature in black ink that reads "Justin W Rangooni". The signature is written in a cursive, flowing style.

Justin W. Rangooni  
Executive Director  
Energy Storage Canada