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Hon. Stephen Lecce
Ministry of Energy
77 Grenville St., 7th Floor
Toronto, ON
M7A 2C1

RE: Integrated Energy Resource Plan

Dear Minister Lecce,

We commend the Government for its pursuit of an Integrated Energy Resource Plan and are pleased to have the opportunity to provide feedback.

This initiative is a direct response to stakeholders requesting a plan from Government that provides a long-term view of Ontario's energy policy. This long-term view decreases political risk and enables companies to make significant investments in the province. The ability to plan ahead also helps companies build strong community relationships over time. In turn, our projects can better accommodate local communities' needs. Further, Indigenous communities will have the time they need to make thoughtful decisions around their economic participation and community impact.

Ontario has a long history of being a leader in energy sector transitions. Premier Ernie Eves started the provincial phase-out of coal, a decision that got international attention as it was significantly ahead of most jurisdictions. Now, Ontario can once again be a global leader in energy policy and planning. Invenergy shares the belief with Government that a successful approach to energy planning will be one that is pragmatic and balances affordability, reliability, and sustainability.

Invenergy is the leading privately held, global developer and operator of sustainable energy solutions. With over 34 GW developed internationally, we have contracted more than 1,700 MW in Canada to date. As we continue to expand our renewables portfolio, we continue to view our natural gas fleet as a key enabler of the energy transition.

Our natural gas-fired St Clair Energy Centre plays a vital role in Ontario's grid, contributing to reliability and providing affordable power. With a business-friendly environment and competitive procurements, we will continue to expand in Ontario, leveraging our global expertise across all generation technologies to support Ontario's ambitions to become an energy superpower. Strong direction from the government can provide us with the long-term certainty we need to make investment decisions in the province. This includes not only traditional technologies, but also emerging technologies like carbon capture, utilization and storage, hydrogen, and long-duration energy storage.

Again, we appreciate the opportunity to provide feedback on the province's Integrated Energy Resource Plan. Please find enclosed in this submission several items that we believe could help the Government shape the Integrated Energy Resource Plan.

Sincerely,

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Long-term Plan for Supply

We continue to support the Independent Electricity System Operator's (IESO) cadenced approach to procurements. A long-term view into IESO procurements allows us to start development early and mitigate roadblocks, maximizing the chances of a successful procurement. Indigenous and municipal engagement can also begin early, ensuring key stakeholders are educated and have a meaningful contribution to the development of the project. Knowing the long-term needs of the province also helps us secure materials for projects in advance, reducing supply chain risks and overall costs to project development. The Government should maintain its commitment to providing these long-term investment signals to the industry.

In line with these long-term signals, the Integrated Energy Resource Plan should include a clear plan for the future of gas generation. The IESO's Pathways to Decarbonization report leaves developers with several uncertainties around the IESO and Government's vision on the future of gas in the province. While gas provides an economic and efficient source of energy and capacity, if the province intends to create a plan to reduce reliance on fossil fuels, then the plan should indicate what will replace gas and how existing gas assets will be utilized. Generators should have the opportunity to contribute to the Government's plan, for example through piloting emerging technologies or redeveloping sites to achieve carbon neutrality.

For example, we are developing a hydrogen pilot in the United States that could be replicated in Ontario. Located on five acres of land near Invenenergy's Nelson Energy Center in Illinois, Sauk Valley, the project will produce clean hydrogen from renewable power. The plant will produce approximately 40 metric tons of clean hydrogen per year via water electrolysis. The project also includes a compressor, stationary ground storage, and a fill station with a mobile tube trailer bay for delivery by truck. The Sauk Valley Hydrogen Center will be operational and delivering clean hydrogen in 2025.

Long-term certainty can also be provided through transparency and information sharing. This will encourage investment in the province and ensure more suitable projects are put forward. Similar to other jurisdictions, the IESO should provide more information with forecasted demand by zone and a publicly available interconnection queue.

Connecting Projects

During the LT1 process, proponents experienced increased uncertainty regarding project deliverability due to transmission constraints. To avoid the same issue in the LT2 procurement, the IESO has issued a guidance document, developed in collaboration with Hydro One. This document outlines critical information for developers, including circuits to avoid, available regional capacity, and other transmission constraints that should be considered when selecting project sites.

Based on our experience, we have identified situations where it is possible to connect projects with only minor upgrades to either the substation or the transmission line. These upgrades can typically be completed within the timeframe required for the project's COD. We encourage the IESO to establish a framework that enables projects to interconnect when minor transmission enhancements at the Point of Interconnection can support the project. We are supportive of costs being translated to the proponent or shared through a cost-sharing mechanism. We can support the IESO in further developing this approach.

Additionally, the cost to obtain a Class 5 estimate for interconnection costs from Hydro One is roughly \$250,000 and takes 6 to 8 months to complete. The alternative is to rely on studies from third-party consultants who use a guidance document to develop a high-level scope of work for interconnection and an associated estimate for Hydro One to complete the work. As a result, proponents are required to submit fixed prices into IESO procurements without certainty on interconnection costs. The contract does not contain price adjustment mechanisms to account for significant increases from what was originally estimated in actual interconnection costs. Proponents are therefore fully exposed to these increases and may price that risk into their offers, reducing ratepayer value. The IESO should therefore consider introducing a price adjustment mechanism into IESO contracts to mitigate this risk.

Empowering Communities

The Government has a major task ahead: to address growing electricity demand while maintaining local community support. Ontario should look at other jurisdictions that have been successful in landing investments by allowing competition, innovation, and individual choice drive the growth of energy development. Places like Texas put the rights of private landowners first and acknowledge that the temporary use of farmland for energy development enables farmers to prosper and ensures they are able to keep their land within their family.

In addition to powering local households, businesses and services, property tax revenues from local projects help municipalities fund necessary services that improve residents' quality of life. The Government could play a role in emphasizing these benefits, or even enabling them through provincial incentives to host projects. This can be accomplished by creating a fund for Independent Power Producers to pay into or through the Future Clean Electricity Fund.

Transmission

The Government should move forward with a competitive procurement process for transmission. Invenergy has the expertise to deliver on economic and timely built transmission projects in Ontario. Opening the market to developers that could offer cost-effective and innovative solutions that support reliability, resiliency and ultimately maximize benefit to ratepayers. Invenergy is well-positioned to both move power within the province and advance jurisdictional interties that support the Minister's goals of exporting power.

Invenergy's current transmission projects deliver billions of dollars in customer cost savings, power economies for entire regions, create jobs, and facilitate payments to local governments and landowners. Bringing our demonstrated expertise to the province can enhance Ontario's grid reliability and energy independence as well as unlock new renewables to support climate and clean energy goals.

Crown Land

The IESO's LT2 procurement process will permit non-exclusive access to Crown land for project development, meaning that multiple proposals can be submitted for the same Crown land site with a onetime exception to existing Applicant of Record (AOR) holders. During the evaluation of proposals, the Ministry of Natural Resources (MNR) will identify any conflicting Crown land proposals to the IESO. The IESO will evaluate these sites using criteria outlined in the RFP. Only those projects selected through this evaluation will be granted exclusive access, which involves the disposition of Crown Land through a yet-to-be-finalized MNR Crown Land disposition process. Currently, the IESO is working on establishing a method for evaluating conflicting Crown Land proposals as part of its long-term procurement strategy.

We suggest that the IESO allow conflicting Crown Land proposals to enable adjacent projects that, while distinct, can share the same Crown land at a reduced capacity.

To facilitate this process, the IESO could utilize the existing mechanism of price-quantity alternates. This would allow proponents to define different project boundaries for various sizes, enabling the IESO to select alternates in the case of conflicting projects. Such an approach would effectively address conflicting Crown Land proposals, maximize the land utilization, and keep costs to ratepayers low.

Corporate PPAs

We were pleased to see the government's consideration of Corporate Purchase Power Agreements to help businesses manage their energy costs, contribute to grid reliability and address shareholder expectations. Jurisdictions that rely heavily on centralized procurements and government to build out generation have experienced large loads reversing their investments due to grid constraints. Enabling individual choice of businesses will not only help secure economic investments, bringing jobs to the province, but also reduce costs for the average ratepayer by allowing market forces to address supply where it is needed.