



APPRO

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INSIDE THIS ISSUE:

IESO Releases Resource Eligibility Interim Report

OEB Mandate Letter Issued

IESO Extending E-LTRFP Schedule the Expedited Procurement Process

APPRO update for members

The industry's monthly bulletin featuring updates, briefings, links and resources from the Association of Power Producers of Ontario.

Noteworthy News:

IESO Releases Resource Eligibility Interim Report

On October 7, the IESO released the [Resource Eligibility Interim Report](#) in response to an earlier request from the Minister of Energy to “provide recommendations on the eligibility of natural gas projects in ongoing IESO procurements for new electricity capacity.”

The IESO notes that the “report makes three key recommendations:

1. The IESO should move forward to procure approximately 2,500 MW of energy storage to provide flexibility to the power system, charging up when demand is low and providing electricity to the grid when it is needed most. Most of this new supply would be operational by 2027, representing what could be one of the largest storage fleets in North America.
2. These procurements should include other non-emitting forms of supply such as biofuels and renewable/storage hybrids – as they can also help meet peak demands and other changes in system needs.
3. In order to mitigate against global supply chain delays and ensure a reliable and affordable electricity system, up to 1,500 MW of natural gas capacity should be added between 2025 and 2027, in large part through upgrades and expansions at existing facilities.”

The Minister subsequently issued the IESO a Directive authorizing a number of resource procurement actions by the IESO including the Expedited Long-Term Request for Proposals, the Same Technology Upgrades Solicitation, and a five-year contract extension for Chapleau Generating Station. The Directive also outlined the resource eligibility requirements for the upcoming procurements identifying a minimum requirement of 1,500 MW of energy storage and a maximum of 1,500 MW of new natural gas capacity in line with the IESO's recommendation in its Resource Eligibility Interim Report.

APPrO President & CEO Dave Butters noted that the “announcement moves us in the right direction. It is a balanced, ‘safe bets’ approach using proven technologies that maintains a reliable, sustainable and affordable power system to meet the needs of a growing population and economy, while keeping us on the path to net zero.”

The full APPrO media release can be found here:

[Resource Eligibility Interim Report Announcement 7Oct22 FINAL](#)

IESO Extending Schedule for the Expedited Procurement Process (E-LT1 RFP).

On October 30, the IESO announced that the final E-LT1 procurement materials, which were scheduled to be published on November 1st, will now be published on December 6th. The IESO noted that changes to the proposal submission date and contract award date of the E-LT1 procurement will also be communicated shortly.

The IESO said that the extension “will provide proponents additional time to engage with communities and consider the outcomes of the deliverability assessment process. It will also provide time for developers to evaluate the Canada Infrastructure Bank’s proposed financing product which may reduce proposal prices and in turn ratepayer costs.” The IESO also noted that will this additional time will be used to “engage on the final revenue model for storage resources and to finalize the E-LT1-procurement materials based on the latest round of stakeholder feedback.” An engagement session to discuss the storage revenue model and the latest procurement material changes is being held on November 7 at 2 PM.

More information here: [November Stakeholder Engagements](#)

OEB Mandate Letter Issued

On October 21, the Minister of Energy issued a [Letter of Direction](#) (formerly known as a ‘mandate letter’) to Richard Dicerni, Chair of the Ontario Energy Board (OEB), outlining the government’s priorities and expectations for the regulator’s upcoming three-year planning period. The letter of direction highlights the challenges that Ontario’s energy sector will face during the electrification transition and move towards lower emissions from the supply mix. In line with previous communications, the Minister highlights the importance of enhancing reliability, resiliency and customer choice.

The seven-page letter identifies six near-term priorities for the OEB to significantly advance over the next year on measures related to the following:

- Electrification and Energy Transition Panel
- Regulatory Framework
- Distribution Sector Resiliency, Responsiveness, and Cost Efficiency
- Electric Vehicles (EVs)
- Performance Measurement Framework
- Red Tape Reduction

APPrO 2023 Strategic Planning Underway

In advance of the annual business planning cycle, the APPrO Board recently approved a strategic plan for the balance of 2022 and for 2023, building on the success of the Ontario’s Clean Energy Advantage campaign. This supports APPrO’s mission to achieve an economically and environmentally sustainable electricity sector in Ontario that supports the business interests of electricity generators, customers and the provincial economy.

Ontario will soon be faced with significant reliability challenges. IESO forecasts that over 12GW of resources will be required in the coming decade to meet reliability needs. In response, the IESO has commenced a process to acquire 4,000MW for delivery prior to 2027. A number of other procurement mechanisms are also underway, including capacity auctions, same technology expansions, and bilateral negotiations for certain assets.

The energy transition, necessary to address expected growth in demand, enhanced resiliency and heightened energy security, is challenging foundational notions of market boundaries, industry roles and responsibilities. An evolving interest in net-zero outcomes is also having an impact. The IESO is addressing some of these issues in its Pathways to Decarbonization report, and the forthcoming Annual Planning Outlook. At the same time, Ontario's Electrification and Energy Transition Panel will be focusing on short, medium and long-term opportunities for the energy sector to help Ontario's economy prepare for electrification, as well as identifying opportunities to strengthen Ontario's long-term energy planning process through better coordinating energy and the electricity sector.

In light of the changes noted above APPrO has recognized the need to be more systematic, tactical and flexible in terms of executing its Strategic Plan. In order to facilitate this, a new Member Working Group has been formed.

APPrO AGM on November 30.

More information will be mailed to members early in November.



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APPrO is a provincial non-profit corporation established to promote the interests of Ontario electricity generators within a truly open and competitive power industry.

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