



APPrO

ASSOCIATION OF
POWER PRODUCERS
OF ONTARIO

NEWSLETTER

APPrO news

VOLUME 2, No. 9
Nov. 2022

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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:

Combined End of Year Issue

This is a combination November and December issue. We will resume monthly editions in the New Year.

Our “virtual office” will close on December 21 and reopen on January 9.

In the meantime, APPrO wishes everyone a very merry and happy Holiday Season, and an exciting and fulfilling New Year. I hope that we can all engage in more in-person events in 2023!

OEB Decision on Export Tariff Rate (ETS) favourable to APPrO

On November 24, APPrO received a very positive outcome on the Generic Hearing on Uniform Transmission Rates-Related Issues and the Export Transmission Service (ETS) Rate. In short, the OEB accepted APPrO's argument that only 20% of the network costs should be allocated to exports due to the other system benefits and it reduced the ETS rate to \$1.78/MWh from \$1.85/MWh effective January 1, 2023. This is an especially good outcome when considering that OEB Staff were proposing an ETS rate of \$3.66/MWh by 2029 and \$5.42/MWh by 2035. The IESO was also an active participant and supported APPrO's general argument that the fee should be lower.

APPrO's participation was led by John Vellone of BLG, and our evidence was prepared by Power Advisory LLP. The OEB itself “...found the study undertaken by Power Advisory and the evidence and submissions of the IESO helpful in its deliberations. The OEB accepts that there could be an inverse relationship between the ETS rate and revenues collected via the ICP mechanism and accepts that increasing the ETS rate above \$1.85/MWh could have an impact on ICP revenues.”

More information here: [ETS Decision](#)

Timing of Pathways to Decarbonization Study, Annual Planning Outlook, and Conservation and Demand Management Framework Mid-Term Review

The Pathways to Decarbonization (P2D) report, the APO and CDM mid-term report were released by the IESO on December 15th.

The report shows that under ideal circumstances, a moratorium on new gas fired generation would be feasible beginning in 2027. At that point, the system would not require additional emitting generation to ensure reliability, if other forms of non-emitting supply can be added to the system in time to keep pace with demand growth. The results of this scenario would require investments of approximately \$26 billion in new infrastructure.

APPrO welcomed the report as “...an important milestone in understanding the challenges of meeting the province’s coming power needs and charting the transition to net zero”.

The IESO materials can be found here [Pathways to Decarbonization](#) and APPrO’s response can be found here: <https://appro.org/news-media/whats-new.html>

One key insight of this analysis “is that phasing gas generation out of the system will require ingenuity and the implementation of new technologies to reorient our current system, which is grounded in the flexibility that natural gas generators provide. This is in part because Ontario’s natural gas fleet is capable of providing continuous, flexible energy year round and under all weather conditions, and there is currently no like-for-like replacement. This means natural gas will be needed until reliable replacements have been identified, put into service and have demonstrated their capability.”

The APO provides the yearly long-term view of Ontario’s electricity system that forecasts electricity demand and supply needs. The CDM MTR reviews and makes recommendations on the current and future role of CDM in meeting system and customer needs.

We will provide a more detailed view of these in our January 2023 issue.

2023-24 Capacity Auction Results Released

On December 8, the IESO announced that 1,430.6 megawatts (MW) of supply for summer 2023 and 1,160 MW for winter 2023-2024 has been acquired through its annual capacity auction.

More here: [Capacity Auction Results](#)

Capacity Auction Enhancements - General and Technical Session meeting

On November 23rd, the IESO reviewed stakeholder feedback on the design memos for the following design topics: demand curve review, alternative to an HDR availability de-rate in qualification, and forced contributor outage proposal related to performance thresholds. The design memos included the IESO’s recommended proposal for each item.

More here: [Capacity Auction Enhancements](#)

APPrO AGM Held on November 30

On November 30th, APPrO held its annual AGM. Elections for certain classes of Directors took place at the meeting. The elected Directors are:

Small Generator representatives:

1. Jan Buijk
2. Lou Colangelo
3. Peter Ronson
4. Stephen Somerville

Other member (non-generator) representatives

1. Chris Benedetti
2. Pelino Colaiacovo
3. John Vellone
4. Stephen Furlan
5. Safouh Soufi

Welcome to the re-elected and new Directors.

OEA-APPrO joint conference

We are excited to announce that we will again be working with the OEA to put on the most relevant and timely Ontario energy sector conference. The date will be Monday, September 25th. More details in the New Year - but put a placeholder in your calendars now!

APPrO & BLG Webinar Series 2022

The 2022 series of five webinars wrapped up with an engaging and insightful session led by BLG partners John Vellone and Brendon Wong, using the recently published draft E-LT1-Contract as a case study to identify key PPA pitfalls and to discuss important litigation risks and best practices to help manage and mitigate those risks. The session was timely and on point, with good attendance.

We are currently looking at doing another series in 2023. Stay tuned for more in the New Year.



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APPrO's summary of [Social links](#) to join the conversation

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

APPrO News – ISSN 2563-5131 – Volume 36, No. 9.
Publisher: David Butters
Editorial Committee: Chris Benedetti, David Butters, Shane Freitag

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