



APPrO

ASSOCIATION OF
POWER PRODUCERS
OF ONTARIO

NEWSLETTER

APPrO news

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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:

OPG Gets Green Light to Extend Pickering Operation

With two of Ontario's nuclear stations, Darlington and Bruce, progressing through their refurbishments at the same time, OPG is seeking the Canadian Nuclear Safety Commission's (CNSC) approval to continue operating Pickering's Units 5 through 8 to the end of September 2026 to continue to provide clean energy during the emerging energy transformation. Units 1 and 4 will retire at the end of 2024 as planned.

The Province has also asked OPG to conduct a feasibility assessment on the potential for refurbishing Units 5 – 8. Over the next year, OPG will conduct a comprehensive technical examination. A final recommendation is likely to be submitted to the Province by the end of 2023.

APPrO congratulated OPG noting that Ontario economy will require all of its current assets AND a lot more over the coming decade to deal with decarbonization and electrification.

APPrO and OEA Ontario Energy Conference a Major Success



There was a palpable buzz in the room for the Ontario Energy Conference. Partly from the novelty of meeting people face to face after more than two years of pandemic-induced virtual meetings, partly from the pressing issues at hand. For the first time, the Association of Power Producers of Ontario (APPrO), joined forces with Ontario Energy Association (OEA) to co-host an



event that brought together thought leaders and power industry professionals to share perspectives.

The event was a sell-out with 349 registrants and 316 for the Gala Dinner.

The theme, Navigating to Net Zero-Ontario's Energy Transition, produced enlightening presentations and conversations that outlined

the complexity of the challenges ahead and the array of options available, while signalling the need for urgent and wise decision making.

The context was set by the first keynote speaker, Cynthia Leach, Assistant Chief Economist, Thought Leadership at RBC. She previewed a report that the bank would be releasing the next day, titled [The Price of Power: How to Cut Canada's Net Zero electricity bill.](#)

The bill is daunting. RBC has already estimated the cost of reaching net zero as 2 trillion dollars.

“Ontario is key to the transition,” Leach told the conference. “You will soon be facing choices and they will affect long term prospects.”

Lesley Gallinger, President and CEO of the IESO, who told the conference that demand is expected to increase by almost 2 per cent a year through 2040.

“Ontario's electrical system is at a pivotal point. Unprecedented growth is challenging the system,” she said.

Gallinger said that the IESO proposes expanding conservation programs, with incentives for consumers and business. The system operator also faces a critical question about when to phase out natural gas, without compromising cost and reliability. The government has asked the IESO to prepare a report on de-carbonization, which is due in the fall.

“It's important to get it right on the first try because in this sector there are no dress rehearsals,” said Gallinger.

Another keynote speaker, David Collie, is also preparing advice for the government as Chair of the Electrification and Energy Transition panel for the Ministry of Energy. He cited a word that might have been new to many in the room: “trilemma”.

The World Energy Council's Energy Trilemma Index ranks countries on their ability to provide sustainable energy while balancing three elements: security, equity (including accessibility and affordability) and environmental sustainability.

“All three need to be in harmony,” said Collie.

“Everyone seemed genuinely happy to convene in person again,” said Vince Brescia, President and CEO of the Ontario Energy Association.

“We had the whole sector there and what stood out for me was everyone's commitment to doing their bit to see the transition happen.”

Dave Butters, President and CEO of APPRO, had a similar impression.

“The conversations were of a very high quality, and it was great to see so many people you hadn't seen for a couple of years,” he said.

He was particularly struck by the session that focused on Indigenous opportunities.

“Getting to net zero and the energy transition are just massively big challenges with so many moving parts. I thought it was a great session to remind us of the necessity of providing economic opportunities for Indigenous communities,” he said.

Butters and Brescia agreed that the Energy Conference demonstrated the importance

of continuing to convene essential conversations among all the players in the industry. Whichever path we take in navigating to net zero, Ontario's energy system will play a pivotal role.

APPrO and the OEA will be repeating this joint conference in 2023. More details to come, so stay tuned!

APPrO Submits Comments on Proposed Federal Clean Energy Regulation (CER)

APPrO's submission to Environment and Climate Change Canada noted that Ontario's electricity sector will play an integral role in decarbonizing not only the Ontario but also the Canadian economy. The province's "Made-in-Ontario Environment Plan" indicates that Ontario will rely on increased electrification of buildings, electric vehicle transportation, industry performance standards, clean fuels, natural gas conservation, and innovations to drive decarbonization and help Ontario achieve its climate targets of reducing emissions by 30 per cent below 2005 levels by 2030.

However, APPrO noted that the current proposal risks contributing to regulatory confusion and overlap, as well as making electricity far more expensive for Canadians who might otherwise electrify and contribute to an economy-wide transition to net-zero. The federal government should not overlook the cumulative effect that the multiple price adders from each and all of the Output Based Pricing System, the Clean Fuel Regulations, and the Clean Electricity Regulations produce.

APPrO stressed that the Ontario electricity context is unique and must be both well understood and accommodated in the design and implementation of any CER. This involves both federal and provincial responsibilities as well as electricity system operations, resource adequacy, reliability, and electricity markets. The CER should take into consideration, the unique challenges and opportunities that each jurisdiction faces, with the ultimate goals of affordability, reliability and GHG reductions, and be consistent with Ontario's constitutional jurisdiction over electricity to ensure that Ontario is not treated in a discriminatory manner as a result of inconsistencies.

The complete submission can be found here [APPrO What's New](#)

Market Renewal Project Delayed

In May, APPrO informed the IESO of our concerns about MRP. We noted then that the time is right to take stock of the MRP project to refocus, rescope and refresh it to ensure the implementation of an enduring, robust and competitive energy market in Ontario.

IESO recently notified stakeholders at the September SAC meeting that the previously projected in-service date of November 2023 is no longer feasible. The IESO noted that:

"Integrating the foundational changes required across the more than 10 legacy systems that work together to dispatch and settle the wholesale electricity market requires more time for solution development and testing than originally anticipated. The project is at a stage where the information necessary to more accurately build the schedule is available, including the detailed system requirements and the associated vendor validated solution development times. This allowed IESO to complete a thorough review of the schedule resulting in a revised in-service date of May 2025, and a forecast budget of \$233 million. The revised budget estimate of \$233 million, including contingency, is \$55 million higher than the previously approved budget of \$178 million. The revised budget is higher due to increased costs to modify the IESO's IT systems, and increased labour costs arising from the longer project duration."

Resource Adequacy & Long-term RFP update

Long-term RFP and Expedited Process:

The IESO posted a draft RFP and Contract for the Expedited Process on August 25, and held a session to take questions from proponents on those draft documents on September 15. Proponents were asked to provide comments by September 30 to be incorporated into subsequent versions of those draft documents.

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2023 Capacity Auction enhancements

The proposed enhancements related to capacity qualification and modifications to the Auction's performance assessment framework will be further discussed through the Capacity Auction Enhancements engagement process prior to being implemented for the 2023 Capacity Auction. The first engagement sessions in August 2022 included both a general and technical session where more focussed discussion was held on issues related to HDR qualification and performance assessment threshold changes.

More information here: [September Engagement Update](#)



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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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