

CO/PO questions/edits to LTEP directives

LTEP IESO Directive

Question:

2.3 Are you able to provide some background on the direction around hydrogen pilot projects? Is this an extrapolation of the item identified in the appendix 1 of Energy's LTEP submission (Slide 61) as an example of "home grown nuclear innovations"?

Response

- The proposal for hydrogen pilot projects is not related to nuclear innovation. Instead, it relates to a concept described in the LTEP called "power-to-gas", where electricity is used to break water molecules down to oxygen and hydrogen (a process called electrolysis).
- This methodology is already in use to create hydrogen gas for fuels cells, and Metrolinx is doing a study on the use of hydrogen fuel cell powered go trains, but there are potential applications for both the electricity and alternative fuel sectors. For example, one of the energy storage projects procured by the IESO is an electrolysis system that draws power from the system in a way that provides ancillary services to the grid (e.g. managing voltage levels). The developer – Hydrogenics – can use that hydrogen for different purposes, including 'greening' natural gas by injecting the hydrogen into natural gas systems. The goal of the pilot projects is to explore other potential applications of hydrogen generation that can provide grid benefits as well as reduce greenhouse gas emissions.

Question

3.3- review of regional planning process- suggest that engagement with Indigenous communities should be included for this in addition to consultation with stakeholders and experts.

Response

- Stakeholders in the context of the regional planning is intended to encompass Indigenous communities. The preamble of the IESO directive also includes the following: "The implementation plan should also include how the IESO will engage with the public, Indigenous communities and stakeholders including electricity transmission and distribution companies and large power consumers on the policy reviews, processes and programs enumerated below."
- The IESO is working to enhance Indigenous participation in regional planning and is, for example, holding targeted sessions with First Nation representatives

Commented [AH(1)]: Add a couple bullets on Indigenous engagement through LTEP.

following each of the five Regional Electricity Forums it has planned for throughout the fall of 2017.

- Many First Nations do not have dedicated energy staff, and this can contribute to a lack of capacity to participate in regional planning initiatives. While the IESO's Aboriginal Community Energy Plan (ACEP) program focuses on local planning, it is supportive of community energy plans exploring work on a regional level.
- Almost 100 First Nation communities are participating in ACEP; there are five instances of the IESO approving ACEP funding for regionally-connected communities to undertake community energy planning as a group.
- The IESO is working with Métis to identify opportunities to enhance their participation in energy planning.
- In the fall of 2016 and winter of 2017, the ministry held 17 LTEP Indigenous engagement sessions in diverse regions of the province. These sessions included representation from over 100 Indigenous community and organization representatives.
- The ministry is committed to ongoing dialogue on energy issues with First Nation and Métis, continuing to identify how they will be best supported in energy sector participation, including regional planning.

Question

East-west Tie- is further direction not needed in addition to the August 4th letter re updated needs assessment?

Response

- No further direction is needed on the East West Tie at this time. The Minister has made a request to IESO to prepare a needs assessment and this was based on existing powers. We need to evaluate the results of this Needs Assessment, due in early December, before determining if further policy actions are appropriate. So no additional direction is needed to IESO or OEB at this point.

IESO Directive

Question

No reference to the direction to stop accepting incentive project applications for behind the meter generation projects using fossil fuel by July 1, 2018. This was

specifically called out in the policy minute. Is it being accomplished in some other way?

Response:

- The OEB amending directive (which was shared), and a separate amending direction to the IESO (which does not require Cabinet approval) include a provision to phase out the eligibility of behind the meter generation (Combined Heat and Power) using supplied fossil fuels, starting July 1, 2018:

Directive language:

iii. Notwithstanding the definition of CDM set out in subparagraph 3.ii., CDM shall be considered to exclude behind the meter customer generation that uses fossil fuels purchased from or otherwise supplied by a third party as a primary fuel source, where the application for the project is received by the IESO on or after July 1, 2018. For greater clarity, CDM shall continue to be inclusive of behind the meter generation, where the generation of electricity is primarily from heat or fuel that is a waste by-product of a facility.

Question

PO has asked that the directive include some language on Market Renewal and CCAP consistent with the language from the policy minute. Please propose language for review.

Response

- Market Renewal is currently underway.
- The IESO is developing market mechanisms to allow non-emitting resources (NERs) to compete in the evolving market that may also mitigate GHGs while at the same time manage risks related to planning uncertainties.
- More information is required to better understand how NERs can participate in future IESO market designs, including: marginal energy characteristics to participate in the energy market; emission characteristics; potential capacity contribution; and operating flexibility and other attributes supporting essential reliability services.

- The IESO has established a non-emitting resources sub-committee to ensure that the unique characteristics of non-emitting resources are fully considered in design work under market renewal.
 - There is value in allowing this sub-committee the opportunity to identify and consider the unique attributes of NERs and to bring forward informed market design proposals, as opposed to explicitly directing a course of action through the IESO implementation direction.

- The LTEP lays out policy direction and communicates expectations around the alignment of Market Renewal and the government's emission reductions goals (see page 36). An explicit reference in the directives is unnecessary and could be viewed negatively by the NER sub-committee as it could preclude the work they are doing.

OEB Directive

Question:

2.1 sub bullet 2 re "protection of consumers in the natural gas sector"- Are you able to provide some elaboration as to what the intention of this would be?

Response:

- This language would provide the OEB with the opportunity to identify ways or tools to better protect Ontario's natural gas consumers.