

Message

From: Andrew Pietrewicz [/O=POWER AUTHORITY/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=ANDREW.PIETREWICZ]
Sent: 2016-11-28 8:50:44 AM
To: Joyce Poon [/O=POWER AUTHORITY/OU=First Administrative Group/cn=Recipients/cn=Joyce.Poon]
Subject: RE: Bending the Cost Curve: Memo for Bruce Friday May 29
Attachments: RE: Energy Meeting with Premier & Minister

Perhaps three time's a charm?

See attached, I managed to find what I think are final or near-final versions...

ap

From: Joyce Poon
Sent: November 27, 2016 4:43 PM
To: Andrew Pietrewicz
Subject: Fw: Bending the Cost Curve: Memo for Bruce Friday May 29

Been there done that! Twice actually!

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Michael Lyle <Michael.Lyle@ieso.ca>
Sent: Sunday, November 27, 2016 4:36 PM
To: Andrew Pietrewicz; George Pessione; Joyce Poon
Subject: Fw: Bending the Cost Curve: Memo for Bruce Friday May 29

Thanks Andrew for your earlier email. I will pass that on to exec team. Does this exercise ring any bells?
Sent from my BlackBerry 10 smartphone on the Rogers network.

From: JoAnne Butler <JoAnne.Butler@ieso.ca>
Sent: Saturday, November 26, 2016 5:26 PM
To: Bruce Campbell; Michael Lyle; Terry Young; Doug Thomas; Kim Marshall; Kim Warren
Cc: Tam Wagner
Subject: FW: Bending the Cost Curve: Memo for Bruce Friday May 29

Here is what was put together by M&RD

From: Barbara Ellard
Sent: May 28, 2015 3:58 PM
To: JoAnne Butler; Shawn Cronkwright; Darryl Yahoda; Michael Killeavy
Subject: FW: Bending the Cost Curve: Memo for Bruce Friday May 29

Team,

Here is the final product that went to Julia. Thanks so much for your work and quick turnaround on this!

Barbara

From: Barbara Ellard
Sent: Thursday, May 28, 2015 3:57 PM
To: Julia McNally

Cc: Anthy Lovachis

Subject: RE: Bending the Cost Curve: Memo for Bruce Friday May 29

Here is the requested feedback from the Procurement Groups and P&A. Let me know if you need anything else.

Barbara

From a procurement perspective, many of the undertakings can be positioned as “refocusing” or “(re)calibrating” procurements to forecasted system/local needs (delaying procurements for assessment, cancelling procurements that don’t meet needs) and introducing competitive elements into procurements that have traditionally been non-competitive processes (SOPs) to get additional value for ratepayers.

Here is a summary by initiative:

CHPSOP 2.0 (second window)

– Procured has been postponed pending a report back (Sept 1) to the Minister on lessons learned from the first window and recommendations on going forward.

CHPSOP 2.0 (first window)

– Introduced concept of “price bid down” from standard offer pricing for applicants to prioritize projects for contract offers.

NUGs

– Negotiations for future contracts have been put on hold pending an assessment by the IESO on the appropriate framework for NUGs going forward. Assessment and subsequent recommendations will be driven on system need and value for ratepayer. A report back to the Minister is due Sept 1. Previous negotiations were conducted on a “value to the system” basis.

IEI

– IESO is advising against future streams for the IEI program or if future IEI activity is desired, to recalibrate the program to work better align with system needs.

FIT

- Introduced price bid-down priority points for FIT 4.
- FIT 4. Preference to proceed as planned and allow for price review in fall 2015 and adjusted prices in effect for January 1, 2016. The position put forth by CanSIA and other stakeholders re: “price certainty” at the time of application does not support bending the cost curve.
- FIT 5 (2016) and FIT 6 (2017). Removal of Contract Capacity Set-Asides (CCSA) would eliminate the need for commercial project developers to set-up complicated shell companies and the associated costs of doing so. This would allow FIT prices to be lowered further, as developer costs would be lower.

microFIT

- No changes introduced in 2015 that would increase participation rates.
- Expectation is that approximately one-half, or 25 MW will be procured in 2015 against a procurement target of 50 MW. Similar projections expected in 2016 and 2017 if no significant changes made
- IESO would welcome the opportunity to be included in ministry discussions on net-metering to look for opportunities to further reduce costs.
- IESO has developed solutions to assist in a cost-efficient transition from microFIT to net-metering

LRP I

- Moving from standard offer FIT pricing to a competitive procurement is expected to produce cost savings compared to the original approach of procuring large-scale projects using a standard offer program
- Maximum price caps have been introduced to ensure accepted proposals are below those levels

LRP II

- Directed stakeholder feedback and review following LRP I conclusion will push the start of the process until at least mid-2016, with contracts not awarded until 2017
- Simplification/elimination of various non-energy government policy items would allow developers to submit lower priced proposals
- Greatest cost saving would be achieved by cancelling the initiative completely

Energy Storage

- A maximum price component has been included in the procurement
- The IESO's report back to government will look to assess the need for storage going forward, so that any future procurement activities are best aligned with system need

P&A/Funds:

- Consolidation of four funding programs into one to improve access, administration and operations of the programs
- Overall budget for all the entire suite of the support programs has been limited to \$10M per year, whereas before it was \$10M/year for CEPP and a notional \$10M/year for AEPP
- CEPP is being brought in house from Deloitte which will provide additional ratepayer savings

Policy Initiatives

- Ensuring we are continuing to influence policy development early in the process to ensure impacts on ratepayers are minimized and effective solutions are put into place

From: Julia McNally
Sent: Wednesday, May 27, 2015 2:30 PM
To: Julia McNally; Barbara Ellard
Cc: Anthy Lovachis
Subject: RE: Bending the Cost Curve: Memo for Bruce Friday May 29

This should include what we are doing and what we plan to do.

From: Julia McNally
Sent: Wednesday, May 27, 2015 2:29 PM
To: Barbara Ellard
Cc: Anthy Lovachis
Subject: Bending the Cost Curve: Memo for Bruce Friday May 29

Barb,

Further to our discussion, we are putting together a memo for Bruce re how the IESO is taking steps to bend the cost curve. We would like to capture the spectrum of efforts, and where possible capture \$ savings. We are looking for a few bullets for all divisions explaining cost reductions, e.g.

- Delaying procurements
- Cancelling procurements
- Reducing tariffs
- Introducing competitive process for LRP

We need by EOD Thursday.

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