Ontario Planning Outlook: Update on Engagement Activities, Planning Considerations, and Next Steps

Prepared for discussion with the IESO Stakeholder Advisory Committee

May 11, 2016

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Purpose

- Describe how input received from stakeholders is being considered in the development of the Ontario Planning Outlook (OPO) technical report
- Update on planning context and considerations
- Discuss next steps

Overview of engagement activities

- Objective:
  - Seek input from the IESO Stakeholder Advisory Committee (SAC) and other key stakeholder and community groups on the IESO's supply/demand outlook and discussion content that will inform the OPO
- Engagement methods:
  - Communications and outreach efforts organized through the SAC process
  - Open discussion at March 23 SAC meeting to invite comments from members and the broader stakeholder and community groups/individuals
  - Targeted one-on-one meetings with approximately 25 organizations to invite discussion on the proposed planning process, preliminary outlook and potential themes to be further discussed at SAC and incorporated into the OPO
  - A comment period following the March 23 SAC meeting was available to provide feedback
    - Written submissions can be found on the IESO SAC website: http://www.ieso.ca/Pages/Participate/Stakeholder-Engagement/Stakeholder-Advisory-Committee.aspx
  - A final summary of input received and further discussion of OPO report contents to be presented to SAC on May 11

Summary of feedback received and how it is being considered in the development of the technical report

Key Themes	IESO Response
The reference case outlook is one possible future. There should be a recognition of risks/opportunities and potential impacts through scenario planning.	Report to recognize risks and uncertainties including the potential implication for planning arising from, for e.g., uncertainty around nuclear availability, demand/CDM uncertainty, and availability of resources with expiring contracts. Report will also recognize the opportunities various technologies and distributed energy resources could provide and their implications for planning.
The report should assess the implications of climate change policies and the impact of electrification on demand, electricity needs.	Report to describe the potential impacts and implications for the planning outlook arising from cap and trade and electrification.
The report should discuss the role of various technologies and inter-jurisdictional trade in the development of the plan.	Report to describe various opportunities that could emerge over the planning timeframe, the role they play, and implementation considerations. Report will not make specific technology recommendations.

Summary of feedback received and how it is being considered in the development of the technical report *continued...*

Key Themes	IESO Response
Report should recognize that system need can have various facets and some technologies are better suited than others in meeting those needs. Technologies should be allowed to compete to provide those services.	The report to be technology agnostic but will describe the particular needs that could arise (capacity, energy, GHG reduction) over the planning timeframe across various scenarios, the role various technologies could play in meeting those needs, and potential mechanisms/approaches for acquiring resources.
Report should recognize evolving customer choice and opportunities for customer participation.	Customer choice and de-centralization of the grid are trends that will be considered in the development of the report. Report to recognize the need for customer engagement throughout the planning process. Implications for planning will be discussed.
The IESO should provide stakeholders further details related to data, assumptions underpinning the report.	Assumptions and underlying data will be released with the report.

While the development of the technical report is a work in progress, some insights are beginning to emerge

- Ontario will have sufficient supply for the next several years. The timing/quantity of future supply needs will depend on, for example, the performance of refurbishments, prevalence of distributed energy resources and customer engagement, the impact of electrification, etc
- Cap and trade has the effect of reducing emissions compared to what they otherwise would have been
- Key sources of change over the planning horizon include:
    1. Risks and uncertainties *(aging fleet, nuclear schedule delays, Pickering extension, demand/CDM, transmission end of life, expiring contracts, etc)*
    2. Evolving opportunities *(renewables, storage, trade, customer choice and participation, etc)*
    3. Cap & trade and electrification *(due to electric vehicles, fuel switching, etc)*

Key takeaways – to be discussed further in the OPO

- Ontario for the most part is well positioned to meet expected demand through the next planning cycle, we have time to make decisions/react to change

- Focus in the meantime on seeing through to completion the various initiatives currently underway (remaining procurements, regional planning, market renewal, etc) as the current outlook is contingent on these

- While taking advantage of the healthy supply/demand period we're in today, set our sights on preparing for tomorrow:
  - Manage upcoming period of supply mix/demand transitions
  - Position Ontario to take advantage of good opportunities
  - Explore options for thriving amidst significant change such as those due to electrification of the economy

Next steps

- Timelines to be influenced by Bill 135 and the timing of when the IESO will receive a letter from the Minister requesting delivery of the technical report

- **May:** Continue to draft the technical report, submit to IESO Board of Directors

- **June/July:** Submit technical report to Government