

July 17, 2020

Hon. Greg Rickford
Minister of Energy, Northern Development and Mines
10th Floor, 77 Grenville St
Toronto, ON M7A 1B3

Hon. Bill Walker
Associate Minister of Energy
10th Floor, 77 Grenville St
Toronto, ON M7A 1B3

Dear Ministers Rickford & Walker,

Energy Storage Canada is the national industry association representing the broad range of companies engaged in the energy storage business across Canada. Our membership represents all players along the energy storage value chain -- technology providers, project developers, investors and operators, electricity distribution companies and NGOs. We represent some of the largest energy companies in Canada as well as some of the smallest and most innovative clean-tech organizations.

We are pleased to present our report, *Unlocking Potential: An Economic Valuation of Energy Storage in Ontario*. We undertook this work to present a full picture of the potential of energy storage in the province and the benefits it would provide to ratepayers if energy storage were truly enabled.

As you will see in our report, with the introduction of at least 1,000 MW of energy storage resources enabled in Ontario, ratepayers will realize an estimated net savings of up to \$774 million to over \$2B over the next decade in the base case and high case scenario, respectively. Using the OEB average of 700 kWh of consumption per month for residential customers, the range of potential annual savings would be \$4.50 to \$11.50 per year. The ability to provide these savings to the Ontario grid is unique to energy storage given its combination of attributes and ability to take advantage of surplus energy in the province to provide valuable services and cannot be replicated in aggregate by other resources.

However, given the current inability to fully integrate energy storage within Ontario's electricity market, in order to unlock the system-wide value of energy storage now, the IESO will need to contract for energy storage for the full suite of services it can deliver, and enable the co-optimized operation of these storage resources to fully realize the savings potential for customers, which cannot be achieved on its own within the current market design and structure.

This approach is consistent with other jurisdictions that have established energy storage procurements and/or targets for energy storage, for example:

- New York Energy Research & Development Authority (NYSED) programs for Bulk Storage Incentives, Retail Storage Incentives and Utility Procurement (2019)

- Nevada Energy's 2018 RFP for Renewable Energy including Dispatchable Energy
- Southern California Edison's 2019 System Reliability Request for Offers
- Australia's Northern Territory's 2020 procurement of large scale-battery storage

Energy Storage Canada therefore recommends for the IESO, in consultation with local distribution companies and the Ontario Energy Board, to immediately procure energy storage resources to begin to realize savings identified in the report and to develop an enduring new market mechanism for energy storage in the medium and long term.

Fully enabling energy storage would not only provide the ratepayers savings identified in the report but as well as adding to Ontario's GDP and creating jobs to the province and helping reduce GHG emissions¹. The jobs contribution of energy storage is significant and unique to this resource in part because of the diversity of assets that storage represents, ranging from commercially-facing jobs across the province for behind-the-meter assets to large-scale infrastructure projects that result in long-term job growth. Other benefits could include increasing export and import value benefits and helping communities reduce reliance on diesel generation.

Energy Storage Canada looks forward to working with you and your Ministry and related agencies to develop a path forward to unlock the potential of energy storage and realize the savings that fully enabling energy storage would bring to Ontario's ratepayers.

Sincerely,



Justin Wahid Rangooni, LL.B.
Executive Director
Energy Storage Canada

cc: Mr. Peter Gregg, President & CEO, IESO
Mr. Stephen Rhodes, Deputy Minister, Ministry of Energy, Northern Development and Mines
Mr. Patrick Sackville, Executive Director Policy, Premier's Office
Mr. Carlo Oliviero, Chief of Staff, Minister of Energy
Mr. Aaron Silver, Chief of Staff, Associate Minister Walker
Mr. Patrick Gajos, Director of Policy, Ministry of Energy
Ms. Shoshana Pasternak, Policy Advisor, Ministry of Energy
Mr. Steen Hume, Assistant Deputy Minister, Ministry of Energy, Northern Development and Mines

¹ According to a draft report to be released this fall by the National Research Council entitled *Canadian Energy Storage Report: 2019 Case Study for the Ontario Market*, 2,636 MW of energy storage installed in Ontario by 2030 would increase Ontario's GDP by \$768M, add 5,781 jobs and reduce Ontario's GHG emissions by 11% by 2030.