Feedback Form

Long-Term 2 (LT2) RFP – April 4, 2024

Feedback Provided by:

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Date: April 23, 2024

To promote transparency, feedback submitted will be posted on the Long-Term RFP engagement page unless otherwise requested by the sender. If you wish to provide confidential feedback, please mark "Confidential".

Following the LT2 RFP April 4, 2024, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the engagement web page.

Please submit feedback to engagement@ieso.ca by April 23, 2024.

Topic	Feedback
Do you have any comments regarding use of monthly production factors for the calculation of deemed energy revenues?	EDF Renewables supports the IESO's proposed change from an annual production factor to monthly production factors for the purpose of deeming energy market revenues. This change will enable VG resources such as wind and solar to better reflect seasonal variations in production and improve alignment between deemed and actual energy market revenues. The concept of using a production factor does create a production guarantee of sorts. We understand that this is necessary in order for the Grid Reliability Payment to adequately compensate for periods of undeliverability. However, we would like to note that production guarantees for intermittent resources can be problematic in typical PPAs.
Do you have any comments regarding use of the Forecasted Weighted Average Price (FWAP)?	Given the production from VG resources may be aligned with lower priced hours, EDF Renewables is concerned that deemed revenues would be higher than those earned in the RTM. We therefore support the concept of a Forecasted Weighted Average Price (FWAP) rather than a simple average of DA LMPs. We encourage the IESO to provide the actual formula for which it intends to calculate the FWAP.

Topic	Feedback
Do you have any comments or suggestions on further mitigating perceived risks associated with VG participation in the DAM?	The E-PPA and initiatives of MRP are new constructs and, as a result, it is very difficult for VG resources to quantify the transitional risks of adding a binding Day Ahead market where previously one did not exist. In addition, without historical data and operations it is extremely difficult to assess the potential for DA to RT risk. To address this concern, EDF Renewables proposes the E-PPA in the LT2 procurement to deem revenues based on RT prices instead of DA prices such that we aren't forced to take a risk we are unable to quantify adequately. If there are VG developers who are comfortable with their ability assess this risk and see opportunity taking the risk, they should be able to lower their revenue requirement and be more competitive in the LT2 procurement. Overall, this will be better for rate payers. By deeming revenues in the E-PPA on DA prices the E-PPA requires bidders to quantify the DA to RT risk and build potential differences into its Revenue Requirement. Conversely, if the revenues were to be deemed on RT prices, any benefit a generator sees by participating in the DA market would be kept by the generator and they would be able to lower their revenue requirement and thus be more competitive.

LT2 RFP & Contract: Key Provisions

Topic	Feedback
Do you have any comments regarding the use of minimum production factors during proposal evaluation?	It is unclear the benefit of introducing minimum production factors and more information on their use is required.

Topic	Feedback
Do you have any comments regarding the application of the non-performance charge?	Non-performance charges for production on VG resources is a difficult proposition. As mentioned earlier, typical VG PPAs do not carry additional charges for non-performance. Given that the production of wind and solar is not a controllable risk by the generator it does not seem appropriate to penalize for under performance. A typical VG PPA would measure availability instead of production. The NYSERDA RES Agreement uses a mechanism to lower the contract volume in the event of 3 years average below 80% of its contract quantity. This kind of penalty has potential consequences to lending agreements and the generator has a vested interest in meeting this threshold but does not impose direct financial penalties for non-performance. Under performance would already be penalized in the monthly production factors and thus does not need to be penalized again.
Do you have any comments regarding the treatment of outages under the LT2 Contract?	The use of outages seems consistent with the approach in other IESO contracts that employ deemed revenue mechanisms. More information on the impacts and ability to claim Force Majeure is required.
Do you have any comments regarding the payback of Deemed Market Revenues greater than the Monthly Revenue Requirement?	In concept this seems appropriate, and variations of similar mechanisms are found in other markets. The appropriateness of the IESO's suggestion depends entirely on the details. We encourage the IESO to share said details to properly evaluate the suggestion.

MT2 RFP

Topic	Feedback
Do you have any comments regarding the IESO's considerations on the MT2 RFP, including timing, eligibility, and the interplay between repowering and the MT2 and LT2 RFPs?	

Long Lead Time Resources

Topic	Feedback
Do you have any comments regarding the IESO's considerations on Long Lead Time Resources, including timing, eligibility, targets, and term?	

General Comments/Feedback

EDF Renewables would recommend that the IESO implement 25 or 30-year contract lengths for the LT2 RFP. We would support and affirm the statement made by CanREA that a longer contract term would reduce contract prices, align with the useful lifespan of wind and solar facilities, help Ontario to remain competitive with other jurisdictions (i.e. Quebec, BC, Saskatchewan, Nova Scotia) which offer the greater than 20 year contract lengths.