

Feedback Form

Annual Acquisition Report

Public Information Session – April 8, 2022

Feedback Provided by:

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Following the April 8^h public information session on the Annual Acquisition Report (AAR), the Independent Electricity System Operator (IESO) is seeking feedback from participants on a variety of questions and details included in the report and session on April 8 to help further inform the path forward on meeting the needs identified in the AAR.

The referenced presentation can be found on the [AAR webpage](#).

Please provide feedback by **April, 27 2022 to engagement@ieso.ca**. Also, please feel free to send any questions or request for clarification on the AAR in advance of the April 20 engagement session. This will ensure the IESO is prepared to help inform stakeholder feedback before the April 27 deadline.

Same Technology Expansions

Topic	Feedback
<p>What procurement/negotiation timelines (i.e., contract execution) and forward period would be required to support a 2025 in-service date?</p>	<p>What is the demarcation point of an existing asset versus an uprate? A clear definition needs to be provided. What would the incremental capacity revenue be based on, will it be aligned with an underlying contract and how is the incremental capacity determined?</p> <p>A longer term of 15 years is good, but a 20 year contract would be preferred. One suggestion would be to procure a smaller amount for 20 years and then procure a second tranche for an additional 20 years so that a portfolio is developed to balance the risk to the ratepayer. This would help with not procuring more than what is needed. When determining the term of the same technology expansion/uprate the expected useful life of the prospective upgrades should be taken into account, given many of these upgrades have a long life expectancy.</p> <p>It may be difficult for some facilities to commit to the early in-service date given the lead time required to plan, purchase and schedule all that is needed for the particular upgrade. This increases risk to the owner/supplier if there are unexpected delays.</p>

Topic	Feedback
<p>Is there any other external support (e.g., from the IESO) that would be needed to help proponents meet expedited development timelines?</p>	<p>There would need to be reasonable Force Majeure provisions. A hard stop at May 1, 2025 (e.g. contract cancelled and any securities forfeited) will be very hard for proponents to accept. There needs to be a defined process for managing project in-service delays and providing schedule relief for certain types of delays that are outside the proponents control. For instance as part of the contract, IESO could specify predefined schedule durations for key activities by third parties like the CIA/SIA process and related connection implementation work and grant schedule relief if the schedule durations are exceeded due to other involved parties (e.g. IESO, Transmitters, and LDCs).</p>
<p>What considerations should be given for community engagement and/or indigenous participation?</p>	<p>Instead of evaluating Indigenous Participation solely as a rated criteria, in addition to this criteria, include a price adder for the various levels of Indigenous Participation that could be applied at any time during the contract term (e.g. this could be a X% adder to the Net Revenue Requirement). This would allow proponents to have more time to negotiate Indigenous Participation agreements and provides an ongoing incentive for these types of agreements to be entered into post contract award.</p>

Forward Capacity Auction

Topic	Feedback
Expanded participation and eligibility for resources	<ul style="list-style-type: none"> • In the current auction, participants have the flexibility to offer different MW quantities and prices in each six month obligation period. This flexibility should be maintained in the three-year auction (i.e., six distinct obligation periods). • Participants should have the opportunity to increase their UCAP throughout the three-year period through improved test performance (i.e., achieving their ICAP value). OPG feels this flexibility is important to avoid locking a resource at an inaccurately low UCAP for the entire 3 year period. • Market Rules and Manuals in place at the time of the three-year auction should remain frozen for the duration of the auction (via the point-in-time freeze mechanism in the Market Rules today). This approach could result in differences between the rules for the annual auctions in 2024 and 2025, and the rules active in the three-year auction. IESO should anticipate any potential conflicts arising from having two auctions active with different rules.
Demand curve parameters	
Interactions with the annual capacity auction including target capacities	<ul style="list-style-type: none"> • The IESO should investigate and resolve any conflicts between the three year auction, the annual auctions, and the overlapping MT-RFP (e.g., timelines, incentives, offer obligations) to ensure the three procurement mechanisms achieve optimal results for ratepayers and proponents.
Input into the design of longer commitment periods	
Other business/engagement/participation considerations associated with longer forward periods	

Expedited Procurement

Topic	Feedback
<p>What incentives are sufficient to encourage expedited project development to meet the 2025 needs (e.g., term length, pricing adders, reduced RFP requirements)?</p>	<p>Term length would be a great incentive. The longer the term the greater certainty that a particular resource will be financeable, developed and available.</p> <p>The contract term for the expedited procurement should be increased to a minimum of 20 years.</p> <p>Pricing adders would also be a good incentive to encourage expedited project development to meet the 2025 needs.</p> <p>Provide a price adder (e.g. X% adder to the Net Revenue Requirement) for projects that is awarded if projects are in-service by May 1, 2025 and reduce the price adder over time up to the longstop date.</p> <p>We are not in favour of Reduced RFP requirements since everyone should have a standard criteria of care in connection, must offer obligations etc.</p>
<p>What procurement timelines (i.e., contract execution) and forward period would be required to support a 2025 in-service date?</p>	
<p>Is there any other external support (e.g., from the IESO) that would be needed to help proponents meet expedited development timelines?</p>	<p>As per comments provided in the Same Technology Expansion Section above.</p>
<p>What considerations should be given for community engagement and/or Indigenous participation?</p>	<p>As per comments provided in the Same Technology Expansion Section above.</p>

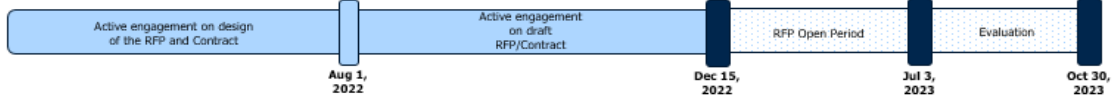
General Comments/Feedback

This section can include insight on the proposed additional mechanisms including:

- Whether these are the right mechanisms to support in-service dates of 2025/26?
- Are the proposed timelines for the expedited process achievable?

General Feedback (expand this text box as required):

LT1 RFP
Timeline



**All future dates are tentative: 2022 and 2023 timelines are not to scale.*