Feedback Form

Long Lead-Time Resource Procurement – April 23, 2025

Feedback Provided by:

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Date: May 9, 2025

To promote transparency, feedback submitted will be posted on the Long Lead-Time engagement page unless otherwise requested by the sender.

- ☐ **Yes – there is confidential information, do not post**
- ✓ **No – comfortable to publish to the IESO web page**

Following the LT2 RFP April 23, 2024, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation and recording can be accessed from the LLT engagement web page.

Note: The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials please indicate if they are confidential.

Please submit feedback to engagement@ieso.ca **by May 9, 2025.**

Resource Eligibility: Hydroelectric Resources

No feedback.

Resource Eligibility: LDES Resources

Hydrostor agrees with the IESO that the LLT Capacity Stream should target LLT LDES Resources, being those LDES resources that typically have a standard development plus construction timeline of 6+ years. Hydrostor also supports the targeting of commercially-ready technologies such as compressed air energy storage and pumped hydro storage, which is important for long-term grid reliability and resource diversity.

Term Length & Commercial Operation

Term Length:

Hydrostor supports the IESO's usage of a 40-year term length for the LLT contract, which is more aligned with the significantly longer operational lives of hydroelectric and LLT LDES technologies being targeted through this procurement (for example, Hydrostor's A-CAES technology has a 50+ year lifetime). This will result in more competitive pricing outcomes from the procurement, to the benefit of Ontario ratepayers.

Commercial Operation:

Hydrostor supports the IESO's proposed approach for the Milestone Date for Commercial Operations of 8 years following contract award. Hydrostor also supports the permittance of early in-service for projects should they be available to come online prior to the MCOD, and provided there are no deliverability limitations.

For the Longstop Date, we suggest the IESO consider extending this to 30 months or more after MCOD, to account for the inherently longer development timelines for LLT projects.

Mandatory Requirements

Hydrostor generally agrees with the IESO's proposed mandatory requirements around Team Member Experience and a Minimum Duration of 8 hours for the LLT Capacity stream.

Rated Criteria

Rated Criteria Points for Projects Sited in Northern Ontario:

Hydrostor suggests that there be no weighted criteria points for LLT LDES resources located in the Northern zone. Given the long lives of resources being procured in the LLT RFP and the strategic value of LDES, these should ideally be located in strategically significant areas of the grid to best serve system needs.

Rated Criteria Points for Projects Sited Outside Prime Agricultural Areas:

Hydrostor recognizes the importance of agricultural development planning considerations, as well as the importance of completing an Agricultural Impact Assessment as one key part of ensuring active engagement with municipal communities and councils. However, we suggest that for projects participating in the LLT RFP specifically, there be no rated criteria points related to the usage of prime agricultural areas. There will be a comparatively limited number of LLT LDES projects being developed, with these projects having a very high energy density. Importantly, these resources will have long lives and should ideally be located in strategically significant areas of the grid to best serve system needs over their long lives. LLT LDES resources should therefore be encouraged to site in areas that maximize their long-term system benefits. Providing rated criteria points to projects that avoid prime agricultural areas effectively amounts to a grading system that could penalize optimal LLT LDES siting from a long-term system benefits perspective, which runs counter to the ultimate objective of the LLT RFP.

Proposal and Contract Security

Hydrostor suggests the IESO uses a phased approach for the proposal security.

LLT resources have a longer and higher-cost development cycle compared to intermittent renewables and short-duration storage, and a sizable development security at a relatively early point of their development cycle may hinder competitive participation in the RFP process.

Using a phased approach, the IESO can maintain the same total size of the bid security (e.g., $35,000/MW subject to a maximum of $15 million), but require a portion of this security to be posted with proposal submission and the remainder to be posted at different milestones.

General Comments/Feedback

- **Procurement certainty:** The IESO's official kick-off of the LLT Engagement was an important first step in LLT Procurement process. Moving forward, it is of critical importance that the IESO provide developers with certainty for an ultimate LLT Procurement. LLT resources are deploying large amounts of development capital to prepare for bid submission. This certainty is needed to ensure procurement success, and to maintain LLT developers' continued interest and participation.

- **Procurement size:** Hydrostor strongly recommends the capacity stream of the LLT procurement target at least 1,000 MW, with the ability to contract for more if beneficial. The most competitive LLT LDES resources will be those that are built at scale, Ontario's supply needs continue to grow as evidenced by the IESO's most recent APO, and LLT resources will provide the IESO with much-needed reliability and resource diversity. It is therefore critical that the ultimate procurement target be set such that both larger and smaller LLT resources are not limited in their participation due procurement size limitations.

- **Deliverability and Interconnection:** LLT projects require a specialized approach for evaluating Deliverability and Interconnection that is unlike the approach being contemplated for LT2. LLT LDES projects have longer lead times, long asset lives, and provide additional value to the grid. Considering these key benefits, the IESO should consider the deliverability of each LLT resource in a flexible manner. Beyond the scope of the LLT RFP process, the IESO should take a holistic approach in including future IESO bulk system planning reports and network upgrades, along with the corresponding network benefits of the LLT resources. If network upgrades are identified for these LLT strategic assets, the long lead times of these resources provides ample time for the IESO to conduct the required upgrades.