

Feedback Form

Long Lead-Time Resource Procurement – April 23, 2025

Feedback Provided by:

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Date: May 8, 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

Do you have any feedback regarding Hydroelectric resource eligibility?

The IESO is interested in any specific project information regarding potential hydro redevelopments, expansions and upgrades looking to participate in the procurement to help inform eligibility.

The Annual Planning Outlook prepared by the IESO considers hydroelectric resources as perpetual assets which is possible provided there is continued investment into those resources. For example, we own and operate hydroelectric generating stations that range from less than 10 years old to greater than 110 years.

Redevelopment (i.e. replacing turbines and generators approaching end of life), expansion and upgrades (responding to additional resources to increase capacity) are approaches that allow proponents to add further value for energy production but can also align with water control, grid reliability and climate change resiliency opportunities. We support the inclusion of retrofits, expansions, upgrades, refurbishments and redevelopments in this program with an appropriate contract term for Suppliers to validate financing and economic return requirements.

Resource Eligibility: LDES Resources

Do you have any feedback regarding LDES resource eligibility?

The IESO is looking for feedback to consider when developing the list of LDES technologies that will be eligible to participate in the procurement.

Term Length & Commercial Operation

Do you have any feedback regarding the proposed term length and MCOD?

A 40-year contract term is an appropriate length given the longer development timelines and the minimum expected life of an asset.

The draft LT2(e-1) Contract (Section 2.2.(e)(iii)) seeks to incentivize early operation such that if Commercial Operation of the Facility is achieved before the COD Bonus End Date, the Supplier shall be entitled to apply a fixed payment multiplier to the Fixed Price, which will be determined based on the time-period in which the COD was achieved. Given that the LLT Contract will have a Commercial Operation Date that is more than five (5) years but no more than eight (8) years, it is recommended that a similar concept be applied (e.g. increasing multiplier for projects coming online in year seven (7), year six (6) and year five (5)).

Mandatory Requirements

Do you have any feedback regarding the requirements noted?

The requirements listed remain consistent with previous procurements. No further comment.

Rated Criteria

Do you have any feedback regarding the rated criteria noted in the presentation?

Hydroelectric resources would not be in prime agricultural areas. This criterion may not be effective for selecting preferred sites.

Do you have suggestions on additional criteria that should be considered as part of the LLT Resource Procurement? Please provide rationale to support any recommendations.

It may be appropriate to consider municipal owned projects as an added value proposition. In addition to capital investment in the local region, revenues would stay in the local area, directly empowering the growth of those communities. This could help offset challenges with eligibility for the Clean Technology ITC for those proponents.

Hydroelectric projects located on managed waterways would be less of an impact than those on unmanaged waterways. Rated criteria for those locations would encourage further development of those resources.

Proposal and Contract Security

Do you have any feedback the IESO should consider when developing a proposal for this design item?

We support a lower amount as part of the proposal submission, with amounts to increase as the project reaches key milestone(s) (i.e. successful completion of the impact assessment or Notice To Proceed).

Alternatively, a \$35,000/MW threshold could be applied, without a minimum price (i.e. \$500,000), as many run of river projects are smaller in size and would be disproportionately impacted.

Contract Design Considerations

Do you have any feedback on the contract design considerations discussed?

The IESO is looking for feedback on the LT2 draft contracts to help inform design for the LLT contract. Please highlight any areas you think should be reconsidered for LLT resources; provide as much detail and rationale as possible to help inform decision making.

- There should be a mechanism included within the LLT Program Rules and contract that helps to de-risk predevelopment costs including regulatory processes and provision of capacity for Indigenous/municipal communities to effectively participate as project proponents or partners.
- Grid-based unavailability should not impact the Supplier with the Annual Average Imputed Production Factor provided the Supplier can show it was not able to inject electricity onto the grid, either directly or indirectly. Given hydro is a much longer-lived asset, we recommend that the IESO utilize a five (5) year rolling average of production to determine non-performance of meeting the 80% threshold.
- Deliverability assessments and securing a connection to the grid will be critical for Long Lead Time projects. PUI supports the one-on-one consultation approach but would like further clarity on how the IESO will allocate capacity for these resources considering other procurement programs such as LT2 and the Local Generation program.

- Long-lived hydroelectric assets require investment to ensure safe and reliable operation as they provide functions beyond energy generation. PUI recommends a provision within the contract to allow for extended outages to complete redevelopments or upgrades without penalty, with approval from the IESO prior to such activities commencing.
- The two-stage approach or the ability to re-bid a price (in response to tariffs) requires a longer time span given the long-lead time of procuring water-to-wire products.

General Comments/Feedback