Feedback Form

Long-Term 2 RFP – December 13, 2023

Feedback Provided by:

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

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

Please submit feedback to mailto:engagement@ieso.ca by January 15, 2024. If you wish to provide confidential feedback, please mark "Confidential". Feedback that is not marked "Confidential" will be posted on the engagement webpage.

Resource Adequacy Framework and Cadenced Procurement Approach

Topic	Feedback
Do you have any comments or concerns regarding the cadenced nature between upcoming LT and MT RFPs?	ABO supports the proposed cadenced approach. Long-term visibility on procurement targets provides a strong investment signal and will help to deliver better project outcomes.
Do you have any comments or concerns regarding the proposed offering of both capacity style and new revenue model style of contracts, based on resource eligibility requirements and system needs?	See comments regarding revenue model.
Do you have any concerns regarding the proposed target setting approach for upcoming MT RFPs?	
Do you have any comments regarding how best to employ bridging and extensions to contracts to facilitate the success of the Resource Adequacy Framework?	

LT2 RFP Resource Eligibility and Timelines

Topic	Feedback
Do you have any general feedback on resource eligibility and timelines?	To date, the IESO has not provided sufficient clarity regarding planning assumptions for repowering and re-contracting of existing facilities. The extent to which these facilities continue operating would seem to have a significant impact the volume of net new generation required, and this information should be shared with prospective proponents as soon as possible.
If the potential of repowering an existing facility applies to you, would you be interested in exploring this option further?	

Topic	Feedback
How should the optimal threshold for what constitutes a partial or fully repowered facility be determined and what considerations should be taken into account regarding the repowering of different resource types?	
What considerations should be taken into account for new-build DERs?	
Please express any interest and opportunities for uprates and/or expansions at any of your existing facilities.	

LT2 RFP Design Considerations – System Congestion and Deliverability Approach

Topic	Feedback
What early system congestion information do proponents need to guide them in choosing the location of their projects and when is this needed by within the procurement cycle?	To enable proponents to make optimal project siting decisions, the IESO should provide detailed information on the time, duration and frequency of congestion both at specific locations and at a system level. This information should be shared as soon as possible.
Do you have any general suggestions for how to approach deliverability evaluation in the LT2 RFP?	It is difficult to comment on the proposed LT2 deliverability evaluation in the absence of clear detail on the methodology for carrying out these assessments. This information should be provided in extensive detail, as early in the procurement process as possible. If the IESO intends to evaluate project economics based on energy congestion, short-circuit ratings of breakers, transmission line ratings, etc., it is not clear what purpose would be served by the proposed "Enhanced PPA" revenue model in terms of incenting price-responsiveness from stand-alone variable renewable generators, and there is not sufficient clarity as to whether hybrid resources would be able to participate in the procurement at present.

LT2 RFP Design Considerations – General Feedback

Topic	Feedback
Do you have any comments regarding the impacts that agricultural land-use limitations may have on project development?	Pursuant to the *Green Energy Repeal Act* (2018), land use planning decision-making has been restored to municipalities, ensuring local voices have the final say on energy projects in their communities. Ontario has robust and detailed land use policies to protect agricultural land and farm operations for the long term, and we are confident that these policies will continue to inform and guide municipalities to make the right decisions for their communities regarding project siting, without the need for any blanket limitations from the provincial government.
Do you have any comments regarding what evaluation criteria can be utilized to evaluate project readiness, given tight timelines and reliability needs?	ABO strongly supports the IESO's proposal to not include an RFQ or qualification stage prior to the LT2 RFP. While it may be appropriate to define certain mandatory minimum experience requirements for participants as part of the RFP, onerous requirements that development experience be specific to the Ontario market risk needlessly excluding well-resourced and highly experienced teams, thereby reducing competition, and leading to increased costs for ratepayers.
Do you have input on the proposed mechanism for valuing Indigenous participation?	
Are there any other rated criteria that should be considered?	

Long Lead Time Resources

Topic	Feedback
Does the proposed approach to enabling long-lead time resources enable meaningful participation or sufficient certainty?	The IESO should seek to clearly define a specific system need, and then select the most cost-effective resource to meet that need through a fair and open competitive process. Offering preferential flexibility to a specific technology or technologies over others will undermine the fairness of this process and result in increased costs for Ontario ratepayers.
What additional considerations should the IESO contemplate for enabling broader participation from long-lead time resources?	

Revenue Model

Topic	Feedback
As a potential proponent, are you generally supportive of the proposed Enhanced PPA revenue model? Are there any other considerations that the IESO should look into further with regards to the revenue model?	ABO foresees a number of very significant challenges with implementing the proposed Enhanced PPA revenue model. Renewable energy developers identify viable locations for projects based primarily on the availability of wind or solar resources; regulatory restrictions on land usage and the likelihood of community support; and the availability of interconnection capacity. Given the existing challenges regarding project siting in Ontario, these factors will be overwhelmingly more important than a forecasted LMP for proponents participating in this procurement. As wind and solar PV represent by far the lowest-cost and shortest-lead-time non-emitting generation resources, the IESO should be seeking to encourage development of these resources to the greatest extent possible. A contract based on deemed energy revenues at a resource's Day-Ahead nodal or LMP will not incent more price-responsiveness from variable generators, particularly in the absence of clarity regarding hybrid resource participation. This proposed revenue model will only serve to add further complexity and uncertainty for proponents, ultimately resulting in needlessly higher costs for ratepayers and without incenting any meaningful increase in price-responsiveness from variable renewable generators.

General Comments/Feedback

Hybrid renewable generation-plus-storage resources could make a significant contribution to meeting Ontario's system needs. In order for hybrids to participate in LT2 and subsequent procurements, the IESO would need to provide greater clarity and certainty for proponents regarding a regulatory framework for different hybrid configurations (AC-colocated/DC-co-located/AC-integrated/DC-integrated) and mechanisms to fairly compensate co-located/integrated storage resources for their value to the energy system.