

Feedback Form

Long-Term 2 RFP – December 13, 2023

Feedback Provided by:

Name: Katherine Hamilton

Title: Executive Director

Organization: Advanced Energy Management Alliance

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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?	
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?	
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?	
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?

Process Clarity

The IESO must ensure that a clear and commercially viable model for DER participation is in place well in advance of the targeted date for proposal submission (i.e. at least 1 year). Based on the December 13 engagement session it appears that DER participation is linked to or contingent upon the outcome of the ERP (which, in turn, appears to be partly contingent upon MRP). While we understand the need for coordination of parallel processes, we are concerned about the DER participation model being bogged down to the point that it becomes too late for proponents to respond in time to develop projects and meet deadlines. Without the necessary and timely certainty, LT2 will fail to incentivize new-build DERs.

BTM

If the IESO is seeking to unlock the value of DERs to the system, LT2 must include behind-the-meter DERs. Otherwise an enormous portion of DER development (potentially the vast majority) would be excluded. In the December 13 engagement session it was stated that aggregated DERs are expected to be enabled. The benefits of aggregation will not be realized unless BTM resources are included. (Benefits of aggregation include: enabling participation of smaller resources that could otherwise not compete, mitigating the impacts of intermittency, commercial efficiency for IESO).

Recognizing Value

To ensure value for ratepayers, LT2 should incentivize resources that offer the best value in particular circumstances. This could include price adders for location within priority distribution systems, absence of line losses, absence of incremental transmission demand, and other efficiency factors.

Similarly, participation by a resource in LT2 should not preclude offering services to the distribution system and overall value stacking. These are not mutually exclusive.

Topic	Feedback
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?	<p>The IESO should release TAT/DAT tables within each zone along with any IESO and LDC forecasts of locational congestion, including zonal limits, expected hourly curtailment by zone and areas of need to support grid reliability. This information, provided as soon as possible, will help guide proponents to site their projects in desirable locations.</p> <p>Additional rated criteria or price adders for resources that reduce congestion should be applied in order to compensate proposals that provide these system benefits.</p>
Do you have any general suggestions for how to approach deliverability evaluation in the LT2 RFP?	<p>The IESO should have a streamlined and standardized approach for both transmission and distribution connected projects. This approach should have strict timelines that each LDC must adhere to. It is crucial that any deliverability methodology that will be applied in the Proposal Evaluation stage be communicated to proponents early in the process.</p> <p>The IESO should also consider a simplified deliverability assessment and connection process for resources that are below a certain size threshold, including individual DERs participating in an aggregated proposal.</p>

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?	
Do you have any comments regarding what evaluation criteria can be utilized to evaluate project readiness, given tight timelines and reliability needs?	
Do you have input on the proposed mechanism for valuing Indigenous participation?	
Are there any other rated criteria that should be considered?	As mentioned above, additional rated criteria should be attributed to bids that help relieve congestion on the system at times of high congestion.

Long Lead Time Resources

Topic	Feedback	
Does the proposed approach to enabling long-lead time resources enable meaningful participation or sufficient certainty?		
What additional considerations should the IESO contemplate for enabling broader participation from long-lead time resources?		

Revenue Model

Topic	Feedback
<p>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?</p>	<p>The AEMA has significant concerns regarding the proposed enhanced PPA revenue model. We recommend that the IESO consider adopting an indexed fixed price PPA model including energy, capacity (if applicable, should the IESO also seek to purchase capacity), and RECs.</p> <p>The proposed model transfers significant unmitigable risk onto developers. The result is significant uncertainty for proponents and inefficient transfer of risk. The proposed model would deter investment or lead to significantly higher costs for Ontario ratepayers. Considering the magnitude of energy needs in Ontario, we submit that now is not the time to experiment with new revenue models. Developers will prioritize a 'tried and true' fixed price PPA model when determining where to focus their attention among jurisdictions currently competing for new resources.</p>

General Comments/Feedback

Advanced Energy Management Alliance ("AEMA") is a North American trade association whose members include distributed energy resources, demand response ("DR"), and advanced energy management service and technology providers, as well as some of Ontario's largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses. The comments herein represent those of the organization, not those of any individual member.