

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?	OPG is in agreement with the cadenced approach of every 2 years and launching long-term procurements approximately on a 2-year cycle to meet ongoing system needs where medium-Term procurements can offset in timing and can be expected to follow a similar cycle. OPG supports the IESO's approach to procurement where long lead time assets (i.e. waterpower) are evaluated separately from other resources with their own procurement target. This approach needs to consider providing positive signals on Long Term transmission planning growth in particular to Northern Ontario greenfield sites.
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?	<p>OPG would like further clarity and examples of both capacity style and the new revenue model style of contracts. As proposed, there is significant risk in how intermittent resources will be able to operate with the proposed revenue model:</p> <ul style="list-style-type: none"> • proponents will need to predict the impact of curtailments which are driven by system conditions and not easy to forecast; • proponents will need to predict the impact of congestion; • proponents will take on market risk exists with the roll out of LMPs and the Market Power Mitigation framework through the Market Renewal Program which results in price uncertainty in a market that currently does not exist.
Do you have any concerns regarding the proposed target setting approach for upcoming MT RFPs?	The information provided on target setting in the presentation material requires further clarity before meaningful comments can be made.
Do you have any comments regarding how best to employ bridging and extensions to contracts to facilitate the success of the Resource Adequacy Framework?	N/A

LT2 RFP Resource Eligibility and Timelines

Topic	Feedback
Do you have any general feedback on resource eligibility and timelines?	OPG highlights the need for IESO timelines for long-lead resources to be aligned with the applicable Ontario ministries (MNRF, MECP). For example, the MNRF has yet to release its "Access to Crown Land for Pre-development". OPG encourages the IESO and the Ministry of Energy to collaborate to align policies and processes of applicable Ministries with those of the IESO's. This is particularly important as consideration is given for a separate waterpower procurement for potential sites in Northern Ontario that are all under unreleased crown land. This could introduce a scenario where multiple developers are pursuing these sites and inundating the Indigenous communities with business propositions for partnerships.
If the potential of repowering an existing facility applies to you, would you be interested in exploring this option further?	OPG would be interested in exploring this option.
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?	This should be at the IESO's discretion since the threshold value influences the outcome. Stranding assets that are not at the end of useful life comes at a cost to the system. Flexibility to adjust future procurement quantities (i.e. LT, MT) should also be at the IESO's discretion to ensure system needs are met.
What considerations should be taken into account for new-build DERs?	DERs should be eligible to participate. OPG suggests that the IESO provide more information pertaining to how the DERs will be partitioned/allocated from the 5,000 MW target capacity.
Please express any interest and opportunities for uprates and/or expansions at any of your existing facilities.	OPG suggests the IESO engage with participants directly on this question. OPG is interested in opportunities for uprates and/or expansions at existing facilities.

LT2 RFP Design Considerations – System Congestion and Deliverability Approach

Topic	Feedback
<p>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>	<p>It would be advantageous if the IESO could be more prescriptive, at an early stage, on where there is an energy need in the province and a congestion forecast. The RFP should not be open to regions where energy is not required. The IESO should refine target areas and quantities up front within the procurement. Raising expectations in communities where the IESO does not need the energy, or it can't be delivered, would be ineffective for both communities and proponents.</p> <p>The required information required would be similar to what was provided in LRP Connection/Transmission Availability. TAT/DAT tables.</p> <p>Please provide assumptions of lines and new stations entering service</p> <p>Please provide system congestion information as early as possible so that efforts can be focussed in specific areas.</p> <p>Proponents do not have the ability to control congestion therefore, it is not a risk proponents should need to bear.</p>
<p>Do you have any general suggestions for how to approach deliverability evaluation in the LT2 RFP?</p>	<p>OPG recommends the IESO provide more information pertaining to how the deliverability evaluation will be implemented for long lead time projects. How will the IESO consider planned Tx or Dx upgrades during the period between contract award and commissioning? It would be advantageous to give detailed information to proponents as early as possible. Proponents will need to take on considerable risk prior to a deliverability evaluation so detailed information by end of Q1 is preferred. Detailed information such as breaker/transmission line short circuit ratings for deliverability determination is required in advance.</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?	N/A
Do you have any comments regarding what evaluation criteria can be utilized to evaluate project readiness, given tight timelines and reliability needs?	<p data-bbox="743 380 1479 575">OPG would like more clarity on what criteria the IESO proposes to use for project readiness. Per previous comments, the IESO is encouraged to work with the applicable ministries to ensure their processes for Crown lands are aligned with the IESO's procurements.</p> <p data-bbox="743 621 1511 737">The IESO may want to consider "Proponent Readiness" as demonstrated through ownership or operator of an existing facility(s), and experience in the pre-development process.</p>

Do you have input on the proposed mechanism for valuing Indigenous participation?

OPG supports the notion of incentivizing Indigenous participation in LT2 RFP process in order to ensure economic reconciliation with Indigenous communities. However, this process has the potential to mix Consultation and business decisions. The IESO is aware that the identification of communities for economic participation is separate from the delegation of the procedural aspects of Duty to Consult by the Crown.

As such, there needs to be an acknowledgement that it is up to the proponent to determine which communities they are partnering with, and that it does not constitute meeting consultation obligations. OPG has some concern that neither IESO and OPG constitute agents of the Crown and therefore collectively are not the appropriate entities to assess claims of Aboriginal and treaty rights for consultation purposes. Attestation from the Indigenous Nation and community has the potential to create expectations and lead to future complications since ultimately the Provincial Government will issue a Consultation list which may open the door to future disputes and creating unnecessary tension between Indigenous Nations and Communities.

OPG would also like to point out that in previous RFPs the need for communities to sign definitive partnership agreements has been a helpful determination of true long-lasting partnerships. However, communities are resource constrained and the amount of work to negotiate these agreements has become burdensome for many of the communities in the short amount of time that IESO provided between the connection assessment and the RFP deadline.

Some of the issues related to timing are:

- Evolving the points/scoring creates issues in reaching terms with Indigenous Nations and delaying project certainty.
- There is a need for a deliverability test early on and some direction on where the projects are going to be located. Delaying these decisions can have a disproportionate impact on Indigenous Nations and communities where there is no deliverability.

Topic	Feedback
	<ul style="list-style-type: none"> - Creating sufficient time to build the necessary relationships to have meaningful partnerships is important. Scheduling at least a year between deliverability results and submission date would allow Indigenous Nations and communities at least 12 months to engage in conversations and elevate participation. <p>What else can the IESO do?</p> <p>OPG continues to support potential Indigenous partners in securing financing. However, given the borrowing restraints that exist, Indigenous Nations and communities continue to face challenges in securing financing. Any support that the IESO can provide to secure funds dedicated to supporting Indigenous participation from available options like the Ontario Infrastructure Bank would go a long way to ensuring meaningful Indigenous participation. Further, encouraging increases to existing programs like the Aboriginal Loan Guarantee Program would also support Indigenous participation.</p> <p>Although previous mechanisms worked, there are other opportunities that can be explored.</p> <p>Need to ensure that points awarded for Indigenous Participation are for Indigenous Communities, where specific projects are located. Priority should be given to local Indigenous communities.</p>
<p>Are there any other rated criteria that should be considered?</p>	<p>Other rated criteria that can be considered include:</p> <ul style="list-style-type: none"> • proximity to the transmission system • dispatchability • ancillary services

Long Lead Time Resources

Topic	Feedback
<p>Does the proposed approach to enabling long-lead time resources enable meaningful participation or sufficient certainty?</p>	<p>Additional details on the mechanism for long-lead resources is required to make this determination. OPG recommends that the proposed revenue model and term of the contract for long-lead resources provides the required revenue certainty to allow for project financing and a suitable return for proponents. A revenue model that allocates production, congestion, market, and curtailment risk will unlikely secure project financing.</p> <p>Compared to a short-duration project, there is more risk and uncertainty for long-lead projects meeting COD, therefore proponents will either build sufficient float in the schedule, or they will prefer less punitive terms for missing COD. Long lead times allow communities to be properly consulted on projects and also prepare for economic participation (i.e. equity; procurements for Indigenous owned businesses; employment). The IESO should define the criteria to enable a proponent to have the additional 4 years.</p>

Topic	Feedback
<p>What additional considerations should the IESO contemplate for enabling broader participation from long-lead time resources?</p>	<p>OPG recommends:</p> <ul style="list-style-type: none"> • longer term contracts (40-50 years) for long-lead time assets such as hydroelectric to better reflect the operating life of the assets. Long-lead resources will not be able to effectively compete on a 20-year contract term; • long lead-time resources require a significant amount of pre-development costs. The current window between the RFP launch date and COD does not capture all the costs for developing large greenfield sites. The typical development to COD cycle for large hydro in Northern Ontario is 7-10 years. A mechanism to recover pre-development costs is required; • The capacity, energy and operating profile for greenfield hydroelectric facilities are typically not known until closer to COD once final designs and testing is completed. How will this uncertainty be managed through competitive procurements? • Inflows for hydroelectric stations can vary from year to year based on hydrology and are outside of the proponent’s control. How will this risk be managed through the revenue model? • Include provisions that recognize system benefits that waterpower provides in addition to energy

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>OPG understands the need for a revenue model that incents facilities to deliver power to the system when it is most needed. However, the proposed Enhanced PPA revenue model assigns a significant amount of market, production, curtailment, and congestion risk that is outside of the proponent’s control and cannot be mitigated by most resources. This will either result in proponents including a significant risk premium in their bids or limit</p>

competition in the RFP due to financing and revenue uncertainty which will drive up costs to the ratepayer.

Renewable resources such as wind and solar would require to be paired with storage to optimize the contract revenues as their output is intermittent. This would recategorize these resources as hybrid facilities.

General Comments/Feedback

1. How will transmission be planned out in conjunction with the RFP? 10 years is enough time to build new transmission. Is the IESO going to consider optimal sites and regions that aren't currently transmission connected but make the most sense for the system needs?
2. It would be advantageous if IESO could be more prescriptive, at an early stage, on where the energy is needed. Raising expectations in communities where the IESO does not need the energy, or it can't be delivered, would be ineffective for both the community and for the proponents.
3. The LT2 suggests it will be technology agnostic, however, beyond capacity, how is the IESO assessing the need and criteria for other grid services that are impacted by technology type? How will the IESO consider reliability of supply, technology maturity, load following capabilities, ancillary services, quick start units, time shifting/storage and dispatchability etc.? The extent these are required and how these are valued needs to be clarified.
4. While technology agnostic, how will the IESO assess supply chain risks and suitable mitigation via diversification of supply? Other ISO's will likely be implementing similar solutions creating possible supply chain issues – i.e. would we expect there is possibly going to be an increased demand on wind and solar supply chains over the next decade to fill supply gaps?