

Long-Term 2 (LT2) RFP – February 15, 2024

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. If you wish to provide confidential feedback, please mark "Confidential".

Following the LT2 RFP February 1, 2024, 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 engagement@ieso.ca by February 15, 2024.

Revenue Model

Topic	Feedback
<p>Do you have any additional comments regarding the revenue model, particularly with regards to the following: Deeming energy market revenues based on real-time locational marginal prices (LMP), as opposed to the IESO's recommendation of basing this on the day-ahead LMP. (Slides 19-21)</p> <ul style="list-style-type: none">• The optionality of using either a simple average day-ahead price or weighted average LMP, with the latter including hours where the resource was scheduled day-ahead in a given month. (Slides 22-23)• Including monthly production factors that on average equate to the annual production factor, in order to further account for seasonality. (Slides 24-26)	<p>AEMA supports the comments submitted by Energy Storage Canada.</p>

DERs

Topic	Feedback
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Do you have any comments regarding eligibility requirements for DERs of other general comments?

We support the comments submitted by Energy Storage Canada and we reiterate our previous comments regarding process clarity, BTM, and recognizing value (copied below for convenience).

In addition to those comments, we wish to further underscore the need for the IESO to provide a clear and realistic path for DER participation in this procurement. It has historically been the case that bringing new resource types to market requires a custom approach that accounts for the unique attributes and challenges associated with that resource. The IESO must therefore be prepared to allocate significant time and attention to working through this process with DER developers.

We recognize the ongoing work taking place under the Enabling Resources Program on this front; however, the misalignment between ERP and LT2 timelines appears to present its own set of challenges. If LT2 projects bids are due in 2025 and the foundational model under ERP is not to be codified until 1-2 later, this will present significant challenges for project planning and execution. The IESO should be prepared to shoulder the risks associated with a shifting regulatory landscape, particularly given that it is the IESO's own rules which are at issue. DER developers are unlikely to bid into LT2 without a mechanism (built into the LT2 contract or otherwise) that mitigates these risks.

Previously submitted comments:

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

Topic	Feedback
	<p>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.</p> <p>BTM</p> <p>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).</p> <p>Recognizing Value</p> <p>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.</p> <p>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.</p>

Capacity Resources

Topic	Feedback
Do you have any comments regarding considerations for acquiring additional capacity resources, and utilizing a multi-stream approach (energy and capacity streams)?	AEMA supports the comments submitted by Energy Storage Canada, particularly as they relate to the acceleration of ERP.

LT2 Deliverability

Topic	Feedback
Do you have any comments on early deliverability data and evaluation stage deliverability?	AEMA supports the comments submitted by Energy Storage Canada.

Repowering

Topic	Feedback
Do you have any comments around repowering participation?	

Long Lead-Time Resources

Topic	Feedback
Do you have any comments on enabling long-lead time resources?	

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.