

# Stakeholder Feedback and IESO Response

## Long-Term 2 RFP (LT2 RFP) – March 20, 2024

Following the February 1, 2024, LT2 RFP engagement webinar, the Independent Electricity System Operator (IESO) invited stakeholders to provide feedback on its Resource Adequacy Framework, cadenced procurement approach and LT2 RFP design considerations. The IESO is currently in the design stage of the LT2 RFP. Stakeholder feedback has been reflected in the IESO's report back to the Ministry of Energy in March 2024. Feedback is posted on the Long-Term RFP [engagement webpage](#). Please reference the feedback forms for specific feedback as the information below is provided in summary.

### Note on Feedback Summary and IESO Response

The IESO appreciates the feedback received from stakeholders and communities. The following tables respond to the feedback received and are organized by topic.

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## A) Revenue Model

Stakeholders were generally supportive the IESO’s efforts to clarify the Enhanced PPA revenue model as well as IESO’s proposed introduction of changes to help mitigate risks identified by stakeholders from the previously shared Enhanced PPA design. Specific feedback on the IESO’s framework and approach is summarized below.

Feedback / Common Themes	IESO Response
<p><b>The Enhanced PPA model should not be implemented as it is unnecessarily complex and will result in higher risk premiums and premium financing costs from lenders:</b> some stakeholders indicated that the IESO should consider other revenue models (i.e. index PPA, unit contingent PPA) as there are likely operational and market situations that will lead to unforeseen risks that translate to less favourable terms from financial lenders.</p>	<p>The IESO will be proceeding with the Enhanced PPA (E-PPA) revenue model for the LT2 RFP. Traditional PPAs, where generators are paid a fixed constant price for every MWh of energy they inject into the grid, do not incentivize generators to follow market signals or offer supply at prices that are representative of their marginal costs. This has resulted in several structural and operational issues for Ontario’s wholesale electricity markets. For the IESO to achieve operational and financial benefits of its Market Renewal Program, a market responsive revenue model like the E-PPA is needed. The E-PPA encourages this market behavior by separating imputed market revenues from contracted revenue requirements. As described at the February 1, 2024 LT2 RFP engagement webinar, the IESO’s proposed amendments to the E-PPA model address many risks for variable generation suppliers while providing for the ability to achieve revenue certainty to support project development and non-recourse project financing.</p>

**The IESO should provide details on how the E-PPA model will deem energy market revenues:**

stakeholders suggested three pricing options for deeming energy market revenues.

- **A weighted average monthly LMP should be used to deem energy market revenues:** many stakeholders indicated that a weighted average monthly LMP will benefit variable generation resources that are not able to control the amount of renewable energy resource that is available in real-time.
- **A simple average monthly LMP to deem energy market revenues:** some stakeholders indicated that a weighted average LMP may not be favourable for hydroelectric resources as these resources have some control over the amount of resource that is available to produce.
- **Proponents should be allowed to elect the price by which they would like to be deemed:** some stakeholders indicated that election of either a simple-average LMP or a weighted-average LMP would allow proponents to decide how they will realize risks.

The IESO is considering an approach that allows suppliers of variable generation resources to elect if they want to be deemed based on a simple-average LMP or a facility-specific, capability weighted-average LMP. This optionality considers stakeholder feedback and allows suppliers to choose if they would like to be deemed using LMPs that consider their hours of production capability or all hours of a dispatch day.

For hydro-electric resource suppliers, the IESO is considering an approach to deem energy market revenues based on a simple average monthly LMP.

**The IESO should provide clarity on the basis of calculating a weighted-average monthly LMP to deem energy market revenues:**

stakeholders suggested three methods for determining a weighted-average monthly LMP.

- **Real-time market (RTM) prices should be used to determine a weighted average monthly LMP:** many stakeholders indicated that a real-time LMP will reduce exposure to shape risk and allow proponents to be more reactive to prevailing system conditions.
- **Day-ahead market (DAM) prices should be used to determine a weighted average monthly LMP:** some stakeholders indicated that a day-ahead LMP would be more in line with energy market revenues as the real-time market will act as a balancing market and not as the primary settlement market post-MRP.
- **Proponents should be allowed to elect the basis of a weighted average LMP:** some stakeholders suggested that election of either a day-ahead or a real-time LMP would allow proponents to reflect how they will best realize risks.

For suppliers of variable generation facilities, the IESO is considering an approach to allow suppliers to elect between two options for determining how a weighted-average LMP to deem energy market revenues will be calculated under the LT2 RFP.

The first option is to deem each supplier based on the IESO DAM Centralized Forecast at their location and weighted-average DAM LMPs. The second option is to deem each supplier based on the IESO RTM Centralized Forecast at their location and weighted-average RTM LMP. Both options will require suppliers to participate in the DAM, which is a pre-requisite for the real-time market. In the coming weeks, the IESO will provide more details and examples of each of these options.

For suppliers of hydroelectric facilities, the IESO is proposing that energy market revenues be deemed on the basis of DAM LMPs weighted by quantities associated with the facility's DAM schedule.

**Provide clarity on whether adjustments can be made to submitted energy production factors:** successful LT2 proponents should be eligible to adjust their contracted energy production factors on a routine basis (e.g. every 3 years).

The IESO is evaluating whether successful proponents will be eligible to amend the imputed production factors used to deem energy market revenues throughout the operating period of the LT2 Contract. To support its evaluation, the IESO is considering factors that may justify amendment of imputed production factors during the life of the contract. As changes to the imputed production factor may limit the total or timing of grid reliability payments under the E-PPA, such changes will need to be highly limited, if they can be accommodated.

Feedback / Common Themes	IESO Response
<p><b>Describe how the Enhanced PPA model addresses curtailment risk:</b> further clarity is needed as in the future curtailment is more likely to occur during surplus generation conditions when there is an oversupply of wind or solar, this is an asymmetric risk borne by the proponent.</p>	<p>The E-PPA addresses curtailment for variable generation facilities either when they are curtailed due to a nearby transmission constraint or due to surplus generation conditions by not deeming energy market revenues during times when LMPs are less than \$0/MWh. In either case, the renewed market, under the Market Renewal Program, will signal that supply is not required by calculating a negative LMP at the facility's location. In calculating the capability weighted average monthly day-ahead LMP (used for calculating monthly deemed revenue), any hour of the month with a negative LMP is set to zero, meaning facilities are deemed to earn no revenue in hours where they are curtailed by the market due to transmission constraints or surplus baseload conditions. Since the contract payment suppliers receive is calculated as their revenue requirement minus their deemed revenue, any time they are curtailed by the market they will accrue the benefit of their full revenue requirement through their contract payment.</p> <p>Further, if a facility is manually curtailed in the day-ahead timeframe or real-time due to IESO operator action, the facility will be made whole when it is settled under the renewed market rules.</p>
<p><b>Provide clarity on whether a submitted strike price will be adjusted for inflation:</b> the IESO should clarify if the strike price will be indexed to CPI and at what level.</p>	<p>Like the E-LT1 and LT1 RFP, the IESO will account for inflation in the LT2 RFP and adjust the submitted strike price based on a year-over-year change in the Consumer Price Index over the LT2 contract term. The IESO is currently evaluating whether it will adjust all or a portion of the strike price and will share its proposal during upcoming engagements.</p>

## B) DERs

Stakeholders were generally supportive of the IESO’s proposal to align the LT2 RFP with the IESO’s Enabling Resources Program. Specific feedback on the eligibility requirements for DERs is summarized below.

Feedback / Common Themes	IESO Response
<p><b>The IESO should provide greater clarity on the eligibility requirements for aggregate DERs in the LT2 RFP:</b> eligibility requirements for participation (i.e. minimum size requirements) should also be clarified.</p>	<p>As indicated at the February 1, 2024 LT2 RFP engagement webinar, the IESO will enable participation of aggregated DERs in the procurements, in alignment with the design put forth by the Enabling Resources Program (ERP). Further information will be provided by the ERP over the coming months; however, it can be expected that aggregate DERs should have a minimum size of 1 MW (or as enabled in market) and be located behind a single node with IESO accepted metering. Aggregate DERs will also be required to become participants in the IESO-administered markets ahead of the LT2 RFP commercial operation date.</p>
<p><b>The IESO should provide clarity on how it will evaluate DERs:</b> some stakeholders provided feedback on how DER proposals should be evaluated:</p> <ul style="list-style-type: none"><li>• <b>DERs should be evaluated on a level playing field with other technology types:</b> a few stakeholders indicated that the IESO should evaluate DERs equally with other technology types, to ensure that the most competitive projects are awarded contracts.</li><li>• <b>DERs should be provided a framework that maximizes their participation in the LT2 RFP:</b> other stakeholders indicated DER participation should be incentivized to the greatest extent possible.</li></ul>	<p>The IESO is determining its proposal evaluation approach for all eligible non-emitting technologies participating in the LT2 RFP. As indicated in section A of the IESO’s February 12, 2024, Response to Feedback, stakeholder feedback will be used by the IESO to determine an approach shared during upcoming engagements. However, the IESO does not envision that a separate evaluation process or stream will be used for DERs under the LT2 RFP.</p>

Feedback / Common Themes	IESO Response
<p><b>Define what a “single node” is for the purposes of the LT2 RFP:</b> some stakeholders requested clarity on whether a single node reflects a distribution station or transmission station.</p> <p><b>Clarify if a single node will allow for “Community Net Metering”:</b> one stakeholder suggested that the IESO should allow for multiple small producers to be aggregated at the community level into a single node.</p>	<p>For the LT2 RFP, a single node represents a single physical location on the IESO-controlled grid where energy is either injected or withdrawn and can include a generation station, a transmission station or a distribution station that is connected to the IESO-controlled grid.</p> <p>Multiple small producers located at the same node will be able to participate as part of an aggregation so long as the aggregated resource meets procurement requirements and the market participation requirements (including operational and revenue metering requirements) being established through the Enabling Resources Program. Note that the aggregated market participation approach above is separate and distinct from Community Net Metering which is controlled via government regulation.</p>
<p><b>Provide clarity on existing land-use guidelines and regulations for the development of DERs:</b> some stakeholders suggested that clarity is needed to determine if DER systems could be enabled with new greenfield industrial developments.</p>	<p>The IESO will not comment on existing land-use guidelines or regulations in respect to the design, siting or operation of DER projects. The onus is on the proponent to ensure that it adheres to all codes, standards and regulations as part of their project development work and during the operational period under the contract. Proponents are encouraged to liaise with relevant third parties, such as municipalities and environmental regulatory authorities, to understand siting constraints that may be applicable.</p>

Feedback / Common Themes	IESO Response
<p><b>The IESO should support LDCs at Ontario Energy Board (OEB) regulatory proceedings by justifying investments needed by LDCs to enable DERs:</b> in order to allow DERs to become market participants and fully participate in the IESO-administered markets, LDCs will need to make investments to have visibility and operability with DERs.</p>	<p>As part of the IESO's Enabling Resources Program, the Transmission Distribution Coordination Working Group (TDWG), is developing transmission-distribution operational protocols and exploring functional capabilities that distributors may need to take on over time. The IESO looks forward to continued collaboration through the TDWG to clearly articulate what distributor capabilities are most important to support IESO activities as well as when those capabilities will be needed.</p>

### C) Capacity Resources

Stakeholders were generally supportive of separate energy and capacity streams for the LT2 RFP with some stakeholders indicated that a separate capacity stream would allow the IESO to procure projects that may have been unsuccessful in past procurements. Specific feedback on the IESO's framework and approach is summarized below.

Feedback / Common Themes	IESO Response
<p><b>The IESO should provide clarity on how energy and capacity will be procured by the LT2 RFP:</b></p> <ul style="list-style-type: none"> <li>• <b>Energy and capacity should be bifurcated into separate procurement streams:</b> many stakeholders indicated support for bifurcation suggesting that it will allow the IESO to procure a greater variety of technology types.</li> <li>• <b>Energy and capacity should not be bifurcated into separate procurement streams:</b> some stakeholders indicated that bifurcation would discount the value of resources that can provide both energy and capacity (i.e. hydroelectric resources) and could discourage the hybridization of intermittent non-emitting resources.</li> </ul>	<p>The IESO is still assessing whether a separate capacity stream will be needed under the LT2 RFP and will be considering the results of the LT1 RFP and the IESOs recently released <a href="#">2024 Annual Planning Outlook</a> to inform its decision. As indicated at the February 1, 2024, LT2 RFP engagement webinar, the focus for the LT2 RFP is an anticipated energy need of 5 TWh, to be met by non-emitting energy producing resources, which translates to roughly 2000 MW of installed capacity based on expected production profiles.</p>



Feedback / Common Themes	IESO Response
<p><b>Define the difference between an energy-focused procurement and a capacity-focused procurement:</b> some stakeholders requested clarity between the two procurement types and indicated that clarity should also be provided on how both streams can be utilized to meet changing system needs.</p>	<p>The E-LT1 RFP and LT1 RFP were capacity-focused procurements which looked to obtain facilities based on their generation availability for a minimum of 4 consecutive hours during specific qualifying hours, e.g. all hours from 07:00 to 23:00 EST during business days. This is to ensure the IESO has sufficient electricity resource capacity available to serve load during periods of heightened demand.</p> <p>Having undergone two large capacity procurements, the LT2 RFP is now focused on procuring additional non-emitting energy to serve system needs across all hours daily.</p> <p>On a go forward basis, the IESO intends to utilize both capacity and energy contracts to procure incremental system needs through competitive cadenced long-term and medium-term procurements.</p>
<p><b>Provide clarity on the eligibility of hybrid resources:</b> some stakeholders requested further clarity on whether hybrid resources would be eligible to participate in the LT2 RFP and if they would be procured through the energy stream, capacity stream or a new independent stream.</p>	<p>The LT2 RFP is open to all non-emitting technology types, including wind and solar facilities that can hybridize with a form of non-emitting energy storage. The IESO envisions that hybridized resources will participate in the LT2 RFP alongside other energy producing resources (i.e., energy stream). The E-PPA provides inherent incentives for both new-build hybrid resources coming forward under the LT2 RFP and those seeking to hybridize later. This incentive structure is aligned with the IESO's preference for more market responsive resources to come forward, as it continues to execute its cadenced procurement framework.</p>

## D) LT2 RFP Design Considerations – Deliverability

Stakeholders were generally supportive of the IESO’s proposed approach to only conduct a deliverability assessment during the LT2 RFP proposal evaluation stage. Stakeholders were also supportive of the IESO’s objective to share system congestion and deliverability data by the end of March 2024 and indicated that detailed information is required to enable proponents to conduct their own preliminary deliverability assessments. Stakeholders also indicated that information sharing delays by the IESO would present timeline risks, particularly those for obtaining municipal support resolutions. Specific feedback on the IESO’s framework and approach is summarized below.

Feedback / Common Themes	IESO Response
<p><b>System congestion information should be provided by the IESO in the form of a map:</b> many stakeholders indicated that a map describing deliverable and non-deliverable region of Ontario should be shared by the IESO. Stakeholders also indicated that similar maps have been shared by other jurisdictions in their procurements.</p>	<p>The IESO is determining which of the congestion-type and reliability-type data described in the February 1, 2024 LT2 RFP engagement webinar will be shared with stakeholders and how. While the IESO recognizes some stakeholders prefer having deliverable and non-deliverable regions indicated on a map, the information may be better suited to alternate formats, which will still provide a useful indication of the congested and non-congested zones.</p>
<p><b>The IESO should conduct a deliverability test prior to the LT2 RFP proposal evaluation stage:</b> a few stakeholders indicated that forgoing a preliminary deliverability test would place uncertainty on developers as they would need to deploy development capital and resources ahead of understanding their project’s deliverability status.</p>	<p>The IESO has proposed not to conduct a preliminary deliverability test for the LT2 RFP. Instead, the IESO will provide congestion-type and reliability-type data in the coming weeks, which will enable proponents to understand the deliverability potential and congestion risk for their projects. More discussions on the preliminary guidance data and how developers can use it to minimize uncertainty will occur in upcoming engagements.</p>
<p><b>Describe the methodology of the deliverability assessment that will be performed during the LT2 RFP proposal evaluation stage:</b> most stakeholders indicated that clarity is needed as early as possible to support the development of proposals.</p>	<p>As indicated in section C of the IESO’s February 12, 2024, Response to Feedback, the IESO is developing details of the LT2 deliverability assessment that considers stakeholder feedback. These details will be shared by the IESO in upcoming engagements.</p>

Feedback / Common Themes	IESO Response
<p><b>Provide clarity on how the LT2 deliverability assessment will study a repowered wind site:</b> some stakeholders inquired on how the LT2 deliverability assessment will differ for a repowered wind site and how the assessment will be conducted for a repowered site that has been expanded with an integrated or co-located battery.</p>	<p>For a proposal for a repowered wind facility, the LT2 RFP deliverability assessment will only be conducted with respect to incremental capacity (not the capacity associated with the existing facility). If the capacity of the proposal is less than the previous facility and the proposal is successful in obtaining a LT2 contract, the excess available capacity would be reflected in future deliverability assessments. For a hybridized facility, the LT2 RFP deliverability process will consider the capacity of a facility’s associated storage resource but will not differentiate between a proposal for a repowered wind site that has been expanded with an integrated or co-located storage resource.</p>
<p><b>The IESO should allow proponents to include estimated deliverability upgrade costs in their LT2 RFP proposals:</b> a few stakeholders indicated that the inclusion of costs associated with different deliverability upgrade options could be used as an alternative to allowing for potential bid variations.</p>	<p>The IESO is currently not considering an approach to allow proponents to include deliverability upgrade costs as part of the LT2 RFP proposals as the amount of time required to achieve transmission upgrades may negatively impact the ability of a project to achieve commercial operation by the milestone date of the LT2 RFP. However, the IESO would be interested in specific feedback from stakeholders as to how deliverability upgrades could be enabled so that projects do not experience construction delays that result in a deferred commercial operation date.</p>
<p><b>The IESO should share system congestion information with regional planning:</b> some stakeholders indicated that information sharing with regional planning can help drive the investment needed (i.e. via IRRPs) to potentially alleviate transmission constraints.</p>	<p>The IESO appreciates this feedback and will evaluate how system congestion information can be best shared with regional planning after it has determined the information that will be shared for the purposes of the LT2 RFP.</p>

## E) LT2 Design Considerations – Repowering

Stakeholders were generally supportive of simple performance obligations for the repowering of existing assets, however most stakeholders indicated that a minimum threshold (based on installed capacity) should not be set to establish eligibility for repowering. Specific feedback on the IESO’s framework and approach is summarized below.

Feedback / Common Themes	IESO Response
<p><b>The IESO should provide clarity on what minimum thresholds will be set for repowered facilities:</b></p> <ul style="list-style-type: none"> <li>• <b>Minimum thresholds should not be set to establish eligibility for repowering existing assets:</b> most stakeholders indicated that repowering should be based on meeting all performance obligations of the LT2 contract for the duration of the term. A few stakeholders indicated that, as an alternative to repowering thresholds, the IESO could impose a minimum availability factor to ensure that repowering projects are capable of delivering energy over the life of a new contract.</li> <li>• <b>A minimum threshold of a 20% increase in capacity should be set for repowering existing assets:</b> few stakeholders requested that minimum thresholds should be set by the IESO and that all repowered facilities should be required to obtain a municipal support resolution.</li> </ul>	<p>The IESO is considering an approach that does not require existing facilities to increase their capacity by a minimum amount to be eligible for participation as a repowered facility in the LT2 RFP. This approach takes stakeholder feedback into consideration and will require repowered facilities to have the same performance obligations as a new build facility to ensure that repowered facilities are able to meet system needs through the entire term of the LT2 RFP. The IESO has reflected this in the March 2024 report back to the Ministry of Energy and will be presenting an update to stakeholders at the next LT2 RFP engagement.</p>
<p><b>To support repowering decisions, the MT2 RFP should be run in parallel with the LT2 RFP:</b> award of an MT2 contract can provide facilities interest in repowering to obtain municipal support resolutions and better develop proposals.</p>	<p>As a follow up to the response in section A of the IESO’s February 12, 2024 Response to Feedback, the IESO is proposing that the MT2 and LT2 RFPs be carried out in parallel. This considers feedback from stakeholders that this approach would provide optionality to asset owners and allowing them to evaluate whether they would like to repower a resource, or obtain a new commitment via the MT2 RFP or run the facility as a merchant resource. An update will be shared with stakeholders at the next LT2 RFP engagement session.</p>

Feedback / Common Themes	IESO Response
<p><b>Repowered facilities in the LT2 RFP should be procured in a separate stream:</b> some stakeholders requested bifurcation of repowered facilities as they would have a competitive advantage over new-build facilities due to lower development and construction costs.</p>	<p>The IESO is still developing the evaluation mechanism for the LT2 RFP but is proposing that repowered facilities will be procured in the same stream as other non-emitting energy resources. This approach will not disadvantage new-build facilities as only the incremental MWs from repowered facilities would be counted toward the 5 TWh LT2 RFP procurement target.</p>
<p><b>Some existing facilities should be precluded from repowering:</b> a few stakeholders indicated that some of the earliest wind facilities predate the current regulations in O.Reg 359/09 (i.e. noise regulations for renewable energy approvals) and would not be approved for construction today.</p>	<p>The IESO is working with stakeholders to better understand the risks associated with repowering and recognizes that repowering may likely trigger significant permitting changes for asset owners of projects that were developed prior to the introduction of O.Reg 359/09. The IESO is evaluating how these facilities can fit into the LT2 RFP repowering design and has requested policy input in the March 2024 report back to the Ministry of Energy. Stakeholders are encouraged to contact the Ministry of Environment, Conservation and Parks directly to better understand current regulatory requirements.</p>
<p><b>Explain if a repowered facility that has been expanded with an integrated or co-located battery will be considered as a new-build facility:</b> some stakeholders requested clarity on how the IESO would consider a repowered facility that has also been expanded through hybridization.</p>	<p>Repowered facilities expanded through hybridization will be considered hybrid facilities for the LT2 RFP. As indicated in Section C above, the IESO envisions that hybridized resources will participate in the LT2 RFP in the energy stream alongside other energy producing resources. For each expanded facility, only the incremental MW from the facility will be counted toward the energy procurement target.</p>
<p><b>Repowering of hydroelectric facilities should include existing procedures to support the Gross Revenue Charge (GRC) with respect to water rentals:</b> one stakeholder requested clarity on how repowered hydroelectric facilities would be subject to existing taxes and/or charges.</p>	<p>Impacts associated with the procedures used by hydroelectric generating station owners and waterpower leaseholders to pay any taxes and/or charges to the Ministry of Finance are outside the scope of the LT2 RFP. All proponents will be responsible for managing the risk of their respective energy resources (including any costs associated therewith).</p>

## F) LT2 Design Considerations – Long Lead Time Resources

Most stakeholders expressed support for the IESO’s multi-streamed approach to procurement where long lead time resources are evaluated separately from other resources with their own procurement target. Specific feedback on the IESO’s framework and approach is summarized below.

Feedback / Common Themes	IESO Response
<p><b>The IESO should not utilize its proposed multi-streamed approach:</b> a few stakeholders indicated that long lead resources should be evaluated on a similar level playing field as all other resources participating in the LT2 RFP.</p>	<p>As indicated in section E of the February 12, 2024, Response to Stakeholder Feedback the IESO is proposing that long lead time resources be procured through a separate stream that takes into account different timeline considerations and project development milestones, in order to help support a more diverse supply mix, which is an important element in addressing system reliability needs.</p>
<p><b>Long duration energy storage (LDES) facilities should be eligible to participate in the LT2 RFP as long lead-time resources:</b> some stakeholders requested that the IESO enable participation by energy storage resources that are able to inject continuously for 8 hours or more to provide alignment with system needs as outlined in the IESO’s annual planning outlook.</p>	<p>As indicated during the February 1, 2024 LT2 RFP engagement webinar, long duration energy storage facilities are being considered for the long lead-time stream of the LT2 RFP. The IESO has reflected this consideration as part of its March 2024 report back to the Ministry of Energy.</p>

## G) General Feedback

Stakeholders were supportive of the IESO’s Resource Adequacy Framework and cadenced procurement approach, indicating that coordinated scheduling of procurement opportunities provides flexibility to target opportunities that best suit their needs. Specific feedback on the IESO’s framework and approach is summarized below.

Feedback / Common Themes	IESO Response
<p><b>Proposal selection</b> should not be determined solely on a revenue requirement and production factor. It should also consider time of day and favour resources that provide power during system peaks.</p> <p>Clarity is needed on how the IESO will prioritize and cross-evaluate submitted proposals if different contract styles are offered.</p>	<p>The IESO is still developing the evaluation mechanism for the LT2 RFP but is considering an approach based on the submitted revenue requirement components (strike price, imputed production factor(s) and nameplate capacity) to rank proposals. Unlike the LT1 RFP and E-LT1 RFP, the energy stream of the LT2 RFP will not evaluate the maximum capacity of a resource based on the availability of a resource during peak demand hours. The E-PPA inherently favors resources that are able to shift production to generate at times when electricity is most valuable. Accordingly, the IESO is considering the use of a resource’s annual average imputed production factor, as it will provide a level playing field amongst all resource types. The IESO will be presenting a proposed approach for proposal selection during upcoming engagements.</p>
<p><b>Bid variants</b> should be enabled for proponents so that they can have the ability to bid different prices and project sizes for the same proposal within a single submission. Bid variants can also support the probability of project success if one option is found to be undeliverable.</p>	<p>As indicated in section D of the IESO’s February 12, 2024 Response to Feedback, the IESO will consider allowing proposals to reflect a defined number of alternate proposal prices and sizes within a single submission. In addition, the IESO is also considering whether proponents will be able to reflect different connection points within a single submission.</p>

Feedback / Common Themes	IESO Response
<p><b>Municipal support resolutions</b> should be valid for multiple procurements unless revoked by the authorizing municipality as they could result in a more reasonable workload for councils and a more stable investment environment.</p>	<p>For the LT2 RFP, the IESO is proposing that a municipal support resolution be required prior to the proposal submission deadline. The IESO will consider enabling blanket municipal support resolutions whereby a municipal support resolution provided prior to the LT2 RFP proposal submission deadline would be effective for future long-term RFPs subject to the length of term set forth by the approving municipality. The IESO will provide more details on this proposal at its next LT2 RFP engagement to solicit feedback from all stakeholders.</p>
<p><b>The IESO and provincial government need to have more of a significant role in municipal engagement:</b> a clear and consistent narrative on the critical need for new resources should be provided by both parties.</p>	<p>As indicated in section D of the IESO’s February 12, 2024 Response to Feedback, the IESO will consider this feedback and is committed to continued engagement with municipalities on communicating the need for new electricity resources and will continue to coordinate with the Ministry of Energy and others within provincial government on such matters.</p>
<p><b>The IESO should not impose agricultural land use restrictions:</b> municipalities are already enabled to make their own land-use planning decisions.</p>	<p>As indicated in section D of the IESO’s February 12, 2024 Response to Feedback, the IESO will consider this feedback in making its recommendation to the Ministry of Energy as part of its March 2024 report back. The IESO also conducted standalone informational webinars for stakeholders with ministries on February 9 and February 22, 2024, to ensure a better understanding of the policy requirements pertaining to land-use and siting.</p>



Feedback / Common Themes	IESO Response
<p><b>Rated criteria points should be awarded for development experience in Ontario:</b> proponents that have a demonstrated ability of completing projects greater than 20MW in Ontario have less of a risk of project attrition.</p>	<p>The IESO is evaluating how it will consider the project development experience of a proponent and may consider utilizing rated criteria points as a method to evaluate development experience. However, if the IESO decides to award rated criteria points for development experience the IESO may consider development experience outside of Ontario and the recency of applicable experience.</p>
<p><b>Rated criteria materiality on the evaluated proposal price should be increased:</b> the materiality of rated criteria points should be increased from 20% up to at least 40% for the LT2 RFP and future long-term procurements.</p>	<p>At this time the IESO is not considering an increase in the materiality of rated criteria points awarded under the LT2 RFP.</p>
<p>The IESO should allow for price adjustments to proposal prices prior to the commercial operation date (COD) as these adjustments would help ensure that contracted projects are viable.</p>	<p>The IESO will not allow for price adjustments to proposal prices after the LT2 RFP proposal submission deadline or during the period prior to COD under the LT2 Contract. Proponents are expected to submit binding proposal prices (subject to escalation terms to be specified in the LT2 Contract) that best reflect the revenue requirement needed for their projects. However, the IESO is in the process of determining how it will account for inflation and adjust the submitted strike price based on the Consumer Price Index and invites stakeholder feedback on what provisions may be warranted between the LT2 proposal submission deadline and the COD under the LT2 Contract.</p>

Feedback / Common Themes	IESO Response
<p>The IESO should enable all Indigenous communities to participate as Indigenous partners, regardless of the size of the Indigenous community.</p>	<p>Similar to the LT1 RFP, the IESO does not anticipate that the LT2 RFP will include restrictions on participation based on the size of an Indigenous Community. In the LT1 RFP, the Indigenous Participation Level was based on participation by one or more Indigenous Communities (which includes a Métis Community or a community which is a First Nation in Ontario that is a “band” as defined in the <i>Indian Act</i>, RSC 1985, c I-5), or Indigenous Holding Vehicles (organizations whose interests are ultimately held by one or more Indigenous Communities). However, as in the LT1 RFP, the LT2 RFP is expected to include minimum participation levels for purposes of rated criteria points.</p>
<p>Stakeholders should be provided more than 14 days after an engagement to provide feedback.</p>	<p>The IESO appreciates this feedback. While the IESO remains flexible on timelines, receiving feedback within the allocated time allows it to help inform design decisions and report milestones (e.g. the March report back to the Ministry of Energy for the LT2 RFP). Stakeholder feedback received after the posted timeline is still considered by the IESO but may not always be captured in relevant materials.</p>
<p>Clarify if a municipality is eligible to submit a proposal for the LT2 RFP.</p>	<p>A municipality (or an entity owned by a municipality) can, subject to any limitations on authority under the <i>Municipal Act, 2001</i> (Ontario) or other city-specific applicable legislation or regulation, submit a proposal for the LT2 RFP if it can meet the necessary financial wherewithal and experience (i.e. team member development experience) requirements. The IESO is currently evaluating how these requirements will be evaluated for the LT2 RFP and will provide details on its methodology in an upcoming engagement.</p>

Feedback / Common Themes	IESO Response
<p>Additional energy or capacity should not be procured from natural gas resources.</p>	<p>As indicated in section A of the IESO’s February 12, 2024, Response to Feedback, the IESO is considering the resource technology types that will be eligible to participate in future RFPs and will consider federal and provincial policy and legislation in establishing resource eligibility. As previously stated, the IESO anticipates that the LT2 RFP will only target non-emitting electricity resources.</p>
<p>How will the LT2 RFP be drafted in conjunction with ongoing consultation efforts regarding Ontario Regulation 429/04 Amendments Related to the Treatment of Corporate Power Purchase Agreements?</p>	<p>The LT2 RFP is being designed separately from any policy developments associated with enabling corporate power purchase agreements from renewable resources. It should not be expected that a resource will be eligible to be the subject of both an LT2 Contract and any such corporate power purchase agreements, in the same manner as physically behind-the-meter resources are not eligible for the LT2 RFP (and were not eligible for the E-LT1 RFP or the LT1 RFP). Avoided Global Adjustment charges are also a form of ratepayer financial support that must be maintained separately from IESO-funded procurement contracts to ensure fairness and ratepayer value tracking.</p>