

Feedback Form

Long-Term 2 (LT2) RFP – May 23, 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 May 23, 2024, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the 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 June 7, 2024.

LT2 RFP Energy + Capacity Streams

Topic	Feedback
Do you have any questions or comments regarding the clarifications the IESO provided regarding the targets, timing, eligibility or other details of the LT2 RFP Energy and Capacity streams?	Northland supports the dual-track procurement of both energy and OR under LT2.

Long-Lead Time Resources Procurement

Topic	Feedback
Do you have any questions or comments regarding the clarifications the IESO provided regarding the targets, timing, eligibility or other details of the Long Lead Time Resources Procurement?	No comments at this time.

MT2 RFP

Topic	Feedback
Do you have any questions or comments regarding the clarifications the IESO provided regarding the targets, timing, eligibility or other details of the MT2 RFP?	<p>The addition of an energy stream procurement is welcomed considering there are many resources coming off contract in 2026+ whose primary value is as an energy, not capacity, resource. As such, Northland power supports the dual-track procurement of both energy and OR under MT2.</p> <p>Northland supports providing existing projects with future MT commitments the option to opt out of its MT commitment, provided it has been awarded a contract to repower/expand under a LT procurement.</p> <p>To that end, the IESO should look to clearly define a repower or expansion for the purposes of LT2 eligibility. Northland supports defining repower eligibility based on an existing off-contract facility's ability to meet contract performance obligations. Eligibility should not be determined based on arbitrary thresholds for installed capacity increases or capital investment.</p>

LT2 RFP Preliminary Connection Guidance Follow-Up

Do you have recommendations for; addressing the previous feedback received; version 2 of the Guidance Document; and most specifically on the LT2 RFP capacity stream delivery approach the IESO is proposing.

Northland appreciates the IESO's commitment to evolving the guidance document, including updating the document to include LT1 results and providing access to a transmission map.

Northland fully supports the IESO exploring an increase to its circuit limit guidance (currently 30 MW on 115kV, 100 MW on 230kV in North, 150 MW on 230kV in South, no connections to 500kV). Permitting larger projects will bring significant economies of scale to development, construction, and operation efforts, resulting in significant savings for rate payers.

Northland appreciates the IESO's openness to engaging in 1-on-1 consultations with developers regarding its connection guidance. While the ability to seek additional clarity on the IESO's guidance document is helpful, it's critical that the IESO be willing to discuss project specific connection information with proponents, provided those questions are provided in advance.

While the above evolutions of the guidance document are a step in the right direction, they fall short of providing proponents with the certainty they'll need to undertake expensive development activities. As such, Northland continues to recommend the reconstitution of an upfront deliverability test.

This test could provide proponents with expected congestion levels – as was initially planned by the IESO – as well as an indication as to whether that level of congestion is considered acceptable, or whether the project would be removed from RFP consideration. This test could also include an assessment of the network upgrades that would be required as part of the interconnection process, and a non-binding estimate of the associated costs.

Provided this assessment is conducted far enough in advance of the RFP bid deadline, say Q4 2024, proponents will have enough time to 1) conduct sufficient development activity in advance of the deliverability assessment to have a firm sense of project location and size, and 2) have sufficient time post-results and pre-RFP bid deadline to

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	<p data-bbox="743 163 1485 241">forgo spending on infeasible projects and make sufficient progress on feasible projects.</p> <p data-bbox="743 283 1485 478">Results of the upfront deliverability assessment should be informational as opposed to binding as they were in previous procurements, allowing projects the flexibility to optimize size and location in advance of the RFP bid deadline.</p> <p data-bbox="743 520 1502 793">The increased certainty provided by both more detailed deliverability information and an upfront deliverability assessment will serve to focus proponents on projects that are ultimately viable. Not only will this help reduce costs, but it will focus municipal engagement efforts so as to avoid some of the unnecessary community frustration that accompanied earlier procurements.</p> <p data-bbox="743 835 1502 1150">With respect to delivery guidance for the recently announced capacity stream of LT2, Northland fully supports the IESO releasing “preferred locations” for prospective projects. This level of guidance would provide the certainty proponents need to undertake development efforts in earnest. This same level of specificity should be provided for the energy stream of LT2, and would alleviate the need for an upfront deliverability test.</p>

E-PPA Revenue Model and E-PPA Energy Market Settlement Examples

Topic	Feedback
<p>Do you have any questions or comments regarding the modified, “protected” version of the Enhanced Power Purchase Agreement (E-PPA) that the IESO has proposed?</p>	<p>Northland continues to believe that imposing Day-Ahead to Real-Time risk on intermittent renewable generators is a costly misallocation of risk. Case in point, the IESO acknowledges that assessing and pricing this risk is particularly challenging in Ontario given the complete absence of historical experience and data. This will necessitate pricey risk adders in RFP bids.</p> <p>Absent the removal of this risk, Northland appreciates the IESO’s efforts to limit risk exposure. The IESO’s proposal appears to effectively accomplish this by ensuring a minimum net settlement amount based on a portion of DA revenues. Northland contends that a higher portion of DA revenues ought to be guaranteed under the contract, as hourly revenue losses of 40% (with a 60% revenue guarantee) represent material losses and may not meaningfully limit risk in the eyes of financiers. A guarantee of 90% would more meaningfully limit this risk, allowing for lower risk adders in bids and easier financing.</p> <p>Northland does not support awarding rated criteria points to projects that opt to forgo this protection. Awarding rated criteria points for taking on an intractable risk, at significant cost to ratepayers, sends the wrong incentive. Furthermore, doing so would come at the cost of diluting the benefit of pursuing rated criteria points tied to critical initiatives, such as indigenous participation.</p>

General Comments/Feedback

From the Minister’s June 6, 2024 letter to the IESO, Northland understands that there will be limits on projects siting on lands zoned prime agricultural lands as defined by municipalities. To the extent that meeting zoning requirements is a post-bid requirement (which would allow for the potential re-zoning processes to play out), the IESO must ensure that the security posted by awarded projects is refundable in the event a municipality declines to approve the project through the zoning process. Preferable still, the security should remain refundable until the provincial siting permit and interconnection rights are granted. These changes would be in recognition of the increasingly restrictive constraints being placed on projects, all of which have overlapping and interdependent timelines.