

Feedback Form

Long-Term 2 RFP – July 4, 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 July 4, 2024, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation and recording can be accessed from the LT RFP [engagement web page](#).

Please submit feedback to engagement@ieso.ca by July 19, 2024.

MT2 RFP

Topic	Feedback
Do you have any feedback regarding resource eligibility under the MT2 RFP?	<p>Existing facilities should be allowed to offer expansions (e.g., addition of energy storage resources) to enhance product offerings, realize efficiencies of new market design and maximize value for Ontario rate-payers. Expansions could be limited to the existing interconnection capacity therefore reducing implementation risk.</p> <p>The short contract term length of MT2 severely limits negative exposure for the IESO if long-term forecast of capacity reduces over time. Further, the MT2 capacity stream is a fixed capacity payment similar to other recent procurements (e.g., E-LT and LT1). Proponents are forced to manage market exposure and revenue risks under this contract design further insulating the IESO from negative outcomes.</p> <p>By allowing expansions the IESO would minimize land use for new energy resources, optimize existing connection capability, and ensure that existing resources with limited dispatch capabilities to become more responsive to market signals.</p>
Do you have any feedback regarding the IESO's proposed method of determining the procurement target for the MT2 RFP?	<p>It is unclear why the IESO would preset a threshold for proposals awarded under MT2. If the IESO determines all or part of the MT2 contract offers are cost-effective or help meet system needs, the IESO should be free to contract for all or some of the capacity offered. Since MT2 is restricted to existing resources, the IESO should not force itself into rejecting some of the projects for the sake of competitive tension; particularly since the IESO will likely retains the right to not follow the MT2 procurement target (a capability the IESO has retained through all of their competitive procurements and programs).</p> <p>Put another way, the IESO is not offering a Contract A – Contract B procurement structure, and therefore setting an artificial threshold limit is illogical and should be removed.</p>

Topic	Feedback
Do you have any feedback regarding the contract structure or term length under the MT2 RFP?	ESC request that the IESO publish detailed analysis demonstrating how the qualifying hours were selected and if those hours continue to be critical hours for capacity throughout the contract term of MT2.
Do you have any feedback regarding capacity qualification for the MT2 RFP?	ESC is interested in understanding how the IESO will consider capacity qualification for energy storage resources. Please describe how energy storage resource capacity qualification will be calculated for MT2
Do you have any feedback regarding proposal submission fees and proposal security requirements for the MT2 RFP?	Recognizing that the MT2 is critical for the IESO's reliability objectives, ESC would support high security requirements to encourage submission of firm bids.
Do you have any feedback to share regarding the IESO's proposed method of proposal evaluation under the MT2 RFP	With the Ontario power system experiencing rapid expansion due to demand growth, there are significant transfer capability and operability constraints appearing in pockets of the system. MT2 resources, particularly with the ability to offer better dispatchability and market signal responsiveness through the addition of energy storage capacity, would be capable of supporting the system through this transition. MT2 proposal evaluation should include consideration for locational and operability benefits of MT2 resources.

LT2 RFP Capacity Stream

Topic	Feedback
Do you have any feedback to share regarding the capacity stream under the LT2 RFP?	<p>ESC is concerned that the approach to the LT2 RFP capacity stream would eliminate the ability of hybrid resources to participate because of the requirement to be separately metered. Hybrid facilities offer significant benefits to the Ontario power system and leverage the efficiency gains from the new MRP market design. In particular, the design of the new market mechanisms envisioned under the MRP would indeed deliver the market signals necessary to drive investment into hybrids – however, these mechanisms would not be finalized or defined in time for bid submission, and therefore cannot underpin otherwise beneficial investments in hybrids under LT2.</p> <p>Could the IESO please explain how hybrid facilities would be enabled through the LT2 capacity stream procurement.</p>

LT2 RFP Proposal Evaluation

Topic	Feedback
Do you have any feedback to share regarding the IESO's proposed method of proposal evaluation under the LT2 RFP?	<p>Similar to comments above, ESC is interested how regional and operability benefits of energy storage resources in the energy and the capacity stream of LT2 will be evaluated. ESC believes the IESO should be using their procurement processes to target areas of the power system that are challenged for connection of new customers or system operation.</p>

LT2 RFP Proposal Security

Topic	Feedback
Do you have any feedback to share regarding the proposal security requirements under the LT2 RFP?	<p data-bbox="743 170 1507 321">For the LT2 Capacity stream, ESC is supportive of the proposed security requirements. ESC would like to request additional clarity from the IESO on how proponent experience will be considered in the proposal evaluation.</p> <p data-bbox="743 369 1515 716">For the LLTR stream, ESC strongly recommends adoption of a stage-gated approach for security requirements. Recognizing the unique challenges from a first-in-Canada LDES procurement, the objective of attracting a robust range and diversity of potential proponents, and the higher capital costs of envisioned projects, we recommend a process of 20% bid security being due with proposal submission, with the remaining 80% of bid security due at the NTP stage.</p>

General Comments/Feedback