

Feedback Form

Long-Term 2 RFP – September 12, 2024

Feedback Provided by:

Name: Frank R. Bajc

Title: Owner

Organization: Grindstone Creek Energy Services Ltd.

Email: [REDACTED]

Date: September 26, 2024

Following the LT2 RFP September 12, 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 [Long-Term RFP \(ieso.ca\)](https://www.ieso.ca/Long-Term-RFP).

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 “Yes” below:

- Yes – there is confidential information, do not post
- No – comfortable to publish to the IESO web page

Please submit feedback to engagement@ieso.ca by September 27, 2024.

LT2 RFP Deliverability Guidance – Update

Topic	Feedback
Do you have any feedback to share regarding the updated Preliminary Connection Guidance document?	No comments at this time
Do you have any feedback to share on the procedure to request access to the transmission system map or process to request pre-submission consultations?	No comments at this time
Do you have any feedback on the types of information that you would like to see in the LT2 Capacity RFP Guidance Document?	As elaborated further under General Comments, we suggest that the RFP itself (not just the Guidance Document) take a more liberal approach to siting projects, and to look a number of years into the future for expected transmission expansion, and not limit modeling solely to transmission expansion projects that have been fully sanctioned.

LT2 RFP Design – Policy Considerations

Topic	Feedback
Do you have any feedback to share on the policy considerations outlined in the August 29, 2024, letter from the Minister of Energy and Electrification to the IESO?	The Minister of Energy has indicated that he wants to see a technology-neutral procurement. The status quo view for the Capacity RFP is not technology neutral, and a modest allocation of rated criteria for duration as suggested by IESO during the webinar will not change the fact that the LT2 Capacity stream will not allow gas generation or other forms of generation or longer-duration storage to compete on a level playing field against 4-hour batteries. Only an RFP that assess an appropriate Effective Capacity that a technology can provide will allow technologies to compete on a level playing field for the service that is being contracted, namely Effective Capacity / useable capacity. At expected levels of deployment, counting 4-hour storage as 100% effective capacity is unfairly subsidizing those bids by 2x – 3x (i.e. the equivalent of dropping the evaluated price of effective capacity by 50%-66%) vs. gas generation and long duration storage. To heavily subsidize one technology (in this case 4-hour storage) would clearly contradict the intentions of the Minister.

Topic	Feedback

Draft LT2 Energy RFP and Contract

Topic	Feedback
Do you have any feedback regarding the recently posted LT2(e) RFP?	No comments at this time
Do you have any feedback regarding the recently posted second version of the LT2(e) Contract?	No comments at this time
Do you have any feedback to share on the proposed Rated Criteria for the LT2(e) RFP?	No comments at this time
Do you have any feedback to share on the proposed mandatory requirements for the LT2(e) RFP, including Municipal and Indigenous Support Resolutions requirements as well as requirements for siting projects on Crown Land?	No comments at this time
Do you have any feedback to share on the Indigenous and Community Engagement requirements for the LT2(e) RFP?	No comments at this time

Key Themes from Recent Stakeholder Feedback

Topic	Feedback
<p>Do you have any feedback to share on the IESO responses to recent stakeholder feedback?</p>	<ol style="list-style-type: none"> 1) This response: <i>"The award of rated criteria points for longer duration capacity resources would be consistent with the E-LT1 RFP and represents the value to system reliability that long duration assets bring. The IESO is still considering whether such rated criteria points will be awarded"</i> greatly underestimates the need for adjusting short-duration storage so that it does not have an unfair advantage against long duration storage and generation. 2) We agree that early operation incentives in the form of a longer PPA (with the same end date) if participants can come into service early will be appropriate and incenting early delivery may, on average, help avoid late deliveries. 3) While we appreciate your response <i>"The IESO is considering using rated criteria to value longer duration capacity resources under the LT2 (c) RFP; the exact number of points and overall rated criteria categories are still under consideration."</i> we urge you to consider using either rated criteria points or a new definition of what duration is assessed at 100% capacity without deration to 8 hours. In the previous procurements setting 4 hours at 100% and, as per the LT1 RFP, derating a 2-hour storage resource to 50% capacity was appropriate at the then-current levels of storage adoption. At 3,000MW of expected 4-hour storage by the time LT2 resources reach commercial operation, the system value of incremental 4-hour storage will be 30%-50% of the value that generation can provide on a MW vs. MW basis. 4) We reiterate that non-storage projects should be given deliverability priority over storage projects as was done in the LT1 RFP due to their greater system reliability. If the technology-neutral nature of the RFP does not allow that, then non-storage and long-duration storage should be given deliverability priority over short-duration storage. 5) We agree that it would be appropriate to provide rated criteria points for projects using predominantly made in Canada supply chains.

General Comments/Feedback

Siting / Interconnection:

We would encourage IESO to take a more liberal approach to interconnection for both energy and capacity streams. At this stage taking an overly-strict approach to eliminating congestion will make it difficult to achieve desired outcomes. Where projects have willing hosts and a clear path to success, IESO should be willing to tolerate modest amounts of congestion. If seen as necessary, the level of expected congestion and/or the cost to mitigate such congestion could be taken into account in project ranking, rather than used to simply eliminate projects that would provide most of their energy or capacity most of the time. Otherwise the RFP may risk coming up short on targets. We also recommend including likely capacity upgrades, or at least planned upgrades that are two or three years beyond the LT2 project COD horizons, in the modeled transmission capacities. The old adage “do not let the perfect be the enemy of the good” applies here, especially when community approval and land classification winnows down the number of available locations.

Duration:

We reiterate that in order to have a technology-neutral RFP (i.e. no separate buckets for storage and generation) that is actually technology-neutral, IESO will need to take into account the Effective Capacity of each technology, including the duration of storage. IESO knows very well that longer duration means higher system value – the LT1 RFP made this explicit by defining capacity in such a way that a 2-hour storage resource would be assessed at half of the capacity of a 4-hour resource. This was prudent, otherwise we would have seen an awful lot of winning projects at 1 hour or less...

Most jurisdictions assess Effective Capacity via an Effective Load Carrying Capacity (ELCC) calculation or similar methodology. Resources of limited duration have lower Effective Capacity than longer duration resources. When more of a given storage duration is present in the system, its value decreases. This is fairly standard in most ISOs/RTOs, and IESO uses the Effective Capacity concept for solar and wind resources in the Capacity Auction.

We understand that based on some previous work commissioned and published by IESO as part of the Non Emitting Resource Sub-Committee in 2018, some ELCC calculations indicated that at ~12% of peak load reduction the ELCC for 4 hour storage was approximately 30% of nameplate, in other words 100MW of incremental 4 hour storage would deliver the same system capacity value as 30MW of gas generation, for example. We suggest that IESO refresh and publish an updated version of these same ELCC calculations and use them to guide how it allots capacity value to capacity resources in LT2 (c).

We appreciate the opportunity to comment and commend IESO on its inclusive and extensive engagements.