

Feedback Form

Long-Term 2 RFP – December 12, 2024

Feedback Provided by:

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Date: January 10, 2024

Following the LT2 RFP December 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 [LT RFP engagement web page](#).

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 January 10, 2024.

Overview of directive and LT2 updates

Question	Feedback
<ul style="list-style-type: none">Do you have any comments for the IESO regarding the proposed targets for the first submission window and/or the range of targets proposed for future windows?	No comments at this time
<ul style="list-style-type: none">Do you have any comments for the IESO to consider regarding the proposed timeline for the first submission window?	No comments at this time

LT2 (c) – High Level Overview of RFP and Contract

Question	Feedback
<ul style="list-style-type: none">Do you have any comments for the IESO regarding the newly proposed rated criteria related to duration?	While the current incentive for 12+ hours duration is very modest, we commend the overall approach (including instituting the 8 hour minimum) in allowing for a technology-agnostic competition that comes much closer to compensating the true system capacity value of duration.

LT2(e) and LT2(c) RFPs and Contracts

Question	Feedback
<ul style="list-style-type: none">Do you have any comments related to the treatment of support confirmations across windows?	We commend IESO for accommodating those municipalities that prefer to provide a blanket confirmation across the windows.
<ul style="list-style-type: none">Do you have any comments related to the proposed new requirement for evidencing that a project is on Unincorporated Territory?	No comments at this time.

Question	Feedback
<ul style="list-style-type: none"> Do you have any comments regarding the proposed early COD multiplier? 	<p>Given the urgent need for dispatchable energy, we think that an appropriate starting multiplier would be 2.0x based on the same analysis underpinning the Monthly Non-Performance Factors for the Availability Non-Performance Charge (which are at 2.0 for the months of greatest need) rather than the current 1.5x.</p> <p>We agree that a sufficient early COD multiplier can enable and incent early delivery for certain projects and that given the need for energy we would support limiting this incentive to non-storage projects for the first window. A 2.0x multiplier is more likely to achieve this goal.</p>

Deliverability Guidance

Question	Feedback
Do you have any comments around the Deliverability for Windowed Approach?	<p>We strongly approve of IESO's commitment to providing TAT / circuit-by-circuit information to proponents. In order to deliver more system reliability within limited transmission interconnection headroom, we strongly caution against removing the evaluated capacity value of variable energy projects from the capacity stream. In comparison to the capacity value of Ontario's entire portfolio of wind or of solar, the capacity value of a single variable energy project on a single line is much lower, and the chance that single project will provide energy at system coincident peak is much lower than that of the equivalent wind or solar portfolio. If IESO insists on removing interconnection room from dispatchable capacity projects on a given circuit, it should use the same kind of assumptions for variable resources inherent in calculating the equivalent non-wires resource needed to supplant a transmission solution (which appear to incorporate relatively lower capacity factors).</p>
Do you have any general comments you would like to share around the deliverability guidance or test methodology information presented for window 1?	No further comments at this time

General Comments/Feedback

Team Member Experience (RFQ within the RFP) We have comments in respect of the qualification component of the LT2c RFP: In Section 2.1 Eligibility Requirements (ii), the Designated Team Members need to have experience in the various disciplines via at least one Qualifying Project. However, Qualifying Project is not a defined term in the RFP or the contract. For ELT and LT1 Qualifying Project was defined in the pre-RFP RFQ process – however LT2 has subsumed the qualification piece within the RFP itself.

Our overall thoughts:

- 1) Many RFPs rely solely on bid security rather than an RFQ to provide the necessary discipline. The parties providing the LCs have every reason to ensure the proponent team has the necessary experience to complete the project, and they will be carrying out a rigorous diligence project on the capability of the proponent team to deliver. We would advocate for this more standard approach of relying on the bid security rather than the hybrid approach of both bid security and an RFQ within the RFP.
- 2) If IESO insists on reestablishing the portions of the same RFQ process used for E-LT1 and LT1 within the LT2 RFP (which is how we interpret the Team Member Experience requirement), an appendix laying out this in-RFP RFQ may need to be added, including defining Qualifying Projects. In such a case, we recommend that the dates and locations of the projects not be too restrictive.
- 3) It is our understanding that several project proponents, including established and accomplished developers, were prevented from participating in ELT-1 and LT1 due to a set legalistic process that eliminated them based on minor deficiencies in their RFQ forms and submissions that could have been rectified by a cure process. While the proposal workbook input form for Team Member Experience and accompanying attestation does seem simpler, and IESO has given itself the option but not obligation to allow for a proponent to fix an omission, the stakes for proponents are much higher given that they will have expended significant sums to develop projects to the point of submitting a bid rather than facing a pre-development RFQ. If this route is followed, we strongly recommend that IESO have a method mandating an opportunity for proponents to cure any deficiencies in the Team Member Experience/RFQ section, from correcting workbook inputs up to and including sourcing an additional team member if necessary. Otherwise proponents may be discouraged from bidding.

Duration of Contracts

IESO has provided for contracts longer than the base 20 years as part of the incentive for early project delivery, with the caveat that all contracts will end in 2050. We understand that part of the logic for the 2050 end-date is that fossil-fuel based projects are less likely to be allowed by regulation or law to continue to operate past 2050, and it would make sense that IESO would not want to put the ratepayer at undue risk in this event. However, given that a number of the technologies likely to compete in LT2 have useful lives longer than 20 years, we would suggest the following:

- Allow projects to bid for longer periods, say up to 30 years.
- IESO would refrain from any commitment to pay projects past 2050 if they were unable by law or regulation to operate.
- For simplicity, IESO would evaluate all project bids (e.g. 20 year, 25 year, 30 year alike) based on the simple bid price rather than on an NPV basis. Projects that were bidding periods longer than 20 years (i.e. say 5 or 10 years beyond 2050) could use the longer commitment to bid lower prices lowering costs for ratepayers.
- If IESO wishes to emphasize energy projects it could make this option available exclusively to them, however it could also make it open to all technologies.
- If a fossil-fuel-based project perceived risk in bidding longer than 2050, it could either refrain from doing so or make plans to convert at 2050 to carbon-neutral fuels such as may be permitted at that time (perhaps renewable natural gas, e-methane, hydrogen) as a risk mitigant.

We commend IESO on the beneficial changes it has made thus far to the RFP and thank IESO for the opportunity to comment.