

Feedback Form

Long-Term 2 RFP – April 24, 2025

Feedback Provided by:

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Date: May 9, 2025

To promote transparency, feedback submitted will be posted on the LT RFP engagement page unless otherwise requested by the sender.

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

Following the LT2 RFP April 24, 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 LT2 [engagement web page](#).

Note: The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials please indicate if they are confidential.

Please submit feedback to engagement@ieso.ca by May 9, 2025.

Tariff Risk Mitigation

Do you have any comments related to the tariff risk mitigation concepts presented during the webinar?

Two-stage proposal submission

- The 2–3 month delay offers no tariff mitigation to bidders as procurement occurs 2-3 years following bid award and goods do not clear of customs 3-5 years following the bid, meaning costs, particularly of tariffs are not be known for 5 years. This provides no material benefit to bidders while introducing risk of unintended or adverse consequence to the process;
- First Nation engagement and project economics are typically a process which move together. By creating a scenario where the project economics are not known for months following the point at which a First Nation must commit to a bid in the first stage, IESO is pushing a First Nation to commit to an uncertain process, complicating partner development;
- A non-committal bidding process raises the risk of uncommitted and/or opportunistic behaviour, inflating proposal volume and reducing overall bid quality, increasing the IESO's administrative burden, delaying project awards and reducing the success rate of the tender.

Pre-COD Contract price escalation

- While it does not directly or fully insulate developers from the pressure, this mechanism is generally constructive, as it allows proponents to incorporate expected inflation into bid pricing and reduces risk during delivery.

Mechanism to re-bid Contract price

This proposed mechanism presents several risks:

- Without a robust, transparent mechanism to allow a rebid, it incentivizes speculative bidding from uncommitted participants relying on the ability to adjust prices or withdrawal their bid threatening the certainty of supply;
- Tariff-related costs are typically unknown until goods clear customs. Allowing rebids for non-tariff reasons (e.g., errors, duress, withdrawal of support) would undermine bid integrity and process credibility, decreasing the likelihood of projects being connected to the grid;
- If this mechanism is retained, RES recommends that rebids be strictly limited to demonstrated, documented tariff impacts preventing its use as a fallback for general price miscalculations or speculative behavior. The discretion by which IESO makes a determination must have a degree of upfront transparency so as to incent the right behaviour and allow bidders to be comfortable putting in their Proposal Security.

LT2 RFP and Contract Updates

Do you have any comments related to the other RFP and Contract updates presented during the webinar?

Registration

RES requests confirmation that the Control Group Member named as part of the registration process can be changed prior to the Proposal Submission Deadline.

Requirement to rescind Connection Impact Assessments

RES supports the requirement to rescind Connection Impact Assessments for Long-Term Capacity Service Projects seeking to connect to a Distribution System. While RES welcomes this change, we request the IESO extends the same requirement for Long-Term Capacity Service Projects seeking to connect to a Transmission System.

Given the lack of line-of-sight on deliverability for LT2(c-1) Proponents, RES believes the IESO should actively create a level-playing-field for all Projects, and that the requirement to rescind CIAs for Transmission-connected projects is well grounded in the IESO's previous LT2 guidance.

LT2 RFP Requirements for Crown Land Projects

Do you have any comments regarding the new Proposal Submission requirements for Crown Land Projects?

RES looks forward to reviewing the draft Crown Land Site Report prior to its finalization.

LT2 RFP Deliverability Update

Do you have any comments regarding the deliverability guidance updates presented during the webinar?

RES looks forward to utilizing the online connection feasibility assessment platform to be published by the IESO.

General Comments/Feedback

AIA Component One guidance document

RES looks forward to soon obtaining the Agricultural Impact Assessment Component One guidance document, providing developers with adequate time to consult municipalities, avoiding the imposition of a back-ended administrative burden on Municipal staff closer to the Proposal Submission Deadline.

Risk of change in ITC regulations

Additionally, RES notes the risk of the Federal Investment Tax Credit (ITC) being withdrawn as a scenario to potentially materially undermine project economics.

Some suggestions:

1. The LT2 Contract introduces Change-in-Law language that makes whole the project in the event of a Federal program disappearing, wherein,
 - All proponents must provide a proposal price with and without Federal program funding. The IESO selects on this basis, and both numbers are entered into the Contract, with the 'without proposal price' written into the Change-in-Law language. This makes it very transparent and comparable between proponents, or;
 - Upon any Federal program being cancelled, the value of the program funding is paid as an adder to the PPA over the contract term, with the Program's eligible expenses being submitted by the Supplier upon COD.
2. The Federal government introduces 'safe-harboring' provisions such that project eligible expenses, at the point of financial close, are pre-approved and Federal funding committed regardless of any future changes in regulation.
3. The Federal government, via the CIB, provides a commitment to sign an ITC loan for all projects retained in the procurement, and such agreement is signed upon financial close of the project. The CIB has provided an ITC loan product to all bidders in the recently awarded BC Hydro tender (2025) and is likely to provide same for the next procurement. Such a CIB product must provide complete protection against Federal change of law. RES believes that this is the simplest approach and is happy to engage with the IESO to discuss further.

As always, we appreciate the IESO's continued engagement with stakeholders and its efforts to build a resilient and competitive procurement process. RES remains committed to contributing constructively to these discussions and supporting the success of Ontario's energy transition.