

Feedback Form

Long-Term 2 RFP – May 21, 2025

Feedback Provided by:

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Date: 29/05/2025

To promote transparency, feedback submitted will be posted on the LT2 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 May 21, 2025, 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 29, 2025.

Post-Proposal Applicable Tariffs

Do you have any comments related to the approach to mitigating the risk of Post-Proposal Applicable Tariffs presented during the webinar?

First of all, Neoen appreciates the efforts and adaptability demonstrated by the IESO in addressing the challenges posed by current uncertainties, as well as its continued commitment to advancing the procurement process despite these conditions.

Neoen supports the introduction of a Pre-COD indexing mechanism as a valuable step toward mitigating certain financial risks. However, it is important to highlight that while this mechanism is a positive development, it does not fully address tariff-related exposure, which remains a significant concern for developers.

The proposed 10% threshold for triggering a price revision appears arbitrary and lacks supporting rationale. Providing greater transparency on how this figure was derived would help proponents assess its applicability and reasonableness.

Additionally, we seek clarification on the rule limiting proponents to two price revision submissions. While we understand this limitation is intended to reduce administrative burden and deter excessive resubmissions, the current wording raises concerns. Specifically, it is unclear whether a single revision rejected by the IESO would count as one or both of the permitted submissions. Clarifying this process is essential to ensure fairness, transparency, and predictability for all parties involved.

Moreover, Neoen is concerned with the current definition outlined in Section 1.1, as it is understood that it might restricts consideration to only "Canadian tariffs." In practice, many of the most impactful tariff increases affecting suppliers arise from jurisdictions outside of Canada. If these are not accounted for, developers may be exposed to material cost increases that fall outside the scope of relief offered. We urge the IESO to expand or clarify this clause to ensure that tariff impacts from all relevant jurisdictions are eligible for review.

Most importantly, Neoen expresses serious concern over the provision allowing the IESO to retain 50% of the financial security in the event of project withdrawal. This measure significantly increases financial risk for developers, who could be penalized twice—once through sunk development costs and again through forfeiture of security—despite tariff-related unprofitability that is beyond their control.

We strongly recommend that the IESO adopt a more flexible and equitable approach. If a proponent can clearly demonstrate that tariff changes have rendered a project financially unviable, the contract

should allow for a no-penalty exit, including full reimbursement of the financial security. At the very least, the framework should permit the IESO to exercise discretionary judgment on a case-by-case basis, recognizing proponents' good faith efforts and the specific circumstances involved. For example, a bidder submitting a modest price revision—close to the next lowest bid—should not face the same penalties as one proposing a significantly higher, non-competitive price.

Gas Turbine Delivery Delay Provisions

Do you have any comments related to the approach to handling potential delays in the delivery of gas turbines presented during the webinar?

No comments, except to note that in the context of the current global situation and climate crisis, prioritizing gas projects does not appear to be the most appropriate approach. The financial support provided by the IESO through such contracts would be more effectively allocated to renewable or low-carbon projects.

Crown Land Site Report and MNR Confirmation Letter

Do you have any comments related to the CLSR and MNR Confirmation Letter requirements presented during the webinar?

In section 3, Item 1: It would be helpful to include a provision that, if the proponent can demonstrate compatibility with all constraints listed in Appendix A, yet the MNR still declines to issue the necessary authorizations or approvals at the end of development, then the proponent should be allowed to terminate their LT2 contract or proposal without incurring any penalties. This would acknowledge the proponent's due diligence and mitigate risks associated with discretionary or unforeseen permitting outcomes.

In Section 3, Item 5: This acknowledgement could be revised to clarify that the MNR is not making any representations or warranties under the CLSR. The actual instruments pursuant to which Crown land rights are granted may have representations and warranties.

LT2 RFP Deliverability Update

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

As previously noted, the approach taken by the IESO regarding deliverability and interconnection guidance documents has not been ideal. The guidance has evolved significantly from the initial release to the current version, creating uncertainty for developers.

For Window 2, having a clear, finalized guidance document available from the outset would greatly benefit project siting and development strategies. It would also support the IESO's objectives by

encouraging project proposals in areas where the grid is less congested, ultimately promoting more efficient use of the transmission and distribution network.

General Comments/Feedback

Prescribed Form for the Confirmation of Unincorporated Territory

It is currently understood from the presentation that the IESO intends to revise the prescribed form for the Confirmation of Unincorporated Territory. Specifically, a Registered Professional Planner would be required to confirm that:

- The project site is not located on lands designated as Specialty Crop Areas; and
- For ground-mounted solar projects, the site is not located on lands designated as Prime Agricultural Areas.

The prohibition to develop new ground-mounted solar projects in Prime Agricultural Areas is well-known and not questioned. Neoen's concerns are around the definition of Prime Agricultural Areas in municipally unincorporated territories and the impacts on project development in Northern Ontario.

Many IESO and/or OMAFA generated documents clearly state that Prime Agricultural Areas for the purpose of the LT2 RFP are designated by the Official Plan of the applicable municipal or Northern Planning Board's official plan:

- In the November 21, 2024 IESO Webinar, OMAFA did a presentation and confirmed the following in Slides 7 and 8
 - The draft LT2 request for proposal (RFP) and Contract indicate that 'prime agricultural areas' mean the same as the defined term in the Provincial Planning Statement, 2024 and are designated in the applicable municipal or northern planning board's official plan (OP).
 - LT2 rules for PAAs would not apply areas outside of PAAs or where there are no PAAs
 - designated. For example:
 - in some parts of the province, there may not be a PAA designation in the local OP
 - in other parts of the province, there may be no OP in place at all
- In the Version 3 of the LT2 RFP FAQ document, dated November 26, 2024, the IESO confirmed that "*The IESO is proposing revisions to the definition of Prime Agricultural Area in the draft LT2 procurement documents to better align with the intent of the June 6, 2024 ministerial letter. The revised definition will reflect that while the Provincial Planning Statement, 2024 defines what could, in principle, constitute a Prime Agricultural Area, the boundaries of any particular Prime Agricultural Area are designated by the applicable municipality or Northern planning board's Official Plan*" (Paragraph 4.1).
- In the Minister of Energy and Electrification's directive from November 28, 2024, it was again confirmed that "*new ground-mounted solar projects are prohibited from being built in Prime*

Agricultural Areas, as defined in the Provincial Planning Statement, 2024 and designated by the municipality's or northern planning board's Official Plan". (Paragraph I.5.g.(ii))

Based on the above and the wording of the LT2 RFP and Contract, it is very clear that the intention of the Government and the IESO are to tie the definition of Prime Agricultural Areas to the Official Plans. In the absence of any Official Plan, there would be no Prime Agricultural Areas (as explicitly confirmed by OMAFA in the November 26, 2024 Webinar).

We would like the IESO to confirm that:

- this definition is still true;
- for the Prescribed Form for the Confirmation of Unincorporated Territory, in the absence of any Official Plan for a site on unincorporated territory, a Registered Professional Planner can confirm that the site is not located on lands designated as Prime Agricultural Areas; and
- this determination is based and designated by the municipality's or Northern Planning Board's official plan.

Rated Criteria for Non-U.S. Companies

Regarding the potential rated criteria to promote non-U.S. companies, Neoen considers this an approach that should align with broader federal policy objectives.

Furthermore, a clear definition of which entity would be subject to assessment under this criterion is highly needed and in a timely manner. In fact, many developers are either fully or partially owned by U.S.-based funds, while their operational structure, staff, and activities are entirely based in Canada. Thus, it would be unfair to categorize such developers as U.S.-based entities when compared to developers that primarily operate in the U.S. and are entering Ontario solely in response to the LT2 procurement. As an alternative, the IESO could consider assessing proponents based on recent operational activity in Ontario or evidence of a meaningful local presence — such as maintaining a team of a certain number of employees in the province — as a more accurate reflection of local engagement.

Clarity on Connection Point Requirements

Some of the requirements regarding connection points remain unclear. Neoen would appreciate that the IESO provide specific, numbered examples of potential solutions or scenarios to help proponents better understand the expectations.

Moreover, the clause:

"Additionally, if the Long-Term Energy Project is proposed to have a single electrical point of connection to a Circuit or Feeder for which there are Common Corridor Circuits or Common TS Feeders, as applicable, the Proponent may designate in the Proposal Workbook one alternative allocation of the proposed Contract Capacity to any one or more of such Common Corridor Circuits or Common TS Feeders,"

is difficult to interpret and appears to introduce unnecessary complexity. Providing illustrative diagrams, scenario-based examples, or summary tables would greatly enhance clarity and improve the consistency of proposals submitted.

Clarification on Proposal Average Price Calculation

Additionally, the new wording introduced in Section 4.4 b) (i) appears unclear and inconsistent with the example presented on Slide 21 of the April 24th webinar. During that session, the Proposal Average Price was defined as a weighted average based on proposed contract capacities across the various PQ alternatives. However, in the recently released Energy RFP document, it appears that the Proposal Average Price will now be calculated as a weighted average based on the expected annual imputed production.

Neoen requests that the IESO provide clarification during the next webinar, ideally using the same illustrative format employed in the April 24th presentation, to demonstrate how this updated calculation will be applied in practice.

Potential error in the Exhibit J

It is questioned whether there may be an error in Exhibit J of the LT2 Energy Contract, as the term IFPy is no longer used, yet it still appears in the definition of the newly introduced IFPmy component. Since IFPy is not defined elsewhere in the document, this may simply be an oversight.