



Long Term 2 RFP

Frequently Asked Questions, Key Feedback and IESO Responses

Version 2

October 3, 2024

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Document Change History

Version	Reason For Change	Date
1	Long-Term 2 RFP Frequently Asked Questions, Key Feedback and IESO Responses	September 27, 2024
2	New FAQ: 2.3	October 3, 2024

Frequently Asked Questions

The following questions have been submitted to the IESO via a number of channels, including via the LT2.RFP@ieso.ca inbox and through stakeholder engagement feedback. Capitalized terms used but not defined in this FAQ have the meaning given to them in the Market Rules, the LT2 RFP, the LT2 Contract, and the Preliminary Connection Guidance Document.

This document will be continuously updated with questions and responses pertaining to the LT2 RFP.

1. Request for Qualifications

1.1 Will the IESO utilize an RFQ process prior to the LT2 RFP to determine Qualified Applicants?

The IESO will not utilize an RFQ process prior to the LT2 RFP. Instead, the LT2 RFP will include minimum Team Member Experience as a mandatory requirement and a Proposal Security to support financial wherewithal.

2. Resource Eligibility

2.1 What resources are eligible to participate in the LT2 RFP?

Following the guidance of the August 28th, 2024 ministerial letter the IESO will be proceeding with a technology agnostic procurement for the LT2 RFP. New build resources that can meet the eligibility requirements, be enabled in the IESO-Administered Markets, and be in service by the Commercial Operation Date can participate in the LT2 RFP, with specific resources being better suited to the energy and capacity streams.

2.2 Will natural gas resources be eligible to participate in the LT2 RFP?

Per the response to FAQ 2.1, the LT2 RFP will be a technology agnostic procurement, and all resource types will be eligible to participate.

2.3 Will redeveloped facilities be eligible to participate in the LT2 RFP?

No, redeveloped facilities and upgrades will not be eligible to participate in the LT2 RFP, the procurement is open to New Build facilities only.

The IESO recognizes that there is inconsistent language between the draft LT2(e) RFP and the introductory language on page 4 of the LT2(e) Contract, which references redeveloped facilities. The updated draft documents to be released in the coming weeks will be revised to reflect that the LT2 RFP is intended to solicit new electricity generation services from New Build facilities only.

3. Deliverability

3.1 Will the IESO be conducting preliminary deliverability testing for the LT2 RFP?

The IESO will not be conducting preliminary deliverability testing for the LT2 RFP. The IESO released an updated [Preliminary Connection Guidance Document](#) for the LT2(e) RFP on September 6, 2024, with connection-type and reliability-type data. The IESO will evaluate the deliverability of proposals during the proposal evaluation stage in order of each proposal's evaluated price. Potential participants can also [request a pre-submission consultation](#) to help inform their proposal, using the procedure provided on the LT2 RFP website.

3.2 Will the IESO provide a detailed system map to provide better visibility of the geographical locations of equipment and limitations?

Hydro One and the IESO have collaborated to provide participants with an option to [request a preliminary connection guidance map](#) to complement the Preliminary Connection Guidance document and help inform submissions for the LT2(e) RFP.

3.3 Will the IESO Update the Preliminary Connection Guidance document with the results of the LT1 RFP?

Version 2 of the Preliminary Connection Guidance document, which reflects the results of LT1 RFP, is now available on the LT2 RFP website. For further clarity the results of the E-LT1 RFP have already been taken into consideration in the published version of the Preliminary Connection Guidance document.

3.4 Can projects connect to 500kV circuits for the LT2 RFP?

As stated in section 5.4 of the Preliminary Connection Guidance Document, connection to 500 kV circuits should be avoided for LT2 RFP. If the proponents believe they have a good case for their project to connect to the 500kV system, they should discuss with Hydro One.

3.5 Will the IESO allow proponents to make investments in the Ontario electricity system to allow their projects to connect?

Upgrades that would be required to make new projects deliverable are generally bulk system upgrades that require significant studies to confirm the optimal solutions, and longer lead times to implement. In order to maximize the likelihood that projects will be capable of meeting the reliability needs to be addressed through the LT2 RFP in time, projects will be tested for deliverability based on the expected system configuration at the time of their connection.

3.6 How will the results of the LT2 RFP energy stream factor into deliverability for the capacity stream?

The IESO will prioritize projects in the energy stream before considering projects that are submitted as part of the capacity stream.

4. Projects Proposed to be Located in Prime Agricultural Areas

4.1 How does the definition of Prime Agricultural Area link with municipal Official Plans?

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 principal, 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.

4.2 For projects proposed to be located in Prime Agricultural Areas, when does an Agricultural Impact Assessment need to be completed and what documentation is required to be submitted to the IESO as part of proposal submission?

Per the June 6 ministerial letter, jointly issued by the Ministry of Energy and Electrification and the Ontario Ministry of Agriculture, Food and Agribusiness (OMAFRA), the IESO was given the policy direction that proponents wishing to participate in the IESO's procurements will need to:

1. Demonstrate municipal support to locate on lands subject to municipal land use authority; and
2. Where the project is located in Prime Agricultural Areas and is not a ground-mount solar, complete an Agricultural Impact Assessment (AIA) to the satisfaction of the municipality.
Note: ground-mount solar is prohibited in Prime Agricultural Areas, consistent with the June 6 ministerial letter.

The first requirement is to be met as part of proposal submission for the LT2 RFP. Proponents are required to consult with the applicable municipality and obtain a resolution in support of proposal submission. Further information will be provided on any additional requirements for municipal engagement and the municipal support resolution where the project is proposed to be located in Prime Agricultural Areas. For further clarity, the municipal support resolution (or any of the underlying steps, as described here and elsewhere) is not a substitute for the second requirement.

The second requirement is separate from the proposal requirements and is expected to be satisfied during the pre-construction development period of the project. If a project proposed to be located in Prime Agricultural Areas is successful in the LT2(e) RFP or LT2(c) RFP and awarded a contract, the terms of the contract will provide that the successful proponent must complete an AIA to the satisfaction of the applicable municipality and provide the IESO with documentation from the municipality confirming the same no later than 18 months post contract award.

These details are subject to finalization as the IESO continues to collaborate with OMAFA and the Ministry of Energy and Electrification on the approach to implementing this policy.

5. Revenue Model

5.1 Will the IESO be proceeding with the Enhanced PPA (E-PPA) revenue model for the LT2(e) RFP?

Per the August 28th ministerial letter, the IESO will proceed with the E-PPA revenue model for the LT2(e) RFP.

6. Additional Questions and Feedback Received

6.1 Can proponents reach out to the Ministry with specific questions related (but not limited) to project siting, project approvals and project permits.

Proponents are welcome and encouraged to reach out early to the appropriate Ministry with specific questions related to their projects. Here is a list of contact information:

Ministry	Contact Email
Ministry of Natural Resources and Forestry	MNRRenewableEnergySupport@ontario.ca
Ministry of Environment, Conservation and Parks	REaprogramdeliverability@ontario.ca c.c. Zeljko.Romic@ontario.ca , Kendrick.Doll@ontario.ca

6.2 Will the IESO allow for price adjustments to proposal prices prior to Commercial Operation Date (COD)?

The IESO will not allow for price adjustments to proposal prices after the LT2 RFP proposal submission deadline or during the period prior to COD under the LT2 Contract. Proponents are expected to submit binding proposal prices (subject to escalation terms to be specified in the LT2 Contract) that best reflect the revenue requirement needed for their projects. Proposal price indexing will begin on the COD to coincide with the start of electricity generation services. Protections against increases in capital costs between the LT2 Contract award date and COD are the responsibility of the proponent and may be reflected in the submitted Proposal Price.

6.3 Is a Municipality eligible to submit a proposal for the LT2 RFP?

A Municipality (or an entity owned by a municipality) can, subject to any limitations on authority under the *Municipal Act, 2001* (Ontario) or other city-specific applicable legislation or regulation, submit a proposal for the LT2 RFP if it can meet the necessary financial wherewithal and experience (i.e. team member development experience) requirements.

6.4 How will the LT2 RFP be drafted in conjunction with ongoing consultation efforts regarding Ontario Regulation 429/04 amendments related to the treatment of corporate power purchase agreement?

The LT2 RFP is being designed separately from any policy developments associated with enabling corporate power purchase agreements from renewable resources. It should not be expected that a resource will be eligible to be the subject of both an LT2 Contract and any such corporate power purchase agreements, in the same manner as physically behind-the-meter resources participating in the IESO's Industrial Conservation Initiative are not eligible for the LT2 RFP (and were not eligible for the E-LT1 RFP or the LT1 RFP). For further clarity, avoided Global Adjustment charges are also considered a form of ratepayer financial support that must be maintained separately from IESO-funded procurement contracts to ensure fairness and ratepayer value tracking.

6.5 Would a proponent of a prospective wind facility be eligible to use remote data measurement sensing devices such as LiDAR or SoDAR as an alternative to MET towers when evaluating the viability of a potential project site?

The IESO will not take any view towards the wind measurement equipment that proponents elect to use to support their proposal development as part of the LT2 RFP. The IESO is not proposing to require any resource data or studies as a requirement for the LT2 RFP or LT2 Contract. It will be up to proponents to ensure they are able to satisfy their contractual obligations and financial considerations based on wind regime/ solar irradiance etc.