

# Stakeholder Feedback and IESO Response

## Long-Term 2 RFP (LT2 RFP) – November 26, 2024

Following the September 12, 2024, LT2 RFP stakeholder engagement webinar, the Independent Electricity System Operator (IESO) invited stakeholders to provide feedback on the LT2 RFP Deliverability Guidance Update, LT2 RFP Policy Considerations and the Draft LT2 Energy RFP and Contract. The IESO is currently in the design stage of the LT2 RFP. Feedback is posted on the Long-Term RFP [engagement webpage](#). Please reference the feedback forms for specific feedback as the information below is provided in summary.

### Note on Feedback Summary and IESO Response

The IESO appreciates the feedback received from stakeholders and communities. The tables set out below respond to the feedback received and are organized by topic.

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## A) LT2 RFP Deliverability Guidance - Update

Stakeholders were generally appreciative of the updated guidance material, however many felt that more detailed information is required to address development risks, with some stakeholders questioning the approach to deliverability assessment. Specific feedback is summarized below.

**The IESO should provide more detailed deliverability information in the form of interactive maps and single line diagrams:**

- The process is clear, and the map was easy to access.
- IESO and HONI should consider building an interactive online map (supported by GIS tools) where proponents can identify circuits name and get information on those circuits (restricted, to avoid, etc.)
- Making a version of the guidance document with actual IESO transmission map details will be helpful in the future.
- The IESO should work with HONI to develop an interactive system map of the feeder lines so proponents can more efficiently utilize the HONI calculator.
- The guidance is a barrier to cost-effective development. Other jurisdictions including BC and Alberta provide much more detailed station and line-level connection maps and up-to-date circuit data.
- The transmission map should be available in shape files in order to integrate it into GIS tools.
- The PDF map is not accurate enough and it is not clear if all transmission lines and circuits are shown or if there are some missing. The same comment would be applicable to the Areas to Avoid and Limited Areas shown in the Guidance Document.
- Provide more specific information on transmission line thermal and short circuit capacity similar to TAT provided in procurements such as LRP.

Thank you for your suggestions. The IESO will continue to evolve its connection guidance process, and these suggestions are in the scope of future enhancements that will be considered.

If any errors are identified in the map (e.g., missing circuits) or other documents, please flag them to us and we will work with Hydro One to fix them promptly. Please keep in mind that the Connection Guidance document does not list:

- All 500 kV circuits as it is recommended to avoid all 500 kV circuits
- All intertie circuits as it is recommended to avoid all intertie circuits
- All circuits connected within 50 km (electrical) of a short circuit limited stations listed in Table 10 of the Connection Guidance document, as these circuits should be avoided.

**The IESO should provide more information such as available capacity on each circuit:**

- Limitations in the document, which make project siting for developers very difficult: There is no clear information on circuit maximum capacity, as data is based on assumptions and subject to further studies.
- The updated guidance document falls short in providing meaningful information about the Ontario transmission grid. The main area of concern remains identifying circuits that can and cannot be connected to. The list provided is cumbersome to sift through and requires developers to cross-reference a PDF document to identify specific lines.
- More detailed information on the available capacity on each transmission line would really help developers to concentrate their efforts where capacity is available. The document is too generic in its actual form and neither IESO and HONI are ready to discuss specific projects with developers.

Thank you for the comments. The Guidance document provides circuit congestion limitations, area congestion limitations and several reliability limitations (IBR and short-circuit) along with the assumptions used to derive these limitations. The Guidance also acknowledges that those limitations are values that, if respected, increase the chances of a project to be deliverable during the evaluation stage deliverability test. However, because the specific location, specific type and specific technology of each RFP project are not currently known, the Guidance document needs to be general enough to provide the best possible information at this time.

The IESO is developing a more detailed test methodology document to reflect specific assumptions that will be used during the evaluation stage deliverability test for each type of resources. The IESO is also considering using the information from the Guidance document and releasing it in a format similar to those of past TAT tables for easier identification of all constraints.

Pre-submission consultations should be able to get into project specific interconnection details to analyze the feasibility of connecting to specific circuits.

Thank you for your feedback. While the consultations cannot provide comprehensive feasibility information, they do provide guidance with respect to specific projects at specific locations that are contemplated by the developers. We will continue to seek ways to enhance the value of the consultations to our stakeholders.

Feedback / Common Themes	IESO Response
<p>The IESO should publish a Single-Line Diagram of the Ontario transmission network to accompany the geographical map published.</p>	<p>Thank you for your suggestion. The IESO continues to evolve its connection guidance process and it considering all suggestions by balancing stakeholder needs and limitations such as security risks, administrative burden, timelines, etc.</p>
<p>Request Maximum capacity per circuit, like the TAT/DAT tables of FIT 1 / LRP</p>	<p>Thank you for your suggestion. The IESO will continue to evolve its connection guidance process, and the option of specific transmission capacity tables is in the scope of future enhancements that are being considered. Distribution system availability (DAT) is outside the scope of the transmission connection guidance provided by the IESO. Developers considering connection to the distribution system are encouraged to contact the LDCs responsible of the considered dx system.</p>
<p><b>Multiple stakeholders advocated for a pre-submission deliverability test:</b></p> <ul style="list-style-type: none"> <li>• A transmission map, connection guidance document and pre-submission consultations are not a substitution for a feasibility study on potential connection options for a project.</li> <li>• There is still time for the IESO to put forward a deliverability test process, that would give much needed certainty to developers. If there is a constraint of time or resource in the IESO / HONI teams, we propose to hire and pay third parties to do those studies</li> </ul>	<p>Thank you for your suggestions. The IESO believes that providing early transparent information through the guidance document, providing individual consultations, providing specific guidance to developers and testing projects at the Proposal evaluation stage best aligns with the current LT2(e) RFP timelines and site selection activities. However, the IESO continues to explore effective ways to provide proponents with as much certainty as possible including the information that would come from pre-deliverability feasibility studies.</p>

Feedback / Common Themes	IESO Response
<p><b>A couple of stakeholders challenge the approach to deliverability assessment:</b></p> <ul style="list-style-type: none"> <li>Placing energy limits on all lines based on voltage will result in lines being underutilized or 'stranded capacity' remaining on transmission lines. IESO / HONI should allow developers to propose any project sizes on Tx lines that are then reviewed through the deliverability process</li> <li>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.</li> </ul>	<p>Thank you for your comments. All projects, regardless of size, will be evaluated based on the evaluation stage deliverability test, which will have a methodology similar with the principles and criteria used and described in the Guidance document. Projects that exceed the limitations presented in the Guidance document are at a higher risk to be evaluated to not be deliverable during the evaluation stage deliverability test.</p> <p>Please note developers are able to submit up to three project size variations (PQ Alternatives) along with each submission at a particular connection point.</p> <p>While the IESO acknowledges the facilities being procured will operate beyond 2030 and system conditions will keep evolving, the IESO believes it is prudent to provide LT2 RFP guidance targeting the Milestone Date for Commercial Operation project delivery date to ensure projects are deliverable. The IESO will continue to explore the opportunities/challenges associated with procuring resources ahead of planned system reinforcements.</p>
<p>Q4 publication of the guidance document for LT2 capacity is too late and information must be published as soon as possible.</p>	<p>Thank you for your comment. The IESO is planning to release this document as soon as possible.</p>

## B) LT2 RFP Design – Policy Considerations

Stakeholders were overwhelmingly supportive of the IESO's windowed approach for the LT2 RFP, however many expressed concerns regarding the inclusion of natural gas and agricultural land policy. Specific feedback is summarized below.

Feedback / Common Themes	IESO Response
<p><b>Several stakeholders commented on the inclusion of natural gas in the LT2 RFP, with some advocating for rated criteria points for non-emitting resources:</b></p> <ul style="list-style-type: none"> <li>• Doesn't the inclusion of natural gas-based generation conflict with conclusions reached within IESO's Pathways to Decarbonization goal?</li> <li>• In light of the IESO lifting the strict criteria that proponents are to be "non-emitting" resources it would be reasonable to expect that rated criteria points should be added for "non-emitting" resources.</li> <li>• Support the all-above approach to energy procurement as gas remains a vital resource.</li> <li>• In recognition of the competitive advantages associated with a low-carbon grid and in alignment with Ontario's climate targets, we recommend that rated criteria points be awarded to non-emitting resources.</li> </ul>	<p>Thank you for your comments. The inclusion of natural gas in the LT2(e) RFP or LT2(c) RFP will only be possible as the result of a Directive from the Ministry of Energy and Electrification. Similarly, the addition of a rated criteria points category for non-emitting generation would have to be specified in a Directive.</p>

**Stakeholders continued to express confusion regarding agricultural land policy, with some asking for changes to the stance on non-rooftop solar:**

- Concern regarding the lack of clarity in the definition of Prime Agricultural Areas (PAA). the IESO should clearly identify the reference points for different situations: For projects on organized lands, official plans don't always have clear guidance, and upper- and lower- tier municipalities can contradict each other. For projects on unorganized lands, which entity would eventually determine if a site is on a PAA? Would it be MNR or MMAH? - On crown lands and indigenous lands, who determines if the land is within a PAA?
- The definition for Prime Agriculture Areas points to other documents and is very vague (including areas associated with a local concentration of farms which exhibit characteristics of ongoing agriculture). Likewise, it is not clear how one will provide satisfactory evidence that they meet the requirements, making it very difficult to even begin developing solar in the province.
- Seeking confirmation that prime agricultural areas will be defined by official plans, limiting restrictions to Class 1-3 lands, only if the official plan dictates to include 4-7 lands in prime agricultural areas.
- The IESO / government should empower municipalities to allow for non-rooftop solar in Prime Agricultural Areas with some limitations

Restrictions for Non-Rooftop Solar Proposals on Prime Agricultural Areas reflect policy decisions set forth by the Ministry of Energy and Electrification and Ministry of Agriculture, Food and Agribusiness.

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. Lands that do not fall within the jurisdiction of a municipality or planning board would not be included in an Official Plan and thus would not be designated as a Prime Agricultural Area. [MMAH's regional Municipal Services Offices](#) would be best positioned to confirm whether or not the lands in question:

- a. are in unorganized territory;
- b. fall within the jurisdiction of a planning board; or
- c. may be subject to a Minister's Zoning Order or Official Plan,

each of which may impact land use authority and requirements.

For Crown lands and lands in the far north of Ontario, the Ministry of Natural Resources administers the Far North Act and would be best positioned to provide a response.

The IESO is working with the Ontario Ministry of Agriculture, Farm and Agribusiness and the Ministry of Energy and Electrification to develop resources for Proponents to help inform the preparation of an Agricultural Impact Assessment (AIA). Proponents are encouraged to review the recently published [LT2 Agricultural Impact Assessment Q&A](#). More information about the current AIA process administered by OMAFA can be found here: [Agricultural impact assessments | ontario.ca](#).



Feedback / Common Themes	IESO Response
<p><b>Stakeholders expressed general support for multiple submission windows, with some providing detailed examples of what a revised RFP timeline and process could look like:</b></p> <ul style="list-style-type: none"> <li>• Strongly support the idea presented during the webinar of a series of Proposal submission windows that would occur in quicker succession, allowing project developers to target the submission window that aligns with their project's development timelines more effectively.</li> <li>• The IESO should respond to the Minister that LT procurements become an annual activity with procurement targets, locational preferences and resource attributes adjusted to reflect the latest outlook for the province</li> </ul>	<p>Thank you for your feedback. The IESO will provide more information on the multiple submission window-based approach to the LT2 RFP in December following the Minister's Directive.</p>

### C) Draft LT2 Energy RFP and Contract

Stakeholders have requested clarity on the registration process, projects bordering multiple jurisdictions, Environmental Attributes and a number of other topics. Some stakeholders have questioned and/or requested changes to community engagement requirements, the approach to Indigenous Participation, and the treatment of excess deemed revenues. Specific feedback is summarized below.

Feedback / Common Themes	IESO Response
<p><b>Several Stakeholders expressed confusion and/or requested more information regarding the Registration Process:</b></p> <ul style="list-style-type: none"> <li>• Details and timing around the registration phase and how it will compare to the final procurement submission would be helpful.</li> <li>• How long before the Submission Date will the Registration happen?</li> <li>• Is the \$500 Registration Fee per Proposal or per Proponent?</li> <li>• Can the contract capacity at bid submission be less than the maximum contract capacity indicated at Registration?</li> <li>• Will we be permitted to change the maximum contract capacity and the connection point of the proposed Facility post submission of the Prescribed Form Registration Form, in time for the Proposal submission deadline?</li> <li>• Can the IESO provide clarity as to if the Indigenous Partners on a proposed project need to be identified at Registration? Proponents should have the ability to add Indigenous Partners as a Control Group Member after Registration.</li> </ul>	<p>The \$500 Registration Fee is per proposed Long-Term Energy Project, the Proposal Fee (tentatively set at \$13,000) is also per proposal.</p> <p>The IESO will provide more details on the timing of the registration period shortly. It is currently anticipated to open in early 2025.</p> <p>The Contract Capacity of a given Proposal may be lower than the maximum Contract Capacity indicated at Registration.</p> <p>Information submitted during the Registration period is intended to aid the IESO in preparing for the evaluation process. Proponents are permitted to make changes to the information submitted prior to the Proposal Submission Deadline.</p> <p>Prospective Indigenous Community partners on a proposed Long-Term Energy Project do not need to be identified at Registration.</p>

**Several stakeholders submitted feedback questioning and/or requesting changes related to Indigenous Participation:**

- Definition in RFP regarding 'Indigenous Community' uses language 'in Ontario'. Please confirm that this would include communities located both in whole and in part in Ontario.
- We agree with the spokesperson for the Confederacy of Haudenosaunee Chiefs who alleged that the entire RFP process is in violation of Section 35 of the Constitution, i.e., the Duty to Consult.
- With respect to the 5-yr requirement to maintain Indigenous Participation level, this places an undue financial requirement on the Indigenous Group and Proponent. Indigenous Groups should be free to sell their equity position as they see fit.
- The proposed design of the rated Criteria points has the strong potential to create winners and losers among Indigenous Communities (as was the case in LT1) for factors that are outside of their control. We are proposing to lower the value of Local Indigenous Community participation by 50% which will enable a wider pool of Indigenous Communities to participate in the LT2 procurement.
- With respect to the timeline to demonstrate the Indigenous Economic Interest, 20 days is too short, this should be at 30 least days.

For the purposes of the LT2(e) RFP, an Indigenous Community is limited to communities located in whole or in part in Ontario.

The IESO is not the Crown. There may be circumstances where the Crown delegates procedural aspects of the Duty to Consult to the IESO. In those cases, the IESO will follow any Crown direction, and use best practices, to carry out consultation with any potentially impacted Indigenous groups.

In circumstances where a Supplier was awarded rated criteria points in respect of its Indigenous Participation Level, such Supplier is eligible to reset their Indigenous Participation Level to a level that is not less than the Minimum Reduced IPL prior to the fifth anniversary of the Commercial Operation Date. If an Indigenous Group or Proponent is no longer able to maintain their equity position, they are eligible to transfer ownership interests to another Indigenous Community to ensure that the required Indigenous Participation Level is maintained. The IESO has set this requirement to ensure that a Proposal which has been awarded rated criteria points for Indigenous Participation maintains such participation during the term of the LT2 Contract.

The proposed design of rated criteria points for Indigenous Community Participation and Local Indigenous Community Participation were developed through consultation with Indigenous Communities, together with the broader stakeholder community and are not expected to be modified further.

Similar to the LT1 RFP, the IESO has proposed that a Supplier have 20 Business Days to provide written evidence documenting its Indigenous Participation Level. The IESO believes that 20 Business Days is sufficient as the Indigenous Participation Level Interest is known and

Feedback / Common Themes	IESO Response
	documented supplier at the time of Proposal submission.
<p><b>Some stakeholders questioned the change to the community engagement requirements relative to the LT1 RFP:</b></p> <ul style="list-style-type: none"> <li>• The IESO needs to provide clarity if there are minimum engagement requirements, or if it is up to the Proponent and Municipality to create a suitable engagement plan.</li> <li>• Not much requirement for community engagement, at least not in the same format as previous procurements.</li> <li>• Having the prescribed forms to see what is required is helpful to provide early feedback as we are only a few months away from the final RFP.</li> <li>• It would be helpful for Proponents to have a template from the IESO for the Pre-Engagement Confirmation Notice.</li> </ul>	<p>For the LT2(c) and LT2(e) RFPs, the IESO has determined through community engagement that Municipalities and Indigenous Communities are in the best position to determine the appropriate community engagement for a Proposal.</p> <p>Proponents are required to fulfill engagement requirements set forth by the municipality(ies) or Indigenous Community(ies) in which a Project Site is located.</p> <p>To demonstrate the coordination of such engagement with local authorities, the IESO requires that Proponent's submit evidence of the delivery of a Pre-Engagement Confirmation Notice to the applicable Local Body Administrator. Evidence of such can be provided using the Prescribed Form: Evidence of Indigenous Support, Prescribed Form: Evidence of Municipal Support, or Prescribed Form: Evidence of Pre-Engagement Confirmation Notice for Unincorporated Territories, as applicable.</p> <p>As indicated in the Prescribed Forms, the Pre-Engagement Confirmation Notice must contain, but not limited to, the following information: Unique Project ID of the Long-Term Energy Project (if available), Legal Name of the Proponent, address and description of the location of the Project Site as well as the name, technology and maximum potential Contract Capacity of the of the Long-Term Energy Project.</p>

**Stakeholders express confusion regarding requirements for different types of land/Projects bordering multiple jurisdictions:**

- Can the IESO provide clarification on what combination of Municipal Support Resolution or MNR Crown Land Site Report may be required for a single project that is located on both private and crown lands? Will MSR and a MNR Crown Land Site Report (and subsequent MNR approval) be required for the project Proposal?
- It would be helpful if the IESO could confirm in a table the different requirements for each type of land (crown land, private land in organized territory, private land in unorganized territory, indigenous land)
- We understand that projects sited on "unorganized" lands will not be required to provide such evidence. Can the IESO confirm this interpretation?

The IESO provided a summary of the support confirmations required by a Proposal, based on the nature of the lands included in a Project Site at the [September 12<sup>th</sup> Engagement Webinar \(see slide 44\)](#).

A Proposal for a project that is located within a Municipality but also on Crown Land requires submission of either a Municipal Support Confirmation or blanket Municipal Support Confirmation (in respect of the Municipal Project Lands) as well as a MNR Confirmation Letter confirming that a completed Crown Land Site Report has been endorsed by the Ministry of Natural Resources in respect of the applicable Crown Lands.

A Proposal for a project that is located on Unincorporated Territory does not require a Municipal Support Resolution. However, such a project is required to submit the Prescribed Form: Evidence of Pre-Engagement Confirmation Notice for Unincorporated Territories.

Feedback / Common Themes	IESO Response
<p><b>A couple of stakeholders requested clarity or made suggestions regarding Environmental Attributes:</b></p> <ul style="list-style-type: none"> <li>• We would like the IESO to provide any available information on Environmental Attributes, if any, to ensure all Proponents are accounting for them competitively.</li> <li>• To maximize the financial benefits realized by ratepayers through Clean Energy Credits (CECs), we recommend that the IESO retain their ownership.</li> <li>• Can the IESO confirm that if the Supplier is willing to enter into a long-term contract for the sale of Environmental Attributes with a third party, such a contract would not be in conflict with the restriction for the Supplier not to enter into any other contract?</li> </ul>	<p>The IESO does not acquire any interest under the LT2(c) or LT2(e) Contracts in any Environmental Attributes that may arise during operation of a Facility, nor does IESO acquire any interest in other products and services associated with the generation of Electricity by the Facility. However, IESO consent is required for the Supplier to develop, register or monetize any Future Capacity-Related Products. Suppliers are eligible to enter into a long-term contract with a third-party for the sale of Environmental Attributes for which the IESO has no interest.</p> <p>Clean Energy Credits are included in the definition of Environmental Attributes under the LT2(c) and LT2(e) Contracts.</p>
<p><b>The IESO should provide additional details for how the IESO Centralized Forecast is computed:</b></p> <p>Developers need to understand how this Centralized Forecast works, what data is used and how it is treated to understand how the IESO will calculate the TFFRm and eventually the Monthly Payment. In particular, developers want to understand if there is any risk of misalignment between the IESO Centralized Forecast for a Facility and the Owner’s forecast for the Facility.</p>	<p>The IESO has procured a third-party vendor for variable generation forecasting services for solar and wind generators in Ontario and it is not an IESO internal model that produces the forecasts. The vendor uses statistical methods that use meteorological information together with historical generation output from the sites to generate forecasts. However, the exact forecast methodologies and models used by the vendor are proprietary information.</p> <p>To help Proponents better understand inputs to the IESO Centralized Forecast and how the forecast is applied, the IESO will seek to provide prospective Proponents with as much clarifying information as possible in the coming months.</p>

Feedback / Common Themes	IESO Response
<p><b>The IESO should consider limiting the number of requests it can make for an Annual Operating Plan or limiting such requests to specific period of the year:</b></p> <p>Clause 15.3 (b) i) (Report to the Buyer): It might be complex and impractical to request from Suppliers to be able to provide at any time an annual operating plan for the Facility for the forthcoming or succeeding Contract Year. With no limits to that clause, Suppliers could be in theory asked to submit Annual Operating Plans every couple of weeks.</p>	<p>Like the LT1 RFP and other previous IESO procurements, the IESO requires Suppliers to submit an Annual Operating Plan no later than thirty days after it has been requested in writing by the IESO. The Annual Operating Plan allows the IESO to maintain system reliability when outages occur at generation facilities occur.</p> <p>As assumptions surrounding outages may change unexpectedly during a given year, the IESO requires the ability to request an Annual Operating Plan from a Supplier at any given time. However, typically, updates to an Annual Operating Plan are only required once a year.</p>
<p>Could the IESO consider extending the contract term to reflect the duration of Force Majeure impact, ensuring that projects are not penalized for circumstances outside their control?</p>	<p>The IESO will not be extending the contract Term to offset for instances of Force Majeure that occur following the Commercial Operation Date.</p>
<p>Since settlement statements can be delivered up to 20 Business Days after the end of each Settlement Month (Clause 5.2), the obligation for the Party owing the Monthly Payment to the other Party to pay no later than the final Business Day of the month following the Settlement Month can be challenging. For example, if the Statement for March is delivered on April 27<sup>th</sup>, then the owing party has only 3 days to process the payment. We would like to raise this point for the IESO to consider additional language to cover that eventuality and to allow for at least 10 Business Days to pay.</p>	<p>The IESO will not be extending the period for which a Supplier must remit the Monthly Payment after it has been delivered its Statement.</p>
<p>With regard to the restriction on ground-mounted solar projects on prime agricultural lands, we understand that such projects would only be accepted if the municipal zoning and official plans are amended before the bid submission date. Can the IESO confirm this understanding?</p>	<p>This is correct. Ground-mounted solar projects will only be permitted on sites that are not designated as Prime Agricultural Areas (which are defined as per the Official Plan of the applicable Municipality(ies) as of the Proposal Submission Date.</p>

Feedback / Common Themes	IESO Response
<p>Regarding the definition of a 'New Build Facility,' it is not understood if whether a repowered asset that benefits from a capacity increase of more than 1 MW (e.g., installing upgraded wind turbines or installing more recent panels with higher capacity) would qualify to bid under both categories. Specifically, could such a repowered facility split its bids, submitting one under the 'Repowered Facility' label for the portion corresponding to the original capacity and another under the 'New Build Facility' label for the capacity increase?</p>	<p>The IESO recognizes that there is inconsistent language between the draft LT2(e) RFP and the introductory language on page 4 of the draft LT2(e) Contract, which references redeveloped facilities. The IESO will release revised draft documents in the coming weeks to reflect that the LT2(e) RFP is intended to solicit new electricity generation services from New Build facilities only.</p>



**Some stakeholders submitted feedback on how the IESO has defined Team Member Experience and Qualifying Projects:**

- The definition of Designated Team Member should be extended to include consultants as there has not been a lot of development recently in Ontario, it may be impossible for some organizations to find this experience within their own staff. Smaller companies will not be able to meet these requirements otherwise.
- The definition of Qualifying Project should be amended to include projects that have achieved commercial operation no more than **Twenty (20) years** prior to proposal submission. The largest build out of large renewable generation projects occurred 10 to 20 years ago in Ontario.
- The minimum Eligibility criteria currently does not permit proponents who were able to qualify for the E-LT1 and LT1 procurements to participate in the LT2 procurement. There is a role and clear benefits regarding small projects and therefore the IESO should update the definition of Qualifying Project under the LT2 RFP to allow proponents with one of the following types of projects: 1) A single Project greater or equal to 4.99 MW 2) Four or more Projects that are at least 1 MW in size having been developed, constructed and financed at the same time ("Qualifying Portfolio")

Qualification requirements for the LT2(e) RFP and LT2(c) RFP differ from those of the E-LT1 and LT1 RFPs. For the LT2 RFP, two Designated Team Members must have experience in the Planning, Developing, Financing, Constructing and Operating of at least one Qualifying Project, which must have a Nameplate Capacity of at least 1 MW. These requirements are in place to help ensure that Proponents awarded an LT2(e) Contract or LT2(c) Contract have the necessary experience to support the construction of a Facility so that it is online by the Milestone Date for Commercial Operation.

The IESO will not be updating the definition of Designated Team Member. Designated Team Members may have experience with Qualifying Projects that are located anywhere in Canada or the United States.

The IESO will not be updating the definition of a Qualifying Project. While many renewable generation projects occurred within the last 10 to 20 years in Ontario, a Qualifying Project is not limited to a project in Ontario.

A single Electricity generation or storage facility greater or equal to 4.99 MW would be considered as a Qualifying Project. Designated Teams Members have meet the LT2 RFP experience requirement by using the same Qualifying Project. Similarly, a portfolio of four or more Electricity generation or storage facilities at least 1 MW in size would be considered as a Qualifying Project.

Feedback / Common Themes	IESO Response
<p>Regarding the “Only one Proposal may be submitted” statement, could the IESO confirm the understanding that multiple capacities (PQ alternates) for a single project can be submitted in the bid, and that each Proposal PQ Alternate would not be treated as a separate proposal?</p>	<p>Confirmed – PQ Alternates for a given Proposal will not be considered separate Proposals. Rather they are linked together as one Proposal for purposes of ranking and Stage 4 evaluation steps.</p>
<p>For the proposal submission limit, we are concerned that the definition of “Control Group Member” is too broad and has unintended consequences in certain scenarios, and request that the IESO revisit the definition.</p>	<p>The IESO is not planning to revise the proposed definition of a Control Group Member but encourages Proponents to submit examples where the proposed definition may lead to unintended consequences.</p>
<p>Regarding the ranking and elimination of projects with similar sites on Crown lands, we understand that any project ranked lower on the Preliminary List than a Conflicting Crown Land Proposal that is added to the Offer List will be rejected. However, does this rejection occur prior to the deliverability assessment? If so, more competitive projects could be ranked first on the Offer List without having undergone the deliverability test, potentially disregarding smaller projects that might have been deliverable but were already eliminated.</p>	<p>Rejection of projects due to instances of Conflicting Crown Land Proposals does not happen prior to deliverability assessment – deliverability assessment is done first.</p>
<p>The Proposal Submission limit should be restricted to a maximum of: 1) 500 MW per Proponent LT2 RFP Engagement, 2) 15 Projects per Proponent</p>	<p>The IESO is not considering any modifications to the proposed Proponent Group Limit as this was developed by the IESO through consultation with stakeholders.</p>
<p>In section 2.1b - clarity is required on what constitutes “any material respect”. Proponents should have the ability to change aspects of the design of the facility post bid submission provided all contractual requirements are met.</p>	<p>Suppliers are not eligible to modify, in any manner, any of the specifications of the Facility provided by the Supplier in Exhibit A of the LT2(e) Contract or LT2(c) Contract (e.g. GPS Coordinates of Connection Point, Nameplate MVA Rating, etc).</p>

Feedback / Common Themes	IESO Response
<p>The IESO should consider adding a mechanism that allows adjustment of the annual average imputed production factor within the first three years of the term. Having this mechanism could help reduce the risk for Proponents developing intermittent generation resources and could encourage projects with limited testing windows to the participate in this procurement round.</p>	<p>The IESO will not be allowing the adjustment of imputed production factors.</p>
<p>The E-PPA energy model proposed for LT2(e) is not appropriate for natural gas generation. We believe significant changes will be required to the model if IESO wants to have the desired outcome of incenting generation when the system needs it.</p>	<p>The LT2(e) Contract is not designed for natural gas resources, who more appropriately fall under the category of capacity resources.</p>

**Some stakeholders advocated that suppliers should be entitled to some (or all) of any potential excess deemed revenues, and that optional sharing in exchange for opting out of the DARTA is inappropriate:**

- It has been discussed that the IESO will retain all revenue exceeding the target revenue requirement, effectively leaving the developer with no upside. While this logic makes sense for managing pricing risk, it fails when applied to production risk. If a developer produces less than the monthly imputed production factor, they are not protected; yet, if they exceed this factor, their potential upside is capped.
- Suppliers should not have to pay the Buyer the absolute value of the Monthly Payment if the calculation of the Monthly Payment is negative. Proponents are exposed to several risks that could result in a disconnect between deemed revenue and actual market revenues. Proponents continue to hold DART risk, forecast risk, market risk, and contractual risks.
- The sharing of excess deemed revenue should not be optional for proponents. This sharing framework should be included within the base contract. Additional optionality in an already complex RFP adds little benefit to the IESO or proponents.
- We do not believe allowing suppliers to keep a share of excess deemed revenues in exchange for opting out of DARTA is appropriate given that the two products treat different concerns and risks. We believe that such treatment may allow Proponents to have disproportionate advantages.

Similar to the way the IESO's existing deemed dispatch models function, the E-PPA has been designed to top up Suppliers to their stated revenue requirement. Suppliers specify how much annual revenue they require by way of their Proposal Price and Monthly Imputed Production Factors. The E-PPA model protects them from all downside market price risk. Situations of excess deemed revenues (where monthly deemed revenue is higher than the supplier's monthly revenue requirement) would only arise if monthly average day-ahead locational marginal prices (ADALMPs) were abnormally high. Since suppliers are protected from downside price risk through the design of the E-PPA, it follows that they should not be allowed to retain windfall profits resulting from abnormally high prices at the expense of the ratepayer.

Production risk is a separate issue that the Supplier must manage via how they choose to set their Monthly Imputed Production Factors. The more conservatively a Supplier sets their Imputed Production Factors relative to their actual estimated capability, the less production risk they will be exposed to. The onus is on Proponents to strike a balance between setting reasonable Monthly Imputed Production Factors that mitigate production risk while setting a Proposal Price that is competitive. With regards to production upside; the E-PPA does not cap production upside as it leaves all actual market revenue with the Supplier. Only the deemed market revenue calculated based on Monthly Imputed Production Factors and average DA LMPs is subtracted from the Supplier's revenue requirement when calculating the Monthly Payment. If a Supplier chooses to set conservative Monthly Imputed Production Factors such that they are regularly generating more than they are being deemed, they keep all of the additional revenue that they are earning in

Feedback / Common Themes	IESO Response
	<p>the market on account of such additional production.</p> <p>Situations of excess deemed revenues are fundamentally tied to price, and Suppliers are fundamentally protected from price downside risk through the E-PPA. It is not clear to the IESO why “DART risk, forecast risk, market risk, and contractual risk” should entitle suppliers to keep all upside from situations of high prices while being protected from all downside price risk at the expense of the ratepayer. Furthermore, Suppliers are being protected from 85% of DART risk through the DARTA and they are only exposed to forecast risk if they choose to deviate from the IESO’s centralized forecast. The IESO is not clear on what specifically is meant by “market risk” and “contractual risk”, nor how these relate to the entitlement to excess deemed revenues.</p> <p>The IESO has proposed an approach whereby Suppliers may be entitled to a predetermined share of excess deemed revenues in exchange for opting out of the DARTA (a transitory mechanism added based on stakeholder feedback to address perceived risk related to the novel nature of the renewed market in Ontario) at Proposal Submission. While the IESO recognizes that excess deemed revenues and DART risk are separate issues that are uncorrelated, this approach was proposed as a compromise in response to stakeholder feedback. However, several stakeholders have since repeatedly expressed opposition to this idea, signaling that further consideration is required.</p>
<p>The IESO should add points for distribution connected projects. Dx connected projects help to serve needs on a more local basis and avoid line losses on the transmission system which can represent up to 5% of total generation.</p>	<p>Any additional rated criteria category would need to be specified in a Directive from the Ministry of Energy and Electrification.</p>

Feedback / Common Themes	IESO Response
<p>For the upcoming LT2 Capacity RFP, it is critical that the Effective Load Carrying Capability of each proposed project be considered in the evaluation process.</p>	<p>The IESO appreciates the feedback, and while the use of Effective Load Carrying Capacity is being considered for the evaluation of future procurements, it is not currently feasible for the LT2(c) RFP.</p>
<p>Appreciate the IESO including adjustments for zero priced hours in the non-performance penalty calculation. However, concern remains that grid operator instructions such as ramp down or curtailment requests, directives, outages or derates on the transmission/distribution system, or other events outside the suppliers' control is not considered. They should also be contemplated within calculation.</p>	<p>The IESO is considering specific contract language to cover the treatment of these circumstances. Any changes will be reflected in the next iteration of drafts, set to be posted in December 2024.</p>

## D) General Comments

Specific feedback is summarized below.

Feedback / Common Themes	IESO Response
<p>The recent ruling by the Ministry of Natural Resources for Applicant of Record (AoR) Status for Crown Land is presenting numerous problems. One issue is that the AoR status is non-transferrable. This limits proponents' opportunities to work together on a potential site, and more importantly, limits opportunities for local First Nations to become equity partners in projects if the original AoR is held in a parent company. We ask that the AoR policy be reviewed and allow for legacy holders to transfer the AoR to special purpose vehicles in order to allow for Indigenous partnerships in projects which we believe is the intent of the IESO procure.</p>	<p>The IESO and the Ministry of Natural Resources are currently reviewing the existing policy and will provide clarity in the coming weeks.</p>

Feedback / Common Themes	IESO Response
<p>Although some municipalities have been offered community benefit agreements (CBAs) as a form of financial compensation to offset costs, others were not aware that CBAs are allowed under the procurement process.</p> <p>The best approach to energy CBAs would set out clear expectations for energy proponents and municipalities to work together to negotiate terms to offset the costs of hosting projects, and benefit from being willing host communities.</p> <p>IESO and the Province should encourage energy project proponents to proactively offer CBAs which should include compensation for costs incurred to negotiate agreements.</p>	<p>The IESO will not be providing specific requirements for Long-Term Energy Projects to offer community benefit agreements.</p>
<p>The IESO should utilize an online bid submission platform, Furthermore, it is suggested that the IESO does not need a hard copy version of the bid submission as it is an outdated requirement not used by Crown Corporations and utilities anymore.</p>	<p>Thank you for the comment. The IESO is exploring the possibility of an online submission tool for future procurements and will advise stakeholders accordingly when future RFPs are issued. No changes to the Proposal submission requirements for the LT2 RFP will be made.</p>