# Feedback Form

## Long-Term RFP – March 10, 2022

### Feedback Provided by:


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Date: March 31, 2022

Following the March 10th public webinar on the Long-Term RFP, the Independent Electricity System Operator (IESO) is seeking feedback from participants on a variety of elements to help further inform the draft RFP and Contract, including: term length, revenue streams, deliverability process and Draft RFQ.

The referenced presentation can be found on the Long-Term RFP webpage.

Please provide feedback by March 17, 2022 to **engagement@ieso.ca**.

Please use subject header: ***Long-Term RFP***. To promote transparency, this feedback will be posted on the Long-Term RFP webpage unless otherwise requested by the sender.

The IESO will work to consider and incorporate comments as appropriate and post responses on the webpage.

Thank you for your contribution.

## Term Length

| Topic | Feedback |
|---|---|
| Does the revised, 15-year term length provide stakeholders with sufficient certainty for project financing and development? | The EDA is encouraged by the IESO's extension of the term to 15 years and we propose that the IESO consider longer terms so that the broadest possible set of supply options is discovered and as early as possible in the IESO's process. We note the IESO's concern about aligning contract term dates and seek to learn how it will impact the IESO's decisions. |

## Revenue Streams

| Topic | Feedback |
|---|---|
| Are stakeholders supportive of the high level approach for additional revenue streams, discussed in slides 26-28? | Ontario's electricity market is transitioning from today's extensive use of contracts and regulated resources to a future where supply and demand are the subject of market forces. It would be helpful to understand the IESO's overall plan for supporting and facilitating that transition; most immediately, this will assist us in understanding how upside market potential or ex post revenue top ups align with the targeted future state (e.g., how additional revenue streams that decrease suppliers' revenue variability interact with the quality of the price signal to consumers, investors and decision makers generally).<br><br>Independent of these concerns, the EDA encourages the IESO to think openly about the appropriateness of its previous decision that aggregated resources situated within an LDC's service area(s) will not be eligible to participate. |

| Topic | Feedback |
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| Does an option with a capacity payment and energy market hedge provide stakeholders with sufficient certainty? | The approaches that are the premise of this question are likely two of many approaches. If these two approaches are of interest, then we suggest that the IESO test one or both of them (e.g., by running a pilot project, providing a 'trial' run, performing scenario analysis).<br><br>The bigger issue appears to be the IESO's willingness to increase proponents' revenue certainty. We suggest that these measures should be analyzed (e.g., for economically efficient alternatives that will not impact the quality of the price signal, to understand how the absence of revenue certainty could result in cost consequences to consumers if i) supply is unavailable or ii) supply is priced so high that consumers find it economically beneficial to pursue alternative technologies or strategies). |
| Do stakeholders believe that the high level revenue stream option supports efficient market operation? Are there additional considerations that could help support energy market efficiency? | At a high level, economic theory states that efficient market conditions require the existence and participation of multiple suppliers and multiple consumers; they do not state that the presence of revenue stream options is required for efficient market conditions to exist.<br><br>We seek to understand the IESO's objective in making the proposed revenue streams available: is the IESO attempting to increase the number of suppliers in the market in an effort to avoid high energy prices that may, all other things being equal, arise if there are too few suppliers?<br><br>Please see the EDA's response to the preceding question. |

## Deliverability Process

| Topic | Feedback |
|---|---|
| Do stakeholders have any comments on the deliverability process laid out on slides 34-36? | We strongly urge the IESO to recognize that LDCs can play a role in addressing system limitations including the supply limitations that the IESO projects will exist later in this decade. If it will be helpful, the EDA is willing to meet with IESO staff to review and discuss LDC processes for connecting devices (e.g., timelines for processing Connection Impact Assessments).<br><br>The EDA suggests that the IESO review the deliverability process for whether it provides adequate time for LDCs to conduct connection activities (e.g., study and analyze, plan, engineer, construct, commission, connect). A deliverability process that provides adequate time for connection activities may, either directly or indirectly, favourably impact system and/or supply limitations.<br><br>We also ask the IESO to clarify the operating conditions that LDCs are to use when providing connection details and connection availability information, whether at the transformer station or of their distribution system (e.g., normal operations, emergency conditions, peak day). |
| Does the general timing of the proposed deliverability process (i.e., a deliverability assessment window prior to proposal submission) provide stakeholders with enough clarity on the deliverability of their proposed project? | We seek to understand the objective of the proposed deliverability timelines and whether the timelines are motivated by the anticipated supply shortage. With greater understanding and context, the EDA will be better able to respond to this question. |

## Draft RFQ

| Topic | Feedback |
|---|---|
| Do stakeholders have any general comments on the draft RFQ as discussed on slides 37-46?<br><br>*Please note that specific draft RFQ feedback is requested on the feedback form sent alongside the draft RFQ on February 28.* | The EDA makes no comment. |

## General Comments/Feedback

LDCs anticipate that a significant number of projects capable of relieving the IESO from its anticipated supply constraints will connect to distribution grids in the upcoming years. It will be important for the IESO's planning and forecasting processes to align with those of distributors to support bringing resources to market in an orderly fashion. The recent amendments to the OEB's DSC that address connecting devices are informative in this respect (e.g., the use of standardized forms to gather data). LDCs should be afforded adequate time so that they can be appropriately resourced to process requests for connections that will assist the IESO in managing any emerging supply constraints.

There are options to address system constraints that do not fall within the scope of this consultation (e.g., a fleet of strategically situated storage devices, using curtailable pricing strategies to signal to consumers that the system is stressed) that can contribute to security of supply - and that may not impact the quality of the price signal discovered in the market.

The IESO's interest – and implicit willingness – to support suppliers through revenue top ups hints that MRP may not yield its intended results on a timely basis. The EDA wishes to understand better the IESO's position on future market price levels and their duration.