

# Feedback Form

## Draft Long-Term RFQ – Posted February 28, 2022

### Feedback Provided by:

Name: Denise Heckbert

Title: Sr. Advisor, Strategy

Organization: Enbridge Inc.

Email: [REDACTED]

Date: March 31, 2022

The Independent Electricity System Operator (IESO) is seeking feedback from participants on the draft Long-Term Request for Qualifications (LT1 RFQ). The LT 1 RFQ will seek to ensure that interested parties have the capability to undertake project development for the LT1 RFP and will seek to evaluate applicants both on corporate experience and employee experience.

The draft LT1 RFQ can be found on the [Long-Term RFP webpage](#).

Please provide feedback by March 31, 2022 to [engagement@ieso.ca](mailto:engagement@ieso.ca).

Please use subject header: **Draft Long-Term 1 RFQ**. 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.

## Draft LT 1 RFQ

Topic/ RFQ Section	Feedback
<b>Qualification Submission</b>  Qualification Submission Fee / Section 2.7 (b)(i)	

Topic/ RFQ Section	Feedback
<p data-bbox="188 163 716 233"><b>Mandatory Requirements for Large-Scale LT1 Projects</b></p> <p data-bbox="188 275 748 344">Large-Scale Entity Development Experience / Section 3.2 (a)(i)</p>	<p data-bbox="769 170 1495 359">Enbridge appreciates the intent behind the requirement, i.e., to ensure that successful proponents have the experience to see the project through to reliable operation. We agree, this should be a critical decision factor.</p> <p data-bbox="769 411 1511 758">However, we submit that entities can have significant development experience without having two front-of-the-meter (FTM) projects that they owned from the start of construction, as defined in Section 3.2(a)(i)(B). For example, it is not necessary for a proponent to have owned a project from “the date of the earliest issued permits or licenses” in order to have been largely responsible for the development, construction, and successful commissioning of that project.</p> <p data-bbox="769 810 1511 1073">Furthermore, there is no substantive distinction for development work for projects over 5 MW, whether FTM or behind-the-meter (BTM), for the purposes of evaluating experience. Both types of 5 MW project would require land leases, consultation, and environmental permits, etc. In addition, BTM projects often require interconnections.</p> <p data-bbox="769 1125 1511 1356">Enbridge submits that BTM projects over 5 MW should be considered eligible experience under Section 3.2 (a)(i)(A). We also submit that “from the commencement of construction” should be redefined from “the date of the earliest issued permits or licenses” to “the date of the start of physical work on the project.”</p> <p data-bbox="769 1409 1511 1787">We submit that large infrastructure development experience should be admissible as evidence of experience. For example, a company may choose to enter mid- or late-stage development for electricity projects but may have end-to-end experience in another energy sectors for projects requiring similar or even more onerous consultation, permitting, and development work. These proponents should be able to present evidence of that energy infrastructure development experience in support of qualifying under the RFP.</p>

Topic/ RFQ Section	Feedback
<p><b>Mandatory Requirements for Large-Scale LT1 Projects</b></p> <p>Large-Scale Individual Development Experience / 3.2 (a)(ii)</p>	<p>Enbridge submits that as the RFQ and RFP submission dates are likely to be months apart, it would be reasonable to provide the opportunity to replace a Qualified Team Member with a new member that also meets the RFQ requirements. People may switch jobs, fall ill, have family emergencies, etc., all of which are out of the control of the proponent and should not artificially prevent an otherwise qualified proponent from participating in the LT RFP. (And this should be updated in 2.10(c).)</p>
<p><b>Mandatory Requirements for Large-Scale LT1 Projects</b></p> <p>Market Operating Experience / 3.2 (a)(iii)</p>	<p>Enbridge is not clear on why experience scheduling and dispatching is required to participate in the LT RFP, given that those functions will not be the responsibility of successful proponents and/or project operators. We submit those two requirements should be removed from the description of mandatory experience requirements.</p> <p>In the event that they remain as requirements, we submit that a contract with a reputable scheduler that meets the requirements set out in the RFQ should be considered evidence of compliance with this requirement.</p> <p>Also, as above, the Qualified Applicant should have an opportunity to substitute any Qualified Team Member in the event that a team member leaves the Qualified Applicant's organization or is otherwise incapable of participating on the team. (And this should be updated in 2.10(c).)</p>
<p><b>Mandatory Requirements for Small-Scale LT1 Projects</b></p> <p>Small-Scale Entity Development Experience / Section 3.2 (b)(i)</p>	<p>We appreciate the efficiency in IESO's proposal that anyone qualifying for the Large-Scale LT1 RFP would automatically qualify for the Small-Scale LT1 RFP.</p>
<p><b>Mandatory Requirements for Small-Scale LT1 Projects</b></p> <p>Small-Scale Individual Development Experience / 3.2 (b)(ii)</p>	

Topic/ RFQ Section	Feedback
<p><b>Mandatory Requirements for Small-Scale LT1 Projects</b></p> <p>Market Operating Experience / 3.2 (b)(iii)</p>	

## General Comments/Feedback

Enbridge appreciates IESO's consultation on development of this LT RFP process, including the RFQ. We submit that there have been many important changes to the proposed procurement that will help encourage competition and result in lower costs for ratepayers and a reliable grid for the province.

However, there remain a few fundamental challenges to competing in this LT RFP, some of which are captured in this RFQ. We submit making changes to these potential barriers to participation could further open the RFP to competition and improve the likelihood of development success.

### Section 1

#### *Redeveloped and Expanded projects included*

Enbridge submits that the RFP should not be limited only to New Builds, as defined in the RFQ.

There is over 7 GW of wind and solar installed in Ontario (including transmission and distribution connected power), much of which will be nearing the end of its contracts in 2027. The IESO has said many times that its forecasts anticipate existing capacity staying online beyond the contract life and that it wants to make use of existing infrastructure over the long-term. We fully agree with these objectives. Existing assets have transmission support, environmental and electricity operating histories, often have community support where the operators have been good community partners. These sites also do not need to disturb new greenfield sites, limiting new environmental impact.

However, as these renewable generation facilities near the end of their contracts, there is no clear path to ongoing operations. The seasonal and mid-term RFPs appear likely to be UCAP-only products and there is no robust merchant market in which uncontracted assets – of any resource type – can compete for reliable returns outside capacity services. The long-term RFP, which will not be based solely on UCAP, is the only realistic path for existing variable generation assets to continue operating post-contract.

As Ontario has a particularly challenging development landscape, as compared to other jurisdictions, these projects are nearing the final decision window on whether to stay online or decommission post-contract. At the same time, re-contracting with these assets before PPA expiry could help reduce costs for IESO and ratepayers in the near-term. Certainly, enabling Redeveloped or Expanded assets, as defined in the RFQ, to participate in the LT RFP would increase competition and result in lower rates in that procurement.

As a result, Enbridge submits that the RFQ and RFP should be open to New Builds, Redeveloped projects, and Expanded Projects, including expansions via adding power storage to existing sites. We understand that IESO is also seeking to add new capacity and energy to the grid, so we submit that IESO could increase the size of the anticipated RFP to accommodate the Redeveloped and Expanded projects, while still seeing the benefits of increased competition under the RFP.

#### *Continuous power rated criteria*

IESO has proposed that all proponents must be able to provide a continuous amount of electricity to a distribution/transmission connection point for at least four consecutive hours in order to participate in the RFQ. We submit that this could result in some unnecessary power storage build, which could increase costs to ratepayers, or could simply prevent entities from participating who may only be able to commit to two or three hours of continuous power; these entities would help meet grid needs and their competitive bids would help keep rates low in the RFP.

We submit that one of the strengths of Ontario's grid is its supply diversity, which provides reliability but also affordability. Enbridge understands that reliability is important and the ability to provide up to four hours of continuous electricity may be an important attribute. However, wind and solar are the lowest-cost forms of electricity in Ontario and should not be prevented from participating in the RFQ, as affordability is also important to the grid.

We submit that the ability to provide 1, 2, 3, and/or 4 hours continuous electricity should be rated criteria instead of the proposed 4-hour mandatory requirement. This would increase competition in the LT RFP and would provide IESO the flexibility to consider all its needs when evaluating bids.

#### *Contract duration*

We appreciate IESO's recent determination that contracts would be at least 15 years, or up to 17 years if the projects can enter operation prior to 2027. We submit that Redeveloped and Expanded projects are the most likely to reach operation prior to 2027 and those projects should be permitted to participate.

We further submit that neighbouring jurisdictions that, like Ontario, lack robust merchant markets typically offer 20 to 30 year contract terms in recognition of the limited investment recovery and hedge options in the market. We suggest that IESO continue to consider 20-year terms, especially if it were to adopt a Contract for Difference (CfD) model for the non-UCAP energy portion.

## Section 2.5

Enbridge requests a few clarifications on the Communications rules for the RFQ.

First, there is no start or end date on the restrictions set out in the Draft RFQ. Typically, auctions and/or procurement processes would establish a date by which communications restrictions are in effect, e.g., the issuance of the final RFQ, and the date after which proponents can communicate freely again, e.g., the date of final decision on Qualified Applicants following the RFQ. This helps to ensure ongoing consultation work and meetings with the IESO or other government officials are not impaired beyond a key protection period, while also ensuring that the integrity of the RFQ process is

maintained. Establishing this key protection period would also help clarify the limitation in Section 2.5(c)(ii) given the ongoing consultation work on the terms of the LT RFQ.

Second, Enbridge unclear on the intent of Section 2.5(c)(iii). Does IESO mean that potential proponents cannot reference the LT-RFQ in discussions and ongoing consultations related to Market Rules, under MRP? Arguably, the structure of long-term procurements does impact how market participants understand, interpret, and provide feedback on the open consultations related to hybrid projects, market design, and other policies like Clean Energy Credits. Please clarify what types of communications this section seeks to prevent so all proponents can ensure compliance while also participating fully in these key ongoing consultations.

## Section 2.12

Enbridge submits IESO should post a public list of Qualified Applicants once a decision has been made. Or, if not a list of Qualified Applicants, at least a summary of total number of applicants, total Qualified Applicants, and types of technology represented. We submit this would help ensure transparency, and would support informed participation in the LT RFP of Qualified Applicants.

However, we do not understand the value in posting a Qualified Applicant's Control Group Member details and submit that should be removed from the list in this section.

## Section 2.13

We submit it is too early in the development process to provide the information requested in this section, especially considering the deliverability assessment will not occur until after Qualified Applicants are approved, potentially requiring changes in the project size. As this info is requested for informational purposes only and could differ significantly in RFQ and RFP submissions, we submit that Section 2.13 should be removed.

## Definitions

### *Non-Collusion Requirements*

Enbridge fully supports IESO's intent to prevent collusion that could unfairly advantage or disadvantage any potential proponent in the RFQ or RFP processes. We request clarification on how potential joint-venture partners who may submit some projects together and some projects separately can be sure to stay outside of the Non-Collusion Requirements.

We submit this problem may be removed altogether for the RFQ process if Section 2.13 is removed, as proponents would be providing information about their own organization in that case and would have no need to coordinate with potential JV partners. However, the question would remain for the RFP.

### *UCAP*

Enbridge is aware of published UCAP formulas for a variety of project models and resource types, and we have a reasonable estimate as to which formula we would use for wind, solar, and wind or

solar with power storage. However, we request that IESO provide specific formulas for these four technology types, with comment periods to conclude in advance of the RFQ, so we can be sure we are clear on IESO's proposed calculations that it will be using to evaluate projects under the RFP.

Thank you again for the opportunity to provide comments on the proposed RFQ for the Long-Term 1 RFP.