

Feedback Form

Draft Long-Term RFQ – Posted February 28, 2022

Feedback Provided by:

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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.

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

Qualification Submission

Qualification Submission Fee / Section 2.7 (b)(i)

No comment.

Mandatory Requirements for Large-Scale LT1 Projects

Large-Scale Entity Development Experience / Section 3.2 (a)(i)

In s. 3.2 (a)(i)(A) the BTM exclusion needs to be removed so that energy storage developers are not disadvantaged in this RFQ process. A good deal of energy storage development in Ontario has been for BTM projects. The skills and experience gained by developers with these projects is entirely relevant to front-of-the-meter projects.

In s. 3.2 (a)(i)(A) the references to "nameplate capacity" is problematic for energy storage since it is a generation term. There are typically two primary indicators of size for energy storage projects – capacity in MW and duration in MWh. Requiring experience in developing two or more 5 MW projects significantly disadvantages Canadian energy storage developers since these installations are not all that common here.

The requirements specified in the draft RFQ will prevent participation from organizations that have successfully completed demonstration projects and are actively participating in the IESO markets from participating in the LT1 RFP. We do not believe that it is the IESO's intention to limit participation from organizations that can provide significant benefits to the Ontario electricity grid such as long duration and low-cost capacity. If a project proponent has successfully operated even a single project in Ontario, they would have demonstrated the capabilities required to develop projects. We also find the 5 MW size is arbitrary and is not linked to any specific project experience that would make a developer more credible. Since

| Topic/ RFQ Section | Feedback |
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| | <p>IESO is projects are required to participate in the IAM, it is reasonable to set the threshold at the minimum threshold for IAM participation (e.g., 1 MW).</p> <p>In s. 3.2 (a)(i) (B), which assesses Large-Scale Entity and Small-Scale Entity development experience, there is a requirement to demonstrate ownership or control of projects for one-year post-commercial operation date ("COD"). This requirement should be removed because operational experience has no bearing on assessing development experience. It is not uncommon for an energy storage developer to sell a project at COD or notice to proceed ("NTP"). Recognizing the nascent nature of the energy storage sector, the RFQ should also recognize development experience by individuals to expand the pool of prospective resources and improve competition.</p> <p>In s. 3.2 (a)(i) (B) and (b)(i)(B), what constitutes sufficient "<i>evidence of applicable securities holdings ...</i>" to demonstrate ownership or control of a project. This is a mandatory requirement and needs to be expressed as clearly and objectively as possible.</p> |
| <p>Mandatory Requirements for Large-Scale LT1 Projects</p> <p>Large-Scale Individual Development Experience / 3.2 (a)(ii)</p> | <p>In s. 3.2(a)(ii) the requirement for two Team Members to have experience in planning, developing, financing, constructing, and operating a Qualifying Large-Scale Project is restrictive for energy storage projects. The skills and experience of developing smaller-scale projects are just as relevant. It is also unclear why a Team Member needs to demonstrate operating experience when development experience is being assessed. This will limit the pool of prospective resources.</p> |

| Topic/ RFQ Section | Feedback |
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| | <p>We furthermore suggest that the definition of Designated Team Member should include consultants that are brought on to the project team.</p> <p>In s. 3.2 (a)(ii) (D), there needs to be some flexibility at the RFP stage to substitute in an RFQ-approved Designated Team Member in the event the person is no longer with the proponent or is no longer capable of being on the team on a going forward basis.</p> |
| <p>Mandatory Requirements for Large-Scale LT1 Projects</p> <p>Market Operating Experience / 3.2 (a)(iii)</p> | <p>This requirement disadvantages energy storage because there is not a lot of energy storage currently operating in markets. As mentioned above, proponent teams should be permitted to include consultants. This is consistent with PJM and AEMO (Australia) which allow developers to contract with third party operators to operate the facility.</p> <p>The RFQ refers to “offering, scheduling, and dispatching ...” a Qualifying Large-Scale Project. The operator will not be scheduling and dispatching such projects. This is done by the market operator. The entity operating the project will respond to dispatch instructions only.</p> <p>The requirement to submit a statutory declaration attesting to the accuracy of a resume seems onerous to us. This requirement should be removed.</p> |

| Topic/ RFQ Section | Feedback |
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| <p data-bbox="188 163 854 233">Mandatory Requirements for Small-Scale LT1 Projects</p> <p data-bbox="188 275 870 344">Small-Scale Entity Development Experience / Section 3.2 (b)(i)</p> | <p data-bbox="935 163 1516 478">In s. 3.2 (b)(i)(A) the BTM exclusion needs to be removed so that energy storage developers are not disadvantaged in this RFQ process. A good deal of energy storage development in Ontario has been for BTM projects. The skills and experience gained by developers with these projects is entirely relevant to front-of-the-meter projects.</p> <p data-bbox="935 506 1516 737">In s. 3.2 (b)(i)(A) the references to "nameplate capacity" is problematic for energy storage since it is a generation term. There are typically two primary indicators of size for energy storage projects – capacity in MW and duration in MWh.</p> <p data-bbox="935 764 1516 1192">In s. 3.2 (b)(i) (B), which assesses Large-Scale Entity and Small-Scale Entity development experience, there is a requirement to demonstrate ownership or control of projects for one-year post-commercial operation date ("COD"). This requirement should be removed because operational experience has no bearing on assessing development experience. It is not uncommon for an energy storage developer to sell a project at COD.</p> <p data-bbox="935 1220 1516 1493">In s. 3.2 (b)(i) (B) and (b)(i)(B), what constitutes sufficient "<i>evidence of applicable securities holdings ...</i>" to demonstrate ownership or control of a project? This is a mandatory requirement and needs to be expressed as clearly and objectively as possible.</p> |

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| <p data-bbox="188 163 854 233">Mandatory Requirements for Small-Scale LT1 Projects</p> <p data-bbox="188 275 870 344">Small-Scale Individual Development Experience / 3.2 (b)(ii)</p> | <p data-bbox="935 163 1516 359">In s. 3.2(b)(ii) the requirement for a Team Member needs to demonstrate operating experience when development experience is being assessed. This will limit the pool of prospective resources.</p> <p data-bbox="935 407 1516 638">In s. 3.2 (b)(ii) (D), there needs to be some flexibility at the RFP stage to substitute in an RFQ-approved Designated Team Member in the event the person is no longer with the proponent or is no longer capable of being on the team on a going forward basis.</p> |
| <p data-bbox="188 737 854 806">Mandatory Requirements for Small-Scale LT1 Projects</p> <p data-bbox="188 848 724 877">Market Operating Experience / 3.2 (b)(iii)</p> | <p data-bbox="935 737 1516 856">This requirement disadvantages energy storage because there is not a lot of energy storage operating in markets currently.</p> <p data-bbox="935 898 1516 1052">The RFQ refers to “offering, scheduling, and dispatching ...” a Qualifying Large-Scale Project. Presumably, the reference ought to be a Small-Scale LT1 Projects?</p> <p data-bbox="935 1094 1516 1289">The operator will not be scheduling and dispatching such projects. This is done by the market operator. The entity operating the project will respond to dispatch instructions only.</p> <p data-bbox="935 1331 1516 1484">The requirement to submit a statutory declaration attesting to the accuracy of a resume seems onerous to us. This requirement should be removed.</p> |

General Comments/Feedback

Section 2

There are several aspects of Section 2 that should be addressed in finalizing the RFQ.

1. In s. 2.5 (c)(iii) the Excluded Purpose of “influencing (or attempting to influence) government officials, regulatory officials with respect to changes in laws, regulations, rules, policies, or guidelines ...” should be removed since it hinders a developer’s ability to fast-track the approvals process for its projects. Its removal in no way renders the RFQ less competitive.
2. In s. 2.12 (c) and (d) the Control Group Members and key contact information for the RFQ Applicant (whatever constitutes this) should be removed. It serves no useful purpose to disclose such information.
3. In s. 2.13 (a) to (k), inclusive, the requirement to submit information on a Long-Term Capacity Project should be deleted. It is far too early in the process to require this information and might be meaningless considering the deliverability assessment still needs to be done.

Section 3

As a general comment, it is not clear why related relevant experience is not considered valid experience. In LRP II, the concepts of Comparable Facility or Large Complex Infrastructure Project were introduced to permit entities experienced in developing and delivering projects to qualify. It seems that competition would be enhanced if the IESO expanded its definition of project to development.