

Feedback Form

Long-Term RFP – April 20, 2022

Feedback Provided by:

Name: Jonathan Cheszes

Title: President

Organization: Compass Renewable Energy Consulting Inc.

Email: [REDACTED]

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Following the April 20th public webinar on the Long-Term RFP, the Independent Electricity System Operator (IESO) is seeking feedback from participants on the additional procurement mechanisms, as well as on proposed revenue streams.

The referenced presentation can be found on the [Long-Term RFP webpage](#).

Please provide feedback by May 2, 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.

Additional Acquisition Mechanisms: Expedited Procurement

| Topic | Feedback |
|---|--|
| <p>Considering higher security amounts, what incentives are sufficient to encourage expedited project development to meet the 2025 needs (e.g., increased term length, price adders, reduced RFP requirements)?</p> | <p>Term length, price adders and reduced RFP requirements should all be considered to meet the aggressive requirements.</p> |
| <p>What evidence can proponents include in the proposal to show the advanced stages of project development?</p> | <ul style="list-style-type: none"> • Site Control • Conceptual Design • Assessment and understanding of all permits • Evidence that they can procure the equipment, construct and interconnect the project in time |
| <p>Is there any other external support (e.g., from the IESO) that would be needed to help proponents meet expedited development timelines?</p> | <ul style="list-style-type: none"> • SIA timeline support • Support in obtaining permits from the relevant Provincial Ministries. • Support in ensuring LT 1 RFP projects assessment and interconnections are prioritized by Distributors and Transmitters. |
| <p>Are the proposed timelines acceptable to proponents? (slide 23 of April 20 presentation)</p> | <p>Yes</p> |
| <p>Do the timelines for the Expedited procurement offer sufficient time for proposal preparation? (slide 23 of April 20 presentation)</p> | <p>Yes – They do for Small-Scale LT1 Projects which should be added to eligibility for the expedited procurement.</p> |

| Topic | Feedback |
|--|--|
| Any further general comments on the Expedited procurement? | <p>Given the urgent need for new capacity, the IESO should consider allowing Small-Scale LT1 Projects into the Expedited procurement. These smaller projects can be simpler to permit and construct and therefore can contribute to the capacity gap starting in 2025. Further, where small-scale projects can participate in the expedited procurement, the experience requirements for the expedited procurement should be revised accordingly.</p> <p>Compass recommends the IESO provide specific procurement targets for large-scale and small-scale projects under the Expedited and the LT1 RFPs. This will help participants better estimate the market opportunity and prioritize development activity to match IESO expectations and requirements. As currently designed, small-scale projects may not participate due to concern they will not be considered economic as compared to large-scale projects, reducing competition and competitiveness of the RFQ/RFP.</p> |

Additional Acquisition Mechanisms: Same Technology Expansions

| Topic | Feedback |
|---|----------|
| What milestones (i.e., contract execution) and forward period would be required to support a 2025 in-service date? | |
| What considerations regarding the existing contracts does the IESO need to take into account in the design of the process? | |
| Is there any other external support (i.e., from the IESO) that would be needed to help proponents meet expedited development timelines? | |

| Topic | Feedback |
|---|---|
| Any further general comments on the same technology expansions? | Could the IESO clarify whether additional battery storage facilities at operating FIT sites would be eligible under Same Technology Expansions? |

Additional Acquisition Mechanisms: Forward Capacity Auction

| Topic | Feedback |
|---|----------|
| To what extent does a forward capacity auction with longer forward and commitment periods increase interest for prospective auction participants? | |
| Do stakeholders have any comments on expanded participation and eligibility for resources? | |
| Do stakeholders have any comments on demand curve parameters? | |
| Do stakeholders have any comments on interactions with the annual capacity auction including target capacities? | |
| Do stakeholders have any input to provide into the design of longer forward and commitment period? | |
| Do stakeholders have any further comments on other business/stakeholder considerations associated with longer forward periods? | |
| Any further general comments on the forward capacity auction? | |

LT1 Design Considerations: Revenue Streams

| Topic | Feedback |
|---|---|
| Are stakeholders supportive of the concept of a bundled CFD style approach? | Yes. |
| As per slide 54, is a bundled CFD contract preferred that is either: (1) linked to energy market prices, with a strike price set at a \$/MWh value beyond a capacity payment, or (2) linked to a total revenue requirement \$/MW-month that includes both capacity revenues and energy market revenues? | Can the IESO provide additional examples of how these two mechanisms would operate? |
| How can a bundled CFD be best designed in order to ensure resources adhere to energy market incentives, in exchange for investor certainty? | <ol style="list-style-type: none"> 1) Generators should be subject to minimum availability requirements under the CFD contract. 2) Outside of those minimum availability requirements, ensure that part of the revenue stream is tied to energy market participation, where there is a requirement to operate subject to charging and discharging (offer) parameters. So, where the "fuel" cost (charging cost) is below a specific level, the generator will be obligated to offer energy into the market at its strike price. |

LT1 Design Considerations: Mandatory requirements

| Topic | Feedback |
|--|---|
| Do stakeholders have any feedback on the examples of mandatory requirements on slide 63? | Could the IESO provide further guidance on how the "availability window" would be defined and determined? Would the "availability window" differ based on project location? If yes, would that be accounted for within the deliverability assessment? |
| Are stakeholders supportive of the Indigenous and Municipal mandatory requirements proposed for the LT1 RFP and Expedited procurement on slide 64? | Yes. |

LT1 Design Considerations: Rated criteria

| Topic | Feedback |
|--|----------|
| Are stakeholders supportive of the rated criteria approach that is proposed for the LT1 RFP and Expedited procurement? | Yes. |
| Are stakeholders supportive of the Indigenous participation rated criteria proposed on slide 66? | Yes. |

General Comments/Feedback

Deliverability Assessment

Compass recommends the IESO provide further details about the Deliverability Assessment process i.e. time to complete, any limit(s) on POI(s) requests per Qualified Applicant, any associated costs for the assessment, and whether the output would contain any information about estimated costs to interconnect. Additionally, Compass would like to know if the deliverability study would have an “expiry date” and any bearing on the queue position determination for a particular project. Further knowledge of the Deliverability Assessment process will help stakeholders to plan and manage their development processes and timelines better.

Proposed Security Requirements

The proposed Base Proposal security for Small-Scale LT 1 Projects should be reviewed. Currently, a 5 MW project would effectively pay \$60,000 / MW to meet the minimum \$300,000 threshold. A 1 MW project, the smallest eligible, would pay effectively \$300,000 / MW.

Would the IESO consider a minimum threshold of \$150,000 / small scale project?