

Feedback Form

Long-Term RFP – April 20, 2022

Feedback Provided by:

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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>Longer contract term lengths (i.e., 20+ years as is considered in other jurisdictions' ongoing RFPs) would not only help proponents secure financing, they would also help developers devote resources towards project proposal and development in Ontario. Ultimately, longer contract terms would allow developers to find savings in order to be competitive, which would result in lower bid prices to the benefit of ratepayers.</p> <p>Conceptually, the IESO should consider matching contract terms with particular technology types' asset lives. For example, hydro projects require higher front-end investment, but their asset lives are significantly longer than other technologies, and can thus provide lower levelized cost of energy to meet long-term resource adequacy needs. Looking at the IESO's experience dispatching and managing its generation fleet, the IESO should have enough information to verify a particular technology's useful asset life (e.g., wind projects that have been reliably operational for 15+ years and are expected to operate for 15+ years) and match it with an equal length contract. This "contract-length matching asset-life" concept would allow developers to finance projects with more relative ease, and result in lower bid prices for the IESO.</p> <p>Other incentives include CFD for energy revenues and bundled environmental attributes (see below).</p> |
| <p>What evidence can proponents include in the proposal to show the advanced stages of project development?</p> | |

| Topic | Feedback |
|---|---|
| Is there any other external support (e.g., from the IESO) that would be needed to help proponents meet expedited development timelines? | As mentioned in previous comments, the interconnection and permitting processes, which involve other regulators and government agencies, would need to be streamlined and coordinated to ensure that proponents could meet the IESO's expedited timelines. We strongly encourage the IESO to help coordinate these processes, as well as clarifying on its "deliverability" test, as early as possible. |
| Are the proposed timelines acceptable to proponents? (slide 23 of April 20 presentation) | |
| Do the timelines for the Expedited procurement offer sufficient time for proposal preparation? (slide 23 of April 20 presentation) | |
| Any further general comments on the Expedited procurement? | |

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? | |
| Any further general comments on the 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 |
|--|--|
| <p>Are stakeholders supportive of the concept of a bundled CFD style approach?</p> | <p>We support the bundled CFD approach to cover energy revenues. In particular, a CFD design that could enable storage/battery investment and operations would be very welcome. For reference, a number of IESO hydro contracts currently include provisions to encourage hydro assets with storage to manage their scheduling in response to market signals. This arrangement could represent a win-win scenario for both the IESO and the storage operators (battery or hydro) that is nonetheless driven by markets. We welcome further discussions with the IESO on this topic.</p> <p>Other than energy revenue, the value of environmental attributes should also be clearly defined by the IESO. While we do not necessarily oppose an unbundled approach to environmental attributes: a bundled RECs revenue stream, escalated appropriately and accompanied by a longer-term contract (e.g., 20+years), would be ideal for investors seeking certainty to deploy capital.</p> |
| <p>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?</p> | |
| <p>How can a bundled CFD be best designed in order to ensure resources adhere to energy market incentives, in exchange for investor certainty?</p> | |

LT1 Design Considerations: Mandatory requirements

| Topic | Feedback |
|--|----------|
| Do stakeholders have any feedback on the examples of mandatory requirements on slide 63? | |
| Are stakeholders supportive of the Indigenous and Municipal mandatory requirements proposed for the LT1 RFP and Expedited procurement on slide 64? | |

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? | |
| Are stakeholders supportive of the Indigenous participation rated criteria proposed on slide 66? | |

General Comments/Feedback