

Feedback Form

Long-Term RFP – April 20, 2022

Feedback Provided by:

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Date: May 2, 2022

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>A hard stop at May 1, 2025 (e.g. contract cancelled and any securities forfeited) will be very hard for proponents to accept. There needs to be a defined process for managing project in-service delays and providing schedule relief for certain types of delays that are outside the proponents control. For instance as part of the contract, IESO could specify predefined schedule durations for key activities by third parties like the CIA/SIA process and related connection implementation work and grant schedule relief if the schedule durations are exceeded due to other involved parties (e.g. IESO, Transmitters, and LDCs).</p> <p>Provide a price adder (e.g. X% adder to the Net Revenue Requirement) for projects that are awarded if in-service by May 1, 2025. The price adder could be reduced over time up to the longstop date.</p> <p>As an additional incentive, the contract term for the expedited procurement should be increased to 20 years.</p>
<p>What evidence can proponents include in the proposal to show the advanced stages of project development?</p>	<p>Site Layout Drawing Electrical Single Line Drawing Procurement Plan Construction Plan Permitting Plan Financing Plan</p>
<p>Is there any other external support (e.g., from the IESO) that would be needed to help proponents meet expedited development timelines?</p>	<p>Projects with expedited procurement contracts would need to have priority with IESO and Transmitter/LDC for CIA/SIA and associated connection implementation work over other new connections.</p>

Topic	Feedback
Are the proposed timelines acceptable to proponents? (slide 23 of April 20 presentation)	It would be challenging to deliver a transmission-connected project within the expedited procurement timeline.
Do the timelines for the Expedited procurement offer sufficient time for proposal preparation? (slide 23 of April 20 presentation)	It would be helpful for IESO to propose all required deliverables for the RFP as soon as possible, so that proponents can start in advance of the final RFP issue.
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?	An approach needs to be determined to determine and track incremental capacity over and beyond the existing contract.
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?	

Topic	Feedback
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, this would help to provide revenue certainty to investors.
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>\$/MW-month that includes both capacity revenues and energy market revenues is preferred.</p> <p>It is worthwhile to also consider including operating reserve revenues within the CFD structure. The large amount of energy storage potentially entering the Ontario market creates a significant level of uncertainty for future operating reserve prices.</p>

Topic	Feedback
How can a bundled CFD be best designed in order to ensure resources adhere to energy market incentives, in exchange for investor certainty?	For an energy storage resource, the deemed dispatch structure from the 2015 IESO Phase II Energy Storage contract could be used.

LT1 Design Considerations: Mandatory requirements

Topic	Feedback
Do stakeholders have any feedback on the examples of mandatory requirements on slide 63?	The examples provided are reasonable.
Are stakeholders supportive of the Indigenous and Municipal mandatory requirements proposed for the LT1 RFP and Expedited procurement on slide 64?	It will be important for IESO to provide examples of acceptable Support Resolution forms well in advance of the final RFP to allow proponents sufficient time to secure resolutions.

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?	<p>Instead of evaluating Indigenous Participation as a rated criteria, the IESO should consider having a price adder for the various levels of Indigenous Participation that could be applied at any time during the contract term (e.g. this could be a X% adder to the Net Revenue Requirement). This would allow proponents to have more time to negotiate Indigenous Participation agreements and provides an ongoing incentive for these types of agreements to be entered into post contract award.</p> <p>The expedited procurement timelines might not allow for enough time for projects to secure Indigenous participation prior to proposal submission.</p>

Topic	Feedback
Are stakeholders supportive of the Indigenous participation rated criteria proposed on slide 66?	<p data-bbox="933 163 1485 241">It will be helpful for IESO to further define economic interest.</p> <p data-bbox="933 283 1510 441">For example could economic interest include the value of supply/construction related contracts awarded by the project to Indigenous owned companies?</p>

General Comments/Feedback

The mid-term RFP, a forward capacity auction and the different permutations of the LT RFP, leads to a complex procurement process for resource adequacy. Proponents need to assess which mechanism yields the best value, prepare to submit proposals perhaps to more than one procurement mechanism and navigate the transition between these mechanisms if there is overlap. OPG recommends that the IESO simplify this process as much as possible. One option may be to combine the mid-term and all of the long term RFPs, issue one RFQ for all and allocate different ratings or incentives for each within the same contract structure.