Feedback Form

Long-Term RFP – June 9, 2022

Feedback Provided by:

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Date: June 20, 2022

Following the June 9th 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 June 20, 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 Mechanisms: Overview and Linkages

Topic	Feedback
Please provide any feedback on the IESO's overview of the Additional Mechanisms (Expedited Process, Same-Technology Expansions, FCA) and the linkages between acquisition mechanism (e.g., Expedited Process and LT1 RFP, or LT1 RFP and LT2 RFP)	

LT1 RFP and Expedited Process: Mandatory Requirements and Rated Criteria

Topic	Feedback
Please provide any feedback on the Mandatory Requirements and Rated Criteria proposed for the LT1 RFP and Expedited Process.	With respect to Indigenous Participation, could the IESO please further define economic interest? By way of example, would economic interest include the value of supply/construction related contracts awarded by the project to Indigenous owned companies?

LT1 RFP and Expedited Process: Proposed Contract Design

Topic	Feedback
Please provide feedback on the proposed contract design for the LT1 RFP and Expedited Process. The IESO welcomes feedback on the proposed approach for qualifying capacity as well as the proposed Capacity Payment Adjustment Mechanism.	The IESO's proposal of a capacity contract with a capacity payment adjustment mechanism is inferior to a traditional Contract for Differences (CFD). Although, this could work for certain technologies it puts other technologies at a disadvantage (i.e., energy storage). If the IESO is determined to only have one contract style for all technology types, then Atura suggests the IESO revisit a CFD that is inclusive of both energy and operating reserve (OR). However, Atura would advise that the IESO should consider varying contract structures for the various technology types. Atura recommends the IESO form a working group to (i) do a jurisdictional scan to explore best practices in the approach to contracting; and (ii) taking those best practices and incorporating them into a contract structure(s) best suited for Ontario and this procurement. The contract should include a schedule for the different steps of the CIA/SIA process, with the ability to extend the in-service date (and delay LDs) on a day-for-day basis if the CIA/SIA process takes longer than the specified schedule durations. To-date all the proposed contract designs have been a financial only structure, and Atura would recommend that the final contract structure be maintained as financial only in nature. Lastly, the final contract structure should be designed such that facility owners are not disincentivized to increase the utilization of green renewable resources (i.e. energy storage) in an effort to meet and maintain Ontario's net-zero emissions targets.

LT1 RFP and Expedited Process: Proposed Term Lengths

Topic	Feedback
Please provide any feedback on the term length considerations proposed in addition to the incentive mechanism for the Expedited Process.	Atura supports a 20-year term as it more closely aligns with the life of the asset, and the longer term creates opportunities for suppliers to offer the lowest incremental price, which is beneficial to the ratepayer.

Deliverability Assessment

Topic	Feedback
Please provide feedback on the IESO's proposed process for deliverability testing and timelines.	Will the IESO be developing a standard form/template for Deliverability Test project submissions? Can the IESO provide TAT/DAT tables in advance of the Deliverability Tests to provide guidance to proponents for the potential project size that could be targeted for a given location? How detailed will the IESO require the information to be with respect to uprate projects (i.e., MW potential)? Can the proponent submit an estimated or a range in the increase in seasonal registered maximum capacity that can later be modified after further studies are completed?

Additional Acquisition Mechanisms: Same Technology Expansions

Topic	Feedback
Are the descriptions of the different kinds of upgrades/expansions clear and reflective of the options?	Yes, the descriptions are clear.

What are the interdependencies between the existing contract, any upgrades and on-site expansions that need to be considered?	Atura is supportive of the IESO providing proponents optionality regarding term/extensions and we support both optional bid parameters presented by the IESO: (i) Bid cost on incremental capacity based on remaining term; and, (ii) Bid cost of incremental capacity based on contract term extending to 2035 As stated in Atura's submission in response to the April 20, 2022 webinar, the existing base contract term needs to align with the term commitment for the incremental capacity. Atura maintains that a minimum commitment to 2035 be considered. In the case of uprates at existing CCGT facilities, the complexities arise around timing of the next scheduled major maintenance of the unit(s) and OEM lead time for parts. If a resource does not have a major maintenance outage planned prior to the proposed May 1, 2025 in-service date, then the facility owner may be required to take additional outages to install the upgrades outside of its existing planned maintenance schedule. Not only would this increase the cost to implement but, in addition, it would expose contract holders to increased commercial and financial risk. As such, Atura would recommend that should contract holders (i.e. CES style) require an additional outage(s) that is outside of their major maintenance plan (or an outage extension is required) that they be provided relief on the Availability provision in order to install the upgrade components to make the May 1, 2025 proposed in-service date. The IESO should afford proponents the opportunity to bid in seasonal uprate capability. In addition to installing the upgrade component on the turbines, other enhancements can be made at the facility that could create increased output however only seasonally (i.e. increase summer output only). Additionally, existing contract holders will require to submit an SIA application for any potential upgrades, which would likely not be submitted until after a contract is awarded. Should the SIA/CIA reveal that the incremental capacity is not feasible (for any reason), a provision needs to be included into the existing contract

Topic	Feedback
	that allows for the termination of the uprated MWs without penalty to the proponent. Atura recognizes that this process is not an opportunity to re-negotiate the existing contract; however, certain terms may need to be reassessed beyond the current term of the contract (for the extension period).
Are any interdependencies missing/not fully captured?	With the upcoming tight supply situation, it may become increasingly challenging to secure appropriate outage windows not only to carry out the required planned maintenance work to ensure reliable facility operations, but should additional outages be required to install any upgrades. How can proponents participating in the Same Technology Expansions/Uprates procurement be confident that the necessary outages required to install the upgrade components will be approved in order to meet the May 1, 2025 in-service date? If an outage were not approved, what would be the consequence of not meeting the in-service date?
What are the considerations for participating in the Expedited Process or LT1 RFP?	
What other key considerations/risks need to be included to help ensure this initiative is successful?	As the IESO has proposed an incentive to meet the May 1, 2025 in-service date under the Expedited RFP process, Atura would suggest that the same incentive should be afforded under the Same Technology Expansions procurement. As mentioned above, existing generators may be required to take additional outages that are not in their major maintenance plan in order to install the upgrade components to meet the May 1, 2025 in-service date, in which case these added outages would increase the cost to implement and expose contract holders to increased commercial and financial risk.

Additional Acquisition Mechanisms: Forward Capacity Auction

Topic	Feedback
Is expanding eligibility to variable generation, self-scheduling and co-located hybrid facilities in the FCA and ACA a priority for stakeholders? (Refer to slide 99)	
Any feedback and suggestions on how the performance assessment framework may need to be modified to reflect the design differences? (Refer to slide 106)	
Any feedback on potential features that could be considered for the design of the FCA? (Refer to slide 108)	
Is expanding eligibility to variable generation, self-scheduling and co-located hybrid facilities in the FCA and ACA a priority for stakeholders?	
Any feedback and suggestions on how the performance assessment framework may need to be modified to reflect FCA design differences?	
What other design features should be considered to increase the attractiveness of a Forward Capacity Auction as part of IESO's suite of acquisition mechanisms? (Refer to slide 110)	

General Comments/Feedback

In the IESO's April 22, 2022 materials from the Hybrid Integration Project engagement session, the IESO indicated that the plan is to implement both foundational models (co-located and integrated) post market renewal but prior to the beginning of the LT-RFP commitment period. Ensuring these foundational models will be implemented in advance of the LT-RFP commitment date will be crucial as energy storage projects will be bidding their potential projects with one of these foundational models as an assumption in the way it will participate in the market.