

Feedback Form

Long-Term RFP – June 9, 2022

Feedback Provided by:

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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.

Please provide any feedback on the Mandatory Requirements and Rated Criteria proposed for the LT1 RFP and Expedited Process.

CanREA does not support that a Municipal Support Resolutions or Band Council Resolutions should be a mandatory up-front requirement for proponents in the LT1 procurement, nor a post-contract requirement for projects in the Expedited procurement. All projects will be proceeding through the local municipal development processes to ensure compliance with local land use, zoning and other relevant policies and regulations, and thus will ultimately satisfy local approval requirements should they be selected during the RFP process. For the Expedited RFP, we would recommend that the IESO consider offering greater flexibility with respect to the proposed mandatory requirements for one (1) community meeting before RFP submission (e.g. allow for a post-contract award Open House). Requiring a resolution from a municipality or band council as pre-condition to take part in the RFP will place undue pressure on limited local community resources, as well as on developers, in many or most cases for projects that will ultimately not be proceeding to construction. Moreover, specific zonal needs are such that these pressures and the need for community meetings will be highly concentrated both regionally and within a narrow time period, which could give rise to confusion and complication with respect to community engagement.

The proposed Rated Criteria for Indigenous Participation will risk overwhelming First Nations with requests under an inappropriately condensed timeline for this type of decision-making. The option of a post-COD adder would in CanREA's view be more suitable in this case.

We would also note that there was no formal mention of Environmental Assessments in the materials presented to stakeholders on June 9. We would urge the IESO to provide detailed guidance on this point as soon as possible.

While we recognize the importance of duration in this procurement, the proposed rated criteria points are in CanREA's view too heavily weighted for projects that can deliver 8 consecutive hours or more. The four-hour mandatory requirement already considerably limits the types of resources that will be able to compete in this procurement; Each additional hour of duration will reduce competition and significantly increase the total cost of the procurement and will adversely affect ratepayer value.

It will be important for the IESO to clarify how any external funding sources (e.g. Government of Canada SREPS program) will factor in these procurements, and to take steps to avoid a situation in which external incentives could distort the competition in favour of projects in receipt of these funds rather than those that optimally meet specific system needs most cost-effectively.

Topic	Feedback
<p>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.</p>	<p>The complexity and uncertainty introduced by the proposed Low/Mean/High Claw-back/Top-up structure, the frequent re-adjustment of the price thresholds, as well as the fact that the “Average” price value will vary based on local zone under the as-of-yet undefined Market Renewal Program (MRP), will to a great extent undermine investor confidence that would have been conferred by the longer contract term. While we recognize that with this structure, IESO is trying to balance investor confidence and incenting market behavior, we reiterate that given generators do not have a way of accurately forecasting energy price for MRP, any value ascribed to these revenues will be highly discounted for risk. We believe this will result in higher overall contract prices, and will adversely impact value for rate payers.</p> <p>The rationale for exposing contracts to LMP is as an indication of project and locational value. In this case, the IESO has already identified the high value zones and target capacities through its procurement tools so adding this additional layer of risk onto investors is unnecessary at this stage. The IESO should focus on implementing MRP signals post-implementation, once projects can more effectively model pricing.</p> <p>Finally, the proposed structure is not optimized for energy storage projects. The IESO should be incentivizing these projects to be more responsive to daily and hourly fluctuations in order to maximize asset value. Revising the contract, at least for this near term expedited RFP, would ensure that quickly deployable resources such as storage are more attractive for investment and better optimized for system needs.</p> <p>During the June 9 stakeholder meeting, IESO staff were unable to clarify how forward price guidance would be provided to proponents. This is particularly concerning as the IESO has stated that calculating locational marginal prices is not possible in advance of the go-live of Market Renewal in November 2023. This in CanREA’s view further reinforces the need to revisit contract payment structure for this first round of procurements.</p>

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.	CanREA acknowledges that the proposed contract term length has been increased to 22 years for ERFPP projects, and to 20 years, with additional term provided for optional earlier in service dates (prior to 2027) for LT1 projects. This is fair and reasonable given the unique uncertainties of the Ontario market, and as we have previously noted, longer contract terms will ensure better value for ratepayers.

Deliverability Assessment

Topic	Feedback
Please provide feedback on the IESO's proposed process for deliverability testing and timelines.	<p>We appreciate the additional clarity provided regarding the proposed approach to assessing project deliverability. However, many questions remain with respect to how interconnection capacity will be evaluated and allocated and how multiple applicants at the same point of interconnection will have their projects ranked. We look forward to further details on each of these points being presented in the coming weeks.</p> <p>IESO should be prepared to further address certain aspects of interconnection risk that are outside of developers' control, and should seek to provide developers with further detail and assurances of alignment in terms of transmission and distribution network owners' own timelines vs. those of the procurement.</p>

Additional Acquisition Mechanisms: Same Technology Expansions

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

Topic	Feedback
What are the interdependencies between the existing contract, any upgrades and on-site expansions that need to be considered?	
Are any interdependencies missing/not fully captured?	
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?	

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)	

Topic	Feedback
<p>Is expanding eligibility to variable generation, self-scheduling and co-located hybrid facilities in the FCA and ACA a priority for stakeholders?</p>	
<p>Any feedback and suggestions on how the performance assessment framework may need to be modified to reflect FCA design differences?</p>	
<p>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)</p>	

General Comments/Feedback