

June 20, 2022

Delivered via email: engagement@ieso.ca

To: Independent Electricity System Operator

From: Patrick Beatty
Senior Manager of Government Relations
Invenergy
[REDACTED]

RE: Long-Term RFP

Please accept the following feedback submitted on behalf of Invenergy in response to the June 9, 2022, Long-Term RFP posting.

Additional Mechanisms: Overview and Linkages

Topic	Invenergy 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)	<p>The linkages between the various procurement mechanisms are unclear at this stage and have created uncertainty and confusion in terms of efficient project planning. The current process seems overly complicated and will likely lead to delays, which could compromise the ability of projects to meet the tight COD deadlines.</p> <p>Recommendation: clearly identify what types of projects/technologies should be entering which stream. Overlap should be avoided where possible to deter duplication and/or inefficient outcomes. Clarify which technologies will be eligible to participate in each stream.</p> <p>Recommendation: consider streamlining processes in circumstances where a project (taken as a whole) would be more efficiently pursued bilaterally, versus being parsed out into multiple streams. For example, same technology expansion and contract extension would be more efficiently procured together, instead of separately.</p>

LT1 RFP and Expedited Process: Mandatory Requirements and Rated Criteria

Topic	Invenergy Feedback
<p>Please provide any feedback on the Mandatory Requirements and Rated Criteria proposed for the LT1 RFP and Expedited Process.</p>	<p>The information released to date is insufficient for streamlined project planning. This may lead to undesirable proposals that could have been targeted more accurately.</p> <p>Recommendation: release as much data as quickly as possible in terms of locational needs.</p> <p>Recommendation: outline more details regarding prerequisites to support resolutions, including: (i) the time by which these resolutions are required; (ii) the consequence if such a resolution is not obtained; (iii) any recourse or alternate path that is available should a resolution be unfeasible.</p> <p>Recommendation: ‘Site Control’ should be demonstrated with the existence of a lease or option to lease. The requirement for further site access declaration(s) introduce unnecessary duplication.</p> <p>Recommendation: ‘Duration of Service’ rated criteria points require development. Based on the current instructions, the IESO can expect to receive numerous proposed facilities capable of generating 4-hours plus 1-minute of electricity under normal operating conditions. As a result, higher value longer term generation between 4-hour 2-minutes and 7-hours 59-minutes will be absent due to increased capital costs and reduced competitiveness.</p> <p>Recommendation: continue with the proposal to remove the need for a municipal resolution as part of the expedited process for the reasons noted in the IESO presentation. The requirement for a resolution after contract execution is unnecessary as the project will be required to fulfill all municipal requirements, including planning/building approvals, in order to construct and operate.</p>

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Topic

Invenergy Feedback

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Regarding the LT1 RFP, a resolution from a municipality or band council, creates a significant timeline risk taking into consideration the rapidly approaching capacity needs. All projects are required to go through local municipal development processes. This will ensure compliance with local land use, zoning and other relevant policies and regulations. In so doing, renewable projects put forth will ultimately satisfy local approval requirements should they be selected during the RFP process. Requiring a resolution from a municipality or band council to take part in the RFP will put undue pressure on local resources, communities, and developers. We also believe that attempting to pre-sort projects during the RFP stage into “developable” and “not developable”, strictly on the basis of a resolution from a municipality or band council and prior to the development process unfolding, does not accurately capture whether or not the project will be ultimately approved. The limited resources are better allocated to projects with the highest probability of satisfying Ontario’s energy needs.

LT1 RFP and Expedited Process: Proposed Contract Design

Topic

Invenergy 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.

Failing to integrate new technology expansions with existing contracts will lead to highly inefficient outcomes.

Recommendation: deal with projects that have both expansions and facility upgrades at the same site bilaterally. This will promote efficiency and savings (i.e., financing, permitting, construction schedules, equipment purchasing, and staffing) where project execution can integrate with existing assets.

LT1 RFP and Expedited Process: Proposed Term Lengths

Topic

Invenergy Feedback

Please provide any feedback on the term length considerations proposed in addition to the incentive mechanism for the Expedited Process.

Term length is the single most impactful variable in optimizing the cost of each individual procurement. Not all projects and technologies will have a common optimal term length.

Recommendation: provide flexibility to tailor term length to the merits of individual projects.

Deliverability Assessment

Topic

Invenergy Feedback

Please provide feedback on the IESO’s proposed process for deliverability testing and timelines.

No feedback at this time.

Additional Acquisition Mechanisms: Same Technology Expansions

Topic

Invenergy Feedback

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

The proposed process introduces significant complexity that may result in confusion, delay and/or undesirable outcomes.

Recommendation: unify and simplify the process for same technology expansions. Consider upgrades and expansions holistically.

Topic	Invenergy Feedback
<p>What are the interdependencies between the existing contract, any upgrades and on-site expansions that need to be considered?</p>	<p>The efficient operation of a facility necessitates that the existing asset and any upgrades and expansions be considered as one system. To parse out these elements is an artificial exercise that cannot be achieved efficiently.</p> <p>Financing considerations for an expansion may require having a new contract for the added equipment. A separate contract would allow the proponent to finance that part of the project individually or as a whole with the rest of the project.</p> <p>However, there are key areas of overlap between the upgrades and expansions. For instance, any time difference between awarding contracts will delay permitting of the project as proponents won't be able to start permitting process without knowing the totality of the change at site. Additionally, construction for one part could affect the functioning of the rest of the site. These and other issues could make it difficult for proponent to meet May 2025 COD timetable if the whole project is not addressed in the same process.</p> <p>Recommendation: unify and simplify the process for same technology expansions. Consider upgrades and expansions holistically.</p>
<p>Are any interdependencies missing/not fully captured?</p>	<p>No feedback at this time.</p>
<p>What are the considerations for participating in the Expedited Process or LT1 RFP?</p>	<p>Ability to achieve COD by the required timelines is the most important distinction between the two processes. As time passes, it becomes increasingly difficult and more expensive to plan a project that can meet the desired outcome. Many components that require significant capital investments have long lead-times that cannot begin until commercial certainty is achieved.</p>
<p>What other key considerations/risks need to be included to help ensure this initiative is successful?</p>	<p>Simplicity, clarity and commercial certainty are essential to achieve the desired outcomes. If the process becomes too complicated or contracts are awarded beyond Q4 2022, it will be very difficult to meet the IESO's timeline for additional capacity.</p>

Additional Acquisition Mechanisms: Forward Capacity Auction

Topic	Invenergy 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)	No feedback at this time.
Any feedback and suggestions on how the performance assessment framework may need to be modified to reflect the design differences? (Refer to slide 106)	No feedback at this time.
Any feedback on potential features that could be considered for the design of the FCA? (Refer to slide 108)	No feedback at this time.
Is expanding eligibility to variable generation, self-scheduling and co-located hybrid facilities in the FCA and ACA a priority for stakeholders?	No feedback at this time.
Any feedback and suggestions on how the performance assessment framework may need to be modified to reflect FCA design differences?	No feedback at this time.
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)	No feedback at this time.

General Comments/Feedback

Without the benefit of time to iterate multiple processes, simplicity, clarity and commercial certainty are essential to achieve the IESO’s desired outcomes.

We appreciate the opportunity to provide feedback on these important initiatives. Please do not hesitate to contact me if you require any further details or clarifications.

Yours truly,



Patrick Beatty