

Feedback Form

Long-Term RFP – July 21, 2022

Feedback Provided by:

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Date: August 4, 2022

Following the July 21st public webinar on the Long-Term RFP, the Independent Electricity System Operator (IESO) is seeking feedback from participants on: Municipal Council Support Resolution, Contract Design, Revised Timelines, and the Deliverability Test Guidance Document.

The referenced presentation can be found on the [Long-Term RFP webpage](#).

Please provide feedback by August 4, 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.

Municipal Council Support Resolution

Topic	Feedback
Please provide any feedback on the IESO's proposal to change the Municipal Council Support Resolution from a mandatory requirement to a rated criteria.	Compass supports the MCSR as a rated criterion.

Proposed Contract Design

Topic	Feedback
<p>Please provide any feedback on the potential use of indexing in the contracts and what indices (if any) may be best suited for these procurements.</p>	<p>Compass believes the use of an index or indices would be beneficial to both developers and ultimately Ontario ratepayers. The development community should bear risks within their control, such as permitting and operations, however, the extraordinary inflation currently underway and the associated interest rate uncertainty create additional risks for developers and long-term owners when developing project costs and bid prices. The more protection the IESO can provide developers from uncertainty associated with rising costs, the more aggressive developers can be in their bid pricing. Additionally, a price adjustment based on an index or indices will result in less post-contract award project attrition.</p> <p>Compass is proposing two main pain points where rising costs would impact project economics: 1) Construction costs, and 2) Cost of debt.</p> <p><u>Construction costs</u> – An infrastructure cost index that accounts for materials and labour costs would be beneficial. Some indices can be found on Statistics Canada website, however Compass has not analyzed which would be most appropriate. Compass would suggest applying the percent change in an index using a base date of Proposal Submission and an indexation date of Start of Construction. This indexation should be applied at Commercial Operation since the index or indices are likely backward looking.</p> <p><u>Cost of debt</u> – Critical to the overall economics of the project, as debt typically makes up 70-80% of the capital. Providing indexation based off the cost of debt will also reduce developer risk premiums. Compass would propose the index to measure the cost of debt to be the Bank of Canada 10-year Bond. Compass would suggest applying this percent change with a base date of Proposal Submission and the indexation date being Commercial Operation.</p>

LT1 RFP and Expedited Process: Revised Timelines

Topic	Feedback
Please provide feedback on the proposed revised timelines and whether these seem appropriate.	<p>The revised timeline of Contract Award of February 28, 2023 provides less time for developers to meet the May 1, 2025 COD for the Expedited Process. The earlier the IESO can announce contract awards the better. Ideally, developers would need 16 months for construction and development to meet the May 1, 2025 COD, as previously provided by the December 31, 2022 Contract Award date for the Expedited Process.</p> <p>Compass suggests that the IESO assign a rated criterion for developers that can commit to an earlier COD, along with the declining incentive, with penalties for not achieving the specified dates.</p>

Deliverability Test Guidance Document

Topic	Feedback
Please provide any feedback on the Deliverability Test Guidance Document and associated form.	It will be critical for developers to know as soon as possible what caps will be placed on the number of projects allowed to submit for the Expedited Process.

General Comments/Feedback

Can the IESO confirm that CIAs obtained prior to the LT1 Deliverability Assessment for LT1 projects should be rescinded, and if so, when? In what scenario(s) would CIAs obtained prior to the LT1 Deliverability Assessment not have to be rescinded? For clarity, where a project was eligible for the Expedited Process but was not submitted in the Expedited Process for whatever reason.