

Feedback Form

Long-Term RFP – August 10, 2022

Feedback Provided by:

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Following the August 10th public webinar on the Long-Term RFP, the Independent Electricity System Operator (IESO) is seeking feedback from participants on: the LT1 RFP design and key updates presented in the meeting, Contract Design, Upgrades, and the Deliverability Test Guidance Document.

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

Please provide feedback by August 22, 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.

LT1 RFP Design and Key Updates

Topic	Feedback
<p>Please provide any general feedback on the LT1 RFP design and the key updates provided by IESO in the meeting.</p>	<p>Schedule – With respect to the updated LT 1 RFP timeline, ESC continues to be concerned with respect to delays. To date, the IESO has only provided an “indicative schedule” for the LT 1 RFP rather than a firm commitment for competition of tasks. While we appreciate that the timelines can shift due to volume, IESO should seek to implement processes that are streamlined and can be scaled-up with higher volume as required.</p> <p>Rated Criteria – ESC is supportive of rated criteria with respect to location, Indigenous participation, and municipal support. We continue to question the weighting of points allocated to duration of service. While a subset of energy storage may be long-duration (i.e., pumped storage), it is expected that the majority of energy storage projects will be battery storage. The IESO has not made planning criteria available to demonstrate the need for a significant amount longer-duration, and the weighting of points should reflect the need. Further, the IESO should ensure that any points awarded for long-duration resources demonstrate their capabilities with evidence. For example, are gas-fired generators required to show firm contracts for gas supply?</p> <p>Further, ESC recommends that weight be given to those technologies that are non-emitting. Given the incoming Federal Clean Energy Regulation and Net Zero 2035 targets, not to mention Ontario’s own GHG reduction goals, ESC submits that all IESO procurements include rated criteria in pursuit of those objectives.</p> <p>Diversification - ESC accepts that IESO’s proposal to limit project sizes to 600 MW and establish a reasonable limit to the number of projects/MW awarded to a single supplier (pending further information from the IESO).</p> <p>ESC also acknowledges the benefits of establishing a separate procurement for battery storage, with separate</p>

storage contracts. This is consistent with previous advocacy of ESC, and we appreciate this direction the IESO is taking. We believe this will enable a more cost-effective and desirable outcome, with unique nature of energy storage being considered.

As a next step, we seek information from the IESO with respect to the proposed breakdown between the "storage stream" and the "other stream." We also suggest that if the "other stream" does not achieve its desired MW target, that the MWs be allocated to the next highest rated energy storage project(s).

Proposed Contract Design

Topic	Feedback
<p>Please provide any feedback on the contract design and provisions proposed by the IESO.</p>	<p>Contract Design – ESC is very supportive of the IESO’s proposal to establish a storage specific contract. We recommend building on past contracts that have effectively enabled the development of contracted storage in Ontario.</p> <p>Performance Obligations – The requirements seem reasonable. If the MRP is delayed, will the contract have “back-up” provisions that consider the market rules that are in effect at the time of COD?</p> <p>Non-Performance Charges – IESO should specify more clearly, it’s expectation on non-performance charges, including the linkages to the current market rules.</p> <p>Contract Payment Multiplier – We support the “carrots” approach the IESO has implemented to encourage early COD in the expedited process. That said, we remain concerned that the IESO has not allotted appropriate time for permitting, equipment acquisition, construction, connection.</p> <p>Proposal Security and Liquidated Damages – We understand the need to ensure projects are developed</p>

within the required timeframe. More information from IESO is needed with respect to magnitude of security and liquidated damages.

Spread Adjustment for Electricity Storage

Facilities – We are encouraged by the proposal to implement an adjustment based on arbitrage opportunities based on average price spread. We look forward to more details on this proposed mechanism.

Regulatory Charge Credit for Electricity Storage

– We are also encouraged by the IESO’s proposal for a regulatory charge credit, including GA reimbursement.

Environmental Attributes – We look forward to more details on this aspect of the contract design. The sooner we understand the mechanism, the sooner these factors can be accounted for within proposals.

Indexing – We agree with the IESO’s assessment that indexing is warranted, and we look forward to greater detail from the IESO.

Proposed Upgrades Process

Topic	Feedback
Please provide any feedback on the proposed design and other considerations with respect to the Same Technology Upgrades procurement process.	This procurement stream does not appear to enable energy storage given requirement for 8-hour duration.

Deliverability Test Guidance Document

Topic	Feedback
Please provide any feedback on the Deliverability Test Guidance Document and associated form.	At this stage, it is important to move forward quickly and efficiently to enable enough time for developing, acquisition, connection, and construction. It is important to ensure that all parties, including LDCs and transmitter (HONI), understand the requirements, and that proponents have clarity and transparency in the results. We appreciate IESO's consideration of our previous submission concerning the Deliverability Test.

General Comments/Feedback

Overall, ESC is supportive of the IESO's decision to establish a distinct path for energy storage, with its own contract form and stream. The RFQ has clearly demonstrated that energy storage will be predominate in the next IESO procurement. We look forward to reviewing more details associated with the RFP and contract.