

Feedback Form

Long-Term RFP – August 10, 2022

Feedback Provided by:

Name: Rose DeSantis, B. Eng. Physics, P.Eng, MBA

Title: Senior Market Simulation Analyst

Organization: Ontario Power Generation

Email: [REDACTED]

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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>Instead of evaluating Indigenous Participation as a rated criteria, the IESO should consider having a price adder for the various levels of Indigenous Participation that could be applied at any time during the contract term (e.g. this could be a X% adder to the Net Revenue Requirement). This would allow proponents to have more time to negotiate Indigenous Participation agreements and provides an ongoing incentive for these types of agreements to be entered into post contract award.</p> <p>The expedited procurement timelines might not allow for enough time for projects to secure Indigenous participation prior to proposal submission.</p> <p>How would the Indigenous Participation rating work if during the course of construction, after a contract is awarded, another non-Indigenous equity investor funds the project. The percentage ownership structure has changed from the time the rated criteria was used to award the contract.</p> <p>Another important example is the situation where at a future date if the Indigenous Party is no longer part of the project, then what will transpire? Indigenous Participation and engagement could be tracked regularly with a scorecard, developed in collaboration with Indigenous communities, to hold contract award-winner accountable to commitments/items such as Partnership, Employment, Engagement etc.</p> <p>If a proponent leverages Indigenous partnership/participation, how would the proponent be held accountable for following up with the award post-contract.</p> <p>It will be helpful for IESO to further define economic interest. For example could economic interest include the value of supply/construction related contracts awarded by the project to Indigenous owned companies?</p>

Proposed Contract Design

Topic	Feedback
<p>Please provide any feedback on the contract design and provisions proposed by the IESO.</p>	<p>OPG recommends the IESO revisit a CFD that is inclusive of both energy and operating reserve (OR). It is worthwhile to consider including operating reserve revenues within the CFD structure. The large amount of energy storage potentially entering the Ontario market creates a significant level of uncertainty for future operating reserve prices. Historical OR clearing prices may no longer be relevant as large amounts of energy storage resources (i.e. a resource that can provide Operating Reserve at a very low marginal cost) enter the Ontario market. The impact of this change is very hard to predict and makes it difficult for proponents to forecast OR revenue.</p> <p>OPG is supportive of having a mechanism to adjust the contract price based on equipment/labour cost escalation beyond a certain threshold. OPG is supportive of an annual escalation that tracks against CPI above a certain threshold. If, for example, OM&A increased by 10% and the contractual threshold is 5% then an adjustment can be made if the threshold has been exceeded. This will help balance the cost risk between the supplier and the ratepayer. This mechanism has become relevant due to the high demand of lithium-ion batteries. The price for this resource has increased over the last year, as opposed to the steady downward trend they have been following for the last ~10 years. In addition, lithium carbonate prices and other key elements spiked earlier this year. This led to battery manufacturers indexing their prices to commodities, rather than being fixed price due to the uncertainty of pricing of this raw material.</p> <p>OPG is supportive of the regulatory charge credit, including a reimbursement for GA, for electricity storage facilities.</p> <p>OPG is supportive of having 2 types of proposed contracts: Electricity storage-style contract for battery storage and all other technologies to have a Capacity style contract</p> <p>IESO is imposing a maximum project size of 600MW. How was the 600MW project size selected? OPG would like to know why this criteria is being introduced after proponents have already submitted their projects. Had proponents known about this criteria in advance, this could have influenced the project sizes that may have been submitted.</p>

	<p>If someone has made a submission to exceed this 600MW limit, will they be allowed the flexibility to make a change to the MW limit?</p> <p>A decision needs to be made quickly to identify the limits of the amount of MW/projects awarded to a single supplier since proponents are currently in the process of proposing projects. It would be disadvantageous to introduce criteria after suppliers have submitted proposals.</p>
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Proposed Upgrades Process

Topic	Feedback
<p>Please provide any feedback on the proposed design and other considerations with respect to the Same Technology Upgrades procurement process.</p>	

Deliverability Test Guidance Document

Topic	Feedback
<p>Please provide any feedback on the Deliverability Test Guidance Document and associated form.</p>	<p>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?</p> <p>Please provide information on whether modifications can be made to the MW uprate/expansion amounts as the project nears completion and a better understanding of the MW capability is known.</p> <p>Is there a possibility that even though a project is deemed deliverable that the Transmission Connection Assessments (CIA/SIA) is deemed unsuccessful or not feasible? If this could happen, then a provision needs to be included into the existing contract that will allow the termination of the project without penalty. The IESO needs to engage Hydro One to ensure that these connection agreements are developed in a timely manner and that appropriate schedules and a coordinated plan are put in place.</p>

General Comments/Feedback

