

IESO Engagement

From: Victor Contract
Sent: September 30, 2022 4:37 PM
To: Long Term RFP
Cc: Sean McCloskey
Subject: Comments to draft E-LT1 Contract

To: The IESO

Re: Comments of Penn Energy Renewables ULC to the draft Expedited Long-Term Reliability Services (E-LT-1) Contract dated August 25, 2022

Penn Energy Renewables respectfully recommends that the IESO consider the following clarifications and/or modifications to the draft E-LT1 Contract:

1. Given the degradation of battery performance, the Contract should explicitly state that energy storage projects will be permitted to augment their battery capacity over time in order to maintain plant performance.
2. The definition of “State-of Charge-Limited” seems to apply to the [ten (10)] hour period prior to the start of the Qualifying Hours. This definition should apply only to the Qualifying Hours as it is the plant performance during the Qualifying Hours that matters.
3. The Requirements to Pass a Capacity Check Test should specify that the threshold for a Supplier Event of Default as determined by the Average Test Capacity should be no higher than 75%. The bracketed figure of [eighty-five percent (85%)] is too high given that it is known that battery performance will degrade over time. There are already mechanisms in the Contract to ensure that the IESO is not paying for Capacity that it is not receiving. This protects the IESO’s interests. It would be unfair to push Suppliers towards default based on known limitations of the technology that they are deploying. Similarly, the Contract should explicitly allow for the Supplier to add batteries during the Term for the purpose of maintaining the performance of the Facility, while not resulting in a material change to the Duration Capability (nor resulting in a Facility Amendment).
4. Market Price Spread Adjustment Factor set forth in Exhibit M should be clarified and revised given that the calculation may result in unanticipated results. The IESO explained during the recent webinar that the 4 highest days and the 4 lowest days in a Settlement Month would be used in this calculation, while the draft Contract performs the calculation using the 4 highest (and lowest) priced contiguous hours. It is unclear whether the High Block Average Price and Low Block Average Price are determined on a

daily basis, and if they are calculated by month, there may be unintended consequences. Second, the lowest priced hours may occur inside Qualifying Hours, and highest priced hours may occur outside Qualifying Hours. Thus, the draft version of the calculation would miss any of those hours that may fall within such time periods.

5. There should be an opportunity to cure for all instances of Supplier's Events of Default (upon receipt of notice from Buyer).

We look forward to receipt (or publication) of responses to our comments.

Regards,

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