



September 30, 2022

Mr. Chuck Farmer
Vice President, Conservation and Resource Adequacy
Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto ON M5H 1T1

Dear Mr. Farmer:

Please accept this letter as our submission relating to the draft contract and request for proposal for the Expedited Long-term RFP (E-LT1 RFP) posted on August 25, 2022.

As you are aware, South Essex Fabricating and Nature Fresh Farms are part of a group of companies that build and operate greenhouses, respectively. Nature Fresh Farms has grown to become one of the largest independent greenhouse produce growers in Canada, and South Essex Fabricating has built thousands of acres of greenhouses in Canada and the United States. We believe that the greenhouse industry is uniquely positioned to optimize the generation of electricity for the Ontario grid in a efficient and sustainable way.

Our comments are as follows:

We have the following feedback on the draft RFP and draft E-LT1 Contract:

1. As a general comment, we note that as the RPQ was run, and as the RFP and LTC are currently drafted, there is no option for the greenhouse industry to participate in this RFP process (other than the handful of greenhouses that already generate). We believe that this is a significant missed opportunity for the IESO, given the greenhouse industry's ability to provide flexible generation of electricity in one of the Priority Zones, as well as use all of the heat and CO2 produced through that generation, making this option close to emissions neutral, with the potential, as technology improves, to become emissions neutral.
2. More specifically on the point made in 1 above, the Assignment and change of Control provisions are more restrictive than in other IESO contracts. As long as a qualified participant is part of the team designing and constructing the facility, flexibility of commercial arrangements on ownership, including joint ventures, should be permitted to enable adequate supply and ensure the most effective and efficient supply for ratepayers.
3. The E-LT1 RFP provides mixed messages about behind the meter generation with the inclusion of section 2.11(b). We believe that the dominant requirement should be that "no

525 Essex rd 14, PO Box 400
Leamington, ON N8H 3W5

T: 519 326 8603
info@naturefresh.ca

naturefresh.ca

part of the Contract Capacity can be subject to any physical or contractual arrangement that conflicts with the Seller's ability to satisfy the Must-offer Obligation" as required in section 2.12. As long as this requirement is met, there is no need to require consent from IESO in order for the Supplier monetizing any Capacity, or to require that Contract Capacity be exclusively committed to IESO. Greenhouses are uniquely able to generate behind the meter when IESO does not require their capacity, and immediately switch over to grid delivery when IESO requires. Allowing for such operation will improve the economics of Facilities owned by greenhouses.

4. The Rated Criteria published in the draft RFP is very streamlined and transparent. We believe that minimal or no changes should be made to the criteria and ratings in the LTC.
5. The proposed index for the Materials Cost Index is too limited and does not represent the full scope of required inputs. A broader index should be used which takes into account a more appropriate reflection of the inputs and given the timeline for construction and ongoing supply chain and market uncertainties, this concept should be included in the LTC as well. Finally, in addition to this one-time increase, offramps for the Supplier for delays in obtaining equipment or cost increases (including material network upgrade costs or connection costs) should be added.
6. Given current supply chain issues, Force Majeure should be expanded to include supply chain bottlenecks that are beyond the Supplier's ability to manage or control. For the same reason that they are beyond Supplier's ability to control, delays connecting to the grid due to distribution or transmission system build out should also be included as events of Force Majeure.

Thank you for the opportunity to provide you with these comments. We look forward to continuing the discussion and welcome an opportunity to provide you with additional information about the greenhouse industry.

Sincerely,



[Peter Quiring \(Sep 30, 2022 10:52 EDT\)](#)

Peter Quiring

CEO, Nature Fresh Farms Inc.