

# Feedback Form

## Long-Term RFP – November 7, 2022

### Feedback Provided by:

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Date: November 14, 2022

Following the November 7<sup>th</sup> public meeting on the Long-Term RFP, the Independent Electricity System Operator (IESO) is seeking feedback from participants on the proposed deemed generation model.

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

Please provide feedback by November 14, 2022 to [engagement@ieso.ca](mailto: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.

Thank you for your contribution.

## Deemed generation model

Topic	Feedback
Do you support the proposed approach with fixed VOM and CRE value? Please explain why or why not.	
Do you have any feedback on the use of non-continuous 4 hours in the model?	
Is there anything further you recommend be considered with respect to the implementation of this alternative model?	
Do you have any general feedback on the two models presented, including any feedback on financeability?	
Do you have any feedback on potential market and operational impacts between the two models?	

## Materials Cost Index Adjustment (MCIA): Lithium

Topic	Feedback
Do you have any feedback on the appropriate weighting for lithium in the MCIA?	<p>EDF Renewables is not clear as to how the IESO arrived at the weightings proposed.</p> <p>EDF Renewables proposes IESO explore a 'low lithium value' (i.e. ~0.25), and some 'high lithium value' weighting option to both standardize the process yet allow for some flexibility.</p>

## General Comments/Feedback

EDF Renewables would like to acknowledge the hard work carried out by the IESO team to date.

Our team wanted to acknowledge that there has been a great deal of positive progress made on the E-LT 1 RFP and E-LT 1 Contract.

However, as a member of CanREA, Energy Storage Canada and the Consortium, EDF Renewables would like to stress a few final pieces we request the IESO consider and draft into the RFP and contract.

### **1. NEW Bid Submission Date**

Given that there remains a lot of uncertainty (i.e., list below), EDF Renewables feels strongly that the IESO should consider delaying the Final Bid Submission Date to May 1, 2023, to deliver lower final bid prices. We understand that the Expedited RFP is to acquire shovel ready projects, however, all projects must deal with new concepts that directly impact project revenue and economics (i.e., CIB, ITC). At the same time, we feel the IESO, and bidders will benefit from more time to work with host communities, indigenous partners, interconnection studies, and gain clarity on a reasonable environmental permitting regime for energy storage projects, as this is still under consideration at MECP. For example, the ITC will have a major impact on bid prices and given the details are 'proposed' and largely unknown until March 2023 – this situation, coupled with a high bid security, it is extremely unlikely that bidders can formulate a bid including this ITC benefit. Overall, EDF Renewables does not feel this New Bid Submission date should impact the IESO's preferred in-service date of May 1, 2025 – developers can perform seasonal environmental works to attain the early in-service COD, as this permitting risk is common for developers to take on in anticipation of a procurements or series of procurements.

If the 6-month period from final contract on December 6, 2022, to May 1, 2023, is too much for the IESO to consider, at this time, EDF Renewables believes February 7<sup>th</sup> 2023 would be a much more appropriate submission date, to allow for sufficient time after the holiday period for proponents to co-ordinate with municipalities and indigenous partners and obtain the usual internal approvals necessitated by large security requirements. January 24<sup>th</sup> would likely create pressures on project partners that could be avoided by moving to February 7<sup>th</sup>.

### **2. Amendments to IESO Market Rules Protection**

Although we recognize and appreciate that Section 1.6 of the Contract has evolved considerably since the initial release of the Contract, we do not agree with capping any adjustment to the Fixed Capacity Payment to 10%, as is set out in subsection 1.6(c) of the Contract – this is much narrower than in previous IESO contracts. The adjustment to the Fixed Capacity Payment should not be capped and any adjustment needs to reflect the actual amount required to recover the Storage Disincentive Lost Net Revenue.

### **3. ITC**

The recently announced federal Investment Tax Credit (ITC) creates uncertainty, because until the enabling legislation is enacted Proponents will not know whether they should or should not include this in the calculation of their Fixed Capacity Price bids. Some may include it and others may not. To level the playing field and add clarity, we suggest that the IESO develop contractual provisions enabling parties to negotiate an adjustment to the Fixed Capacity Payment (FCP) following the passage of final ITC legislation.

### **4. Canada Infrastructure Bank Financing Product**

We recognized the benefits of the Canada Infrastructure Bank (CIB) financing product. The fact that CIB is not pre-qualifying Proponents for this funding creates a great deal of risk for potential Proponents, in the event they count on this financing and then subsequently cannot secure it from CIB. We request that an offramp be built into the Contract.

### **5. Absence of Contractual Offramps**

EDF Renewables understands the IESO wants reasonable risk to be borne by the Proponent. However, in various instances throughout the contract, EDF Renewables is very concerned that unforeseeable risks are being placed onto bidder outside of the proponent's control. In this final review of the RFP and Contract, EDF Renewables encourages the IESO to consider how the Contract can build in reasonable 'off ramps' for risks that are not in full control of the project developer.

### **6. IESO Exhibit M – Contract Payment Structure**

EDF Renewables supports CanREAs comments in their feedback form to the November 7 webinar.

Furthermore, EDF Renewables does not believe there is sufficient time before the proposed December 6th deadline to finalize the RFP and contract, and undertake necessary due diligence needed to fully understand the CanREA payment model and its implications within Ontario's unique electricity market.