

Feedback Form

Long-Term RFP – March 28, 2023

Feedback Provided by:

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Date: April 17, 2023

Following the March 28th public webinar on the Long-Term RFP (LT1 RFP), the Independent Electricity System Operator (IESO) is seeking feedback from participants on design of the LT1 RFP and LT1 Contract.

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

Please provide feedback by April 11, 2023 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 Lessons Learned from E-LT1 RFP

Topic	Feedback
<p>E-LT1 RFP: Please provide any general feedback reflecting on your participation in the E-LT1 RFP as it relates to the upcoming LT1 RFP.</p>	<p>The current proposed timelines show that there may only be 4 to 8 weeks between receiving deliverability test results and RFP submission deadline. However, more time is required between proponents receiving these deliverability test results and the bid submission deadline.</p> <p>The previous Expedited RFP allowed for 2.5 months between deliverability test receipt and proposal submission. Although this is slightly better than what is being proposed for LT-1, that timeline was also tight to prepare the bid for submission deadline.</p> <p>Atura suggests 12 weeks is an appropriate amount of time between receiving results and bid submission.</p>
<p>LT1 RFP design: Please provide any feedback on the proposed Mandatory Requirement for Municipal Support.</p>	<p>Atura Power supports the proposed mandatory requirement for Municipal Support.</p>
<p>LT1 RFP design: Please provide any feedback on the Rated Criteria Categories and Point Allocation.</p>	<p>It is important to advise proponents on the location points associated with specific circuits as soon as possible to ensure proponents focus their efforts on the highest value locations for the province. A list of “no go zones” in advance of deliverability test submissions will be helpful for proponents when assessing their projects sites.</p>

Indigenous Community Participation

Topic	Feedback
<p>Please provide any feedback on the Rated Criteria for Indigenous Community Participation as contemplated in the E-LT1 RFP as it relates to the upcoming LT1 RFP.</p>	<p>The tight schedule to award contracts associated with this procurement makes it difficult to properly engage and negotiate complex commercial arrangements prior to bid submission.</p> <p>It would be beneficial to provide an ongoing incentive for forming new partnerships with Indigenous Communities post-bid submission. This could potentially be accomplished through a contract price adjustment mechanism that increased the contract price in relation to certain levels of Indigenous Community ownership.</p>

Proposed Contract Design: General Feedback

Topic	Feedback
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Please provide feedback on any contract provisions you wish to comment on.

Note: the commercial structure/ revenue model for the LT1 Contract will not be modified from that which was used under the E-LT1 Contract.

1) Market Price Spread Adjustment Factor

The Market Spread Price Adjustment Factor (MPSAF) as set out in the E-LT1 contract is lop-sided and as a result, does not adequately provide proponents with a way to de-risk energy revenue as envisioned. A contract for differences structure would be the most efficient way to address energy (and operating reserve) revenue risk for proponents. An option is to have a deeming style CfD similar to the IESO's November 7, 2022 Alternative Contract Design/Revenue Model proposal and evolve that concept to allow proponents to bid facility specific parameters (i.e., RTE, VOM).

However, if this is unable to be considered, allowing proponents to specify the 'Lower Threshold' and 'Upper Threshold' for the MPSAF could provide for a mechanism that more adequately de-risks energy revenue for proponents.

2) The Materials Cost Index Adjustment

Materials Cost Index Adjustment as set out in the E-LT1 contract did not align with index-based price adjustment mechanisms in major equipment supply agreements (e.g., batteries and transformers) and as a result did not achieve the intended purpose. Rather than having a pre-set composite index, it would be more useful to allow proponents to pick from a list of potential indices and indicate the percentage adjustment factor to be associated with each index. In addition, many major equipment supply agreements have the index based price adjustment occurring at a later date in the contract than the first milestone payment (e.g. when the OEM orders materials to be begin production). It would be more beneficial to allow a longer period of time for the price adjustment to occur to allow the mechanism to align with supply agreements.

3) Environmental Change in Law Provision

The capacity contract does consider the possible implementation of Laws and Regulations which may impact a Supplier's ability to comply with its must-offer obligation (i.e., Clean Electricity Regulations) via the GHG Abatement Plan provision.

	<p>However, the Government of Canada and the Government of Ontario may, from time to time during the Term of the Contract implement other Laws and Regulations covering GHG emissions, which could increase a Supplier's cost materially to comply with the amended or new Laws and Regulations.</p> <p>In addition to the GHG Abatement Plans provision, Atura recommends that an explicit provision be included to allow for contract amendments to the fixed capacity payment if such Laws and Regulations increase a Supplier's cost materially and to the extent the Supplier is restricted from recovering such costs from the market.</p>
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General Comments/Feedback

RFP award timeline drift into Q1/Q2 2024 with no change in COD is increasing schedule risk associated with achieving COD. Supply chains for long lead power generating equipment continues to be challenged. Aligning commitments with major equipment vendors with contract awards remains an efficient way to manage financial risk around this issue. Alternatively, the IESO will need to consider pushing out the COD date.