

# Feedback Form

## Long-Term RFP – March 28, 2023

### Feedback Provided by:

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Following the March 28<sup>th</sup> 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](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 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>Convergent appreciates the IESO’s ongoing commitment to carving out a portion of the procurement for energy storage resources, and we support a streamlined process that allows unsuccessful E-LT1 RFP projects to rebid in the LT1 RFP process.</p>
<p>LT1 RFP design: Please provide any feedback on the proposed Mandatory Requirement for Municipal Support.</p>	<p>Convergent supports continued engagement with Ontario municipalities with respect to the development of electricity infrastructure to meet growing system needs.</p> <p>However, it must be noted that – during the Expedited Process – some municipalities refused to offer Municipal Council Support Resolutions unless the proponent granted the Municipality economic participation in the project. By making Municipal Council Support Resolutions mandatory, the IESO is granting further power to Municipalities to make similar “pay-for-play” demands. These demands add complexity and cost to the project, and ultimately hurt Ontario’s ratepayers.</p> <p>We suggest that the process should be as streamlined and straightforward for municipal engagements:</p> <ol style="list-style-type: none"> <li>1 – Providing firm timelines within the RFP process to ensure municipalities are aware of requirements and deadlines</li> <li>2 – Continue to enable options for “blanket support resolutions” and provide streamlined process for “renewing” support resolutions issued via the E-LT1 RFP process</li> <li>3 – Inform Municipalities that demanding economic participation in exchange for Municipal Support is contrary to the IESO’s reliability goals and Ontario ratepayer interests, and – if Municipal “pay-for-play” is requested – the Municipal Council Support Resolution will not be required.</li> </ol>

Topic	Feedback
<p>LT1 RFP design: Please provide any feedback on the Rated Criteria Categories and Point Allocation.</p>	<p>Convergent recommends that the Location-based Rated Criteria should reflect two considerations: (a) the realities of the IESO’s capacity needs in the Toronto zone, and (b) the cost of developing assets in the Greater Toronto Area (GTA), as compared to other regions.</p> <p>In the Expedited Process, the Toronto zone was valued at 4 Rated Criteria points - identical to the Rated Criteria point allocation for projects in the West zone. This equal allocation of Rated Criteria points put projects in the Toronto zone at a disadvantage, as siting and development costs are significantly more expensive around the GTA.</p> <p>Considering the elevated siting and development costs in the GTA, Convergent recommends that the Rated Criteria for projects in the Toronto zone should be at least 2 points higher than other zones (assuming a similar level of capacity need).</p> <p>Furthermore, Convergent recommends that Rated Criteria points be awarded to technologies based on emissions. Given the incoming Federal Clean Energy Regulation and Net Zero 2035 targets, not to mention Ontario’s own GHG reduction goals, Convergent submits that all IESO procurements include rated criteria in pursuit of those objectives.</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>	

## Proposed Contract Design: General Feedback

Topic	Feedback
<p>Please provide feedback on any contract provisions you wish to comment on.</p> <p><i>Note: the commercial structure/ revenue model for the LT1 Contract will not be modified from that which was used under the E-LT1 Contract.</i></p>	<p>The IESO’s handling of risk during the Expedited Process resulted in significantly higher pricing. This was evident in:</p> <ul style="list-style-type: none"> <li>• the refusal to incorporate any provision for the binary nature of the ITC</li> <li>• the arbitrary 15% compensation adjustment mechanism in response to MRP-related revenue risk</li> <li>• the non-binding nature of the Deliverability Test process and subsequent handling of interconnection-related risk (especially as Hydro One stopped processing impact assessments)</li> <li>• the lack of development-related off-ramps, especially in light of Hydro One’s unexpected changes to the transmission interconnection requirements</li> </ul> <p>While we appreciate the IESO’s reliability concerns and insistence on these projects being shovel-ready, Convergent respectfully requests more flexibility from the IESO in considering risk elements as they emerge during the LT1 and subsequent processes.</p>

## General Comments/Feedback

In addition, the comments above, Convergent offers the following for consideration:

- Convergent is supportive of a streamlined process that allows unsuccessful E-LT1 RFP projects to rebid in the LT1 RFP process
- The IESO should provide guidance as soon as possible to the stakeholder community with respect to locational needs and rated criteria points to signal to the market where to prioritize development opportunities.
- Convergent recommends that the IESO modify the LT1 bid evaluation mechanism to ensure the procurement of a more diverse fleet of energy storage resource sizes and interconnection pathways. The Expedited Process Rated Criteria and bid evaluation mechanism were blind to project size and interconnection, which – due to economies of scale – is likely to result in a handful of large (100+ MW) storage assets being selected as the lowest cost options. As we’ve seen with the significant delays encountered by the Oneida storage project, the development of large-scale, transmission-connected storage assets is significantly exposed to supply-chain and interconnection delay risks. To ensure grid reliability and the delivery of resources procured through the LT1 process, Convergent encourages the IESO to consider a procurement carve-out for smaller energy storage assets connecting at distribution voltages.

Overall, Convergent is excited to move forward with the LT1 RFP, and in particular the significant opportunity to procure new energy storage resources. We look forward to the next steps of this engagement.

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