

AUGUST 17, 2023

Long-Term Request for Proposals (LT1 RFP) Procurement Update

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Purpose

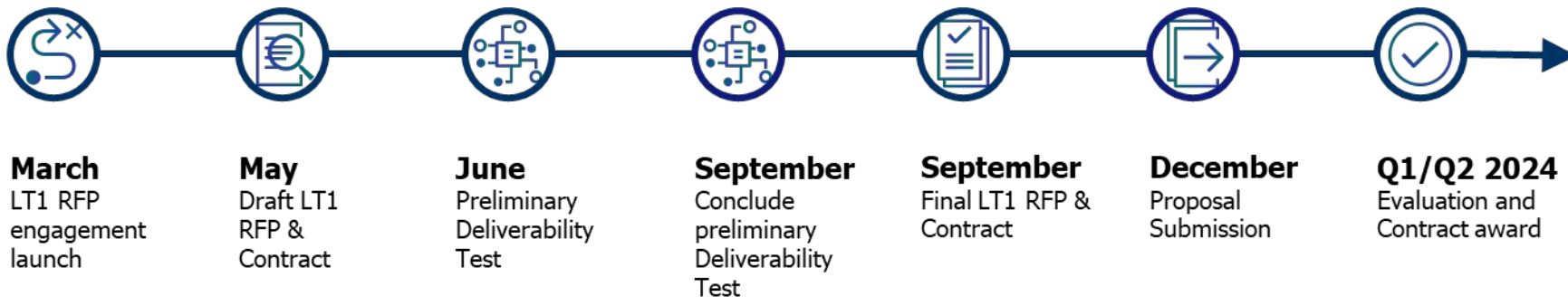
To provide an update on design items the IESO considers closed (subject to Government Directive) as well as design items the IESO has been working through ahead of posting the next draft RFP/Contract

Agenda

- Draft LT1 RFP/Contract – Key Design Aspects
 - Closed Design Items
 - Open Issues – IESO Proposals
- Stakeholder feedback and next steps

LT1 RFP Timeline

Latest version of the draft LT1 RFP and Contract will be available for review and comment on August 18, 2023.





Draft LT1 RFP/Contract – Key Design Aspects

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Closed Design Items

- Commercial Operation Date
- Procurement targets
- Eligible Expansions
- Community engagement
- Municipal Support Confirmations
- MCIA/FSAF
- Rated Criteria- Duration
- Proponent Group Award Limits
- Canada Infrastructure Bank

Open Issues – IESO Proposals

- Rated Criteria
- Indigenous Consultation

Draft LT1 RFP/Contract – Closed Design Items

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- Commercial Operation Date
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Commercial Operation Date (COD) and Early COD Payment Multipliers

Based on feedback received from stakeholders regarding development timelines, in addition to changes in system reliability needs following the conclusion of the E-LT1 RFP, the IESO is:

- Modifying LT1 RFP COD to **May 1st, 2028**
- Incorporating an **Early COD Payment Multiplier**

Commercial Operation Date	Early COD Payment Multiplier
On or before May 31, 2027	1.5
June 1, 2027 – December 31, 2027	1.4
January 1, 2028 – April 30, 2028	1.2

Procurement Targets

To help ensure the IESO meets system reliability needs, the IESO has transferred unused Non-Storage Target Capacity from the E-LT1 RFP to the LT1 RFP Non-Storage procurement target

	Non-Storage Target Capacity (MW)	Storage Target Capacity (MW)	Total Target Capacity (MW)
E-LT1 RFP Target	600	900	1,500
E-LT1 RFP Results	295	882	1,177
E-LT1 RFP Remainder	305	18	323
Original LT1 RFP Target	600	1,600	2,200
Revised LT1 RFP Target	905	1,600*	2,505

*Reserved right to accept marginal bid above target; not necessary to add 18 MW Storage remainder

Eligible Expansions

Broadened the definition of **Eligible Expansions** to include:

- Separately metered additional generation or storage units having the same Connection Point as that of the Eligible Existing Facility; or
- Separately metered additional generation or storage units having a different Connection Point than that of the Eligible Existing Facility, but which are physically located within **or adjacent to** the boundaries of the Project Site on which the Eligible Existing Facility is located

Community Engagement

The IESO has made the requirements for Community and Indigenous Engagement (section 2.1(f) of the LT1 RFP) clearer and more explicit:

- The requirements for the Community and Indigenous Engagement Plan has been more clearly defined
- The requirements include that all Public community meetings must be made available to members of the public at large, collectively, not in targeted one-on-one meetings between the Proponent and community stakeholders

Material Cost Index Adjustment (MCIA) and Facility Spread Adjustment Factor (FSAF)

- The MCIA was developed with extensive stakeholdering during the E-LT1 RFP and **will remain unchanged for the LT1 RFP**
- Due to limited use in the E-LT1 RFP and the feedback received the **FSAF will be removed from the LT1 RFP**

Municipal Support Confirmations

- Reflecting on feedback provided by Proponents, the IESO will maintain existing Municipal Support Confirmation requirements utilized in the E-LT1 RFP, allowing Proponents to provide evidence of municipal support after Proposal submission
- Municipal Support Confirmations must be provided within the 18-month anniversary of the contract date
- The IESO will accept Blanket Municipal Support Resolutions that were specifically passed to support both the E-LT1 and the LT1 RFPs

Rated Criteria – Duration

The results of the E-LT1 RFP showed that duration based points had no impact given the bifurcation between storage and non-storage (all storage proposals had 4 hour durations); therefore:

- The IESO is **removing duration based rated criteria** points
- Acknowledging the bifurcated nature of the procurement, the IESO is requiring mandatory **4 hour minimum duration** for storage projects and **8 hour minimum duration** for non-storage projects; this will be reflected in Capacity Check Test durations for the respective categories

Proponent Group Award Limits

Stakeholders requested that the IESO re-examine the maximum project threshold and Group Award Limits used in the E-LT1 RFP:

- Maximum project threshold will remain at 10 per Qualified Applicant
- IESO is proposing to increase the **Group Award Limit for Storage Proposals from 600 MW to 900 MW**
- IESO is proposing to increase the **Group Award Limit for Non-Storage Proposals from 400 MW to 600 MW**

Canada Infrastructure Bank (CIB)

After careful consideration and discussion with the IESO, the Canada Infrastructure Bank will not be providing a standard investment product in support of the upcoming LT1 RFP.

Open Issues – IESO Proposals

Closed Design Items

- Commercial Operation Date
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Open Issues – IESO Proposals

- Rated Criteria
- Indigenous consultation

Rated Criteria

Based on feedback received from stakeholders, the overwhelming ask has been to reintroduce more granularity to the Rated Criteria Points for Indigenous Community Participation

There was also a desire to appropriately value participation by Indigenous Communities that are local to the Project Site.

Additional Rate Criteria Points would be awarded where the Project Site is located on the Indigenous Lands, or lands within the treaty area, traditional territory or homeland of the participating Indigenous Community.

Rated Criteria (2)

Indigenous Community Participation	Rated Criteria Points available	Additional Rated Criteria Points Available for location of the Project Site relative to the participating if Indigenous Community	Total Points Available for Indigenous Community Participation
Indigenous Economic Interest that is equal to or more than 50%.	3	3	6
Indigenous Economic Interest that is equal to or more than 25% but less than 50%.	2	2	4
Indigenous Economic Interest that is equal to or more than 10% but less than 25%.	1	1	2
Indigenous Economic Interest that is less than 10%.	0	0	0

Rated Criteria (3)

Given the proposed changes to the Indigenous Participation Rated Criteria the IESO is proposing to:

- Increase the Rated Criteria points for **Local Governing Body Support** to 4
- Change the **evaluation criteria weighting** in the formula in section 4.4(d)(iii) from 0.3 to 0.2

Rated Criteria Categories for LT1 RFP:

Rated Criteria Category	Available Points
Local Governing Body Support	4
Indigenous Participation	6

Indigenous Consultation

Additional Development and Construction Covenant added:

- 2.2(e) Where the Facility is an Electricity Storage Facility, the Supplier shall not commence or carry out any clearing, grading or material alteration of the Project Site unless the Supplier has provided to the Buyer a copy of a DTC Assessment Letter indicating that the Crown is not requiring further engagement with Indigenous Communities in respect of the Facility or a DTC Sufficiency Letter, as applicable, each as contemplated in the DTC Delegation/Assessment Template.



Stakeholder Feedback and Next Steps

Stakeholder Feedback – RFP Design

- The IESO invites stakeholders to provide written feedback on the **changes to the rated criteria** by **September 1st, 2023**
- All written feedback should be submitted to engagement@ieso.ca

Stakeholder Feedback – Draft RFP/Contract

- As the IESO nears the finalization of the RFP design, the IESO encourages stakeholders to review the latest version the draft RFP/Contract by **September 1st, 2023**
- All written feedback should be submitted to **LT.RFP@ieso.ca**

Next Steps – Upcoming Milestones

Date	Milestone
August 18, 2023	New draft LT1 RFP and Contract posted
*September 29, 2023	Final LT1 RFP and Contract posted
*December 12, 2023	LT1 RFP Proposal Submission Deadline

*Schedule subject to change, subject to Government Directive

Thank You

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