

# Feedback Form

## Long-Term RFP – August 17, 2023

### Feedback Provided by:

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Following the August 17<sup>th</sup> public webinar on the Long-Term RFP (LT1 RFP), the Independent Electricity System Operator (IESO) is seeking feedback from participants on the changes to the rated criteria proposed in the meeting.

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

Please provide feedback by September 1, 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.

## Changes to Rated Criteria: Indigenous Community Participation

Topic	Feedback
<p>Are Proponents supportive of the revised Rated Criteria approach as laid out on slide 20 with respect to Indigenous Community Participation? This includes the introduction of more granularity to the economic interest segments, as well as an increase overall to the total points available for Indigenous Community Participation.</p>	<p>We support the increase to the points and appreciate that this addresses previous concerns.</p> <p>We would like to reiterate previous comments that the IESO should further consider structures such as an Indigenous Participation Price Adder that can be available to projects through to COD, after the bid date. Each Indigenous community is unique and we continue to hear feedback that the time frames needed for certain communities to make investment decisions according to their own processes may be difficult to achieve before the December 12<sup>th</sup> bid date. An Adder can continue to incent all proponents to achieve meaningful Indigenous participation across projects post-bid date, and even enable communities to enter successful projects post-Contract award if desired. The Adder structure has historically been used by the IESO and can transparently enable increased Indigenous equity across projects without impacting the competitiveness of bids. The Adder can be expressed in \$/MW-month multiplied by the Indigenous ownership percentage in order to scale the size of the adder to the amount of participation and size of project.</p> <p>In addition, we suggest that the IESO introduce some form of due diligence to ensure that projects receiving points for Indigenous partnerships are structured in a transparent way that results in real equity and economic participation for the Indigenous partner. For example, the share class held by the Indigenous partner should be the same as other equity partners. The intention of this comment is to protect against structuring on paper that allows proponents to receive points but does not translate to meaningful Indigenous economic benefits after the fact.</p>

## Changes to Rated Criteria: Local Governing Body Support

Topic	Feedback
<p>Are Proponents supportive of the revised Rated Criteria approach as laid out on slide 21 with respect to Local Governing Body Support? This includes increasing the Rated Criteria points for Local Governing Body Support to 4, as well as changing the evaluation criteria weighting in the formula in section 4.4(d)(iii) from 0.3 to 0.2.</p>	<p>We note that both of these changes counteract the benefits of increasing the points associated with Indigenous participation to 6 points. To reflect the materiality associated with enabling real Indigenous equity participation in projects we recommend keeping the evaluation criteria weighting at 0.3.</p>

## Changes to Indigenous Consultation (Duty to Consult)

Topic	Feedback
<p>Are Proponents supportive of the new Development and Construction Covenant added to the draft LT1 Contract (s2.2e), as well as process outlined in the Ministry of Energy’s draft Duty to Consult Delegation Letter template?</p>	<p>We appreciate the clarity provided in the template. We would appreciate an opportunity to begin the process with the Ministry of Energy to provide project specific information, and receive the Ministry’s assessment of the Duty to Consult prior to bid submission if possible.</p>

## Other or General Comments/Feedback:

### 1. Provide Earlier Feedback Regarding Notice of Change

Currently any changes regarding Control Group Members require Proponents to submit these changes alongside their bid submission to the IESO using the Prescribed Form at the same time as providing the full bids, bid securities, and fees. This can create significant risk given that the IESO has full discretion regarding whether the proposal will be evaluated or not. In order for Proponents to feel confident that their proposal will be evaluated in the event of any changes to the project ownership structuring prior to bid submission and post the RFQ process last year, we request an opportunity for potential changes to be submitted and feedback to be provided by the IESO prior to bid submission.

### 2. Remove Exclusivity of Contract Capacity to IESO in Section 2.12

The LT1 Contract is based around a must-offer provision in the IESO-Administered Market under the Day-Ahead Commitment Process (and subsequent Day-Ahead Market). This structure should incentivize participants to seek out the most profitable services during real-time operation while ensuring the IESO receives capacity in the day-ahead process during qualifying hours. The language in Section 2.12 severely restricts the ability of LT1 Suppliers to

seek out additional markets and services in real-time due to the “exclusively” language in Section 2.12. We suggest updating the language to:

“The Supplier shall ensure that the Contract Capacity ~~is exclusively prioritizes~~ commitments ~~ted~~ to the Buyer hereunder and that no part of the Facility is subject to any physical or contractual arrangement that conflicts with the Supplier’s ability to satisfy the Must-Offer Obligation during the Term.”

In keeping with this change we also suggest updating Section 7.1(j) to:

“The Contract Capacity ~~is exclusively prioritizes~~ commitments ~~ted~~ to the Buyer hereunder and no part of the Contract Capacity is subject to any physical or contractual arrangement that conflicts with the Supplier’s ability to satisfy the Must-Offer Obligation hereunder.”

Additionally, the IESO may consider revenue sharing (e.g., 50/50) or reasonable granting of additional services with the contract capacity that may be able to serve both purposes. For example, co-optimization of energy storage resources to both provincial capacity and regional capacity needs could add significant value in the future, particularly as the overall power system evolves and communities grow at different rates.

### **3. Remove Section 2.5 (a) (v)**

IESO has included in Section 2.5 – Requirements for Commercial Operation (a)(v) the following “a copy of the final Registration Approval Notification (RAN) issued by the System Operator”. We view this requirement as a problem as it gives the IESO effective control over whether a Supplier can claim commercial operation. This is particularly a problem in the LT1 RFP design since there are early completion bonuses. There is very little published information on the timelines of the RAN process and we do not believe there are any obligations for the IESO to complete review and approval on a fixed timelines. As such, the IESO could effectively use the RAN requirement to take away early completion bonuses from Suppliers. We recommend that 2.5 (a)(v) be removed.

### **4. Enable Storage to Meet any Unmet Non Storage Capacity**

We request that if the “non storage capacity” category is unable to meet its increased target that the gap be filled by the “storage capacity” category. As was seen in the Expedited Process, there is a real possibility that the “non storage capacity” category will not be fully prescribed whereas the “storage capacity” category will have more proposals than available MWs. Therefore, to help meet Ontario’s capacity needs this decade and further to support Ontario’s decarbonization efforts, we strongly recommend the IESO be willing to consider going beyond the “storage capacity” target outlined in the August 17th webinar.

### **5. Provide Proponents with the Ability to Rectify Minor Technical Issues**

We recommend that RFP **Section 4.1 – Completeness Requirements** should be expanded to be more explicit about the opportunity for proponents to rectify technical issues

with their bids, and ensure that all projects are fully considered on their merit. This rectification opportunity should be time limited to address issues but not delay the process, which we understand is critical to the IESO to ensure projects meet their designated in-service dates. This is reasonable practice, including an opportunity to correct and communicate on the non-competitive aspects of the application, and we support some minor amendments to Section 4.1 to allow for greater certainty and clarity.