

Feedback Form

Resource Adequacy – December 15

Long-Term RFP and MT RFP Bridging and Cadence

Feedback Provided by:

Name: K. Farmer

Title: Senior Regulatory Affairs Advisor

Organization: Electricity Distributors Association

Email: [REDACTED]

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To promote transparency, feedback submitted will be posted on the Resource Adequacy webpage unless otherwise requested by the sender.

- Following the December 15, 2021 Resource Adequacy webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the Long-Term RFP and MT RFP Bridging and Cadence
- Background information related to these feedback requests can be found in the presentation and meeting recording, which can be accessed from the [engagement web page](#).
- **Please submit feedback to engagement@ieso.ca by January 7, 2022.** If you wish to provide confidential feedback, please mark the document "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Medium-Term RFP (bridging and cadence)

Topic	Feedback
Bridging Proposals (MT RFP)	<p>The EDA understands that the bridging proposals will facilitate existing generators transitioning from current contracts to new procurement mechanisms, specifically the MT RFP and Capacity Auctions.</p> <p>While the EDA is not opposed to the proposed contract extensions we believe that greater transparency will be required (e.g., to report and track the contract extensions being offered to existing generators).</p>
Cadence Proposals for subsequent MT RFPs	<p>The EDA understands that the proposal is expected to provide opportunities for existing generators to continue operations under contract or to participate in Capacity Auctions and support the IESO's plan to conduct MT RFPs at regular intervals.</p> <p>The EDA seeks the following clarifications:</p> <ul style="list-style-type: none">• Whether and, if so, to what extent has the IESO conducted a cost-benefit analysis of using multiple short-term contracts versus a single longer-term contract?• What contingency planning, guarantees or other mechanisms does the IESO propose to ensure that the proposed cadence of MT RFPs proceeds as planned?• How will the IESO balance the cadence of MT RFPs with the cadence of future LT RFPs?

Topic	Feedback
Forward Periods for MT RFPs	<p>The proposal (i.e., forward period of 4 years, with the option to reduce it to 2 or 3 years) may or may not be reasonable.</p> <p>To better understand this proposal we seek information on the following factors:</p> <ul style="list-style-type: none"> • Eligible Resource types – existing resources, uprates and greenfield projects will each have different requirements during the forward period (for example, community engagement, permitting, construction, connection, etc.) • Eligible technologies – each injecting technology has different development/construction requirements (e.g., a battery energy storage facility will have shorter development timeframe than will a hydroelectric facility) • Eligible Connections – each project will have specific connection requirements that may impact development timelines (for example, projects requiring transmission or distribution system upgrades may require longer forward periods relative to projects that do not require upgrades)
The eligibility for using the flexible start date	<p>We support an early contract start date, provided that:</p> <ul style="list-style-type: none"> • Proponents can either demonstrate their ability to complete the project within the required timelines or appropriate penalties are in place to ensure resources are in-service by the selected start date • Resources are needed within the period they are procured for resource adequacy <p>The EDA seeks to clarify the interplay between the flexibility of start dates in the MT RFP and the amount of capacity to be procured through future Capacity Auctions (e.g., establishment of annual target capacities). For example, does the capacity acquired during an optional 2-year extension influence the target capacity to be acquired through future Capacity Auctions.</p>

Topic	Feedback
Interaction between medium and long-term procurements, as well as the capacity auction	<p>We suggest that the following issues be addressed:</p> <ul style="list-style-type: none"> • Whether the timeframes for procurements are reasonably sequenced such that priority can be assessed by LDCs (or other connecting authorities), municipalities, communities, etc. For example, if there are multiple procurements happening in the same timeframe, what project should be given priority for review/assessment by the connecting authority? • Whether development timelines are appropriate for resources eligible to participate • Clarify eligibility of resources participating in each procurement stream (for example, if Capacity Auctions are to be used as a 'bridge' is the resource eligible to participate in RfPs?) • Clarify how capacity targets are set for each procurement stream, and implications of generation potentially 'switching' from one procurement stream to the other (if permitted)
General comments and feedback	<p>LDCs are the face of the electricity sector to the majority of Ontarians. It is critical that the IESO's procurement result in successful acquisition of the required resources such that LDCs customers are appropriately served with reliable and cost-effective electricity. As such, the EDA has concern related to certain elements of the MT RFP which may add complexity or cost (e.g., bridging mechanisms, optional forward periods, etc.) as noted in the above commentary. Overall, the IESO must ensure that the MT RFP is sufficient to attract capital to Ontario and retain investment in needed, existing supply resources.</p> <p>In addition, the EDA seeks to understand whether future MT RFPs will enable new projects (e.g., distributed energy resources (DERs)).</p>

Long-Term RFP

Topic	Feedback
LT RFP Milestones/Timelines	<p>The IESO should augment the timeline by adding milestone dates for:</p> <ul style="list-style-type: none">• the submission of qualification application and proposal• confirming interconnection• commercial operation <p>As indicated in the 2021 APO, the IESO is projecting a need for electricity resources in the mid-2020s. The EDA proposes that the IESO act to address emerging needs and to compress the proposed LT RFP timelines where practicable.</p>
Interdependencies and associated timelines	<p>We propose that the IESO acknowledge that completion of the MRP is a dependency for both the LT RFP and contracting (e.g., assessment of potential energy revenues, contractual provisions for market participation, etc.). With the implementation of locational marginal prices and a financially binding day-ahead market, proponents will need to understand what mitigating tactics will be in place to address contingencies including delays or changes to the MRP schedule that could impact projects.</p> <p>Project specific dependencies (e.g., the provision of transmission or distribution connection facilities) may exist. The EDA urges the IESO to consult with LDCs as soon as possible to understand how the timing of distribution system project connections will impact the LT RFP. Should the LDC initiate contact with the IESO on such matters we trust that the IESO will respond in a timely manner with accurate information.</p>
Forward Periods for LT RFPs	<p>The forward periods should consider the time needed to develop new projects, as the LT RFP is expected to procure new resources. As identified elsewhere forward periods may vary by specific resource types, technologies, or connection requirements.</p>

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AAR Development	<p>No comment, please see EDA's submission Dec 14, 2021.</p> <p>https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/rae/ra-20211214-electricity-distributors-association.ashx</p>
LT RFP Eligibility	<p>The EDA understands that the LT RFP will focus on new resource development and we expect that there will be significant interest from proponents seeking to connect projects to the distribution system or to make devices installed behind-the-meter available.</p> <p>LDCs should be eligible to participate (e.g., eligible become qualified participant via the RFQ.)</p>
Term Length and Commercial Operation Dates	<p>The EDA supports the consideration of longer-contract terms (i.e., greater than 10 years) where projects can provide significant value and benefit to ratepayers.</p>
Permitting and Siting Requirements	<p>The EDA agrees that permitting and siting issues will be important considerations when designing the RFP, particularly as they relate to municipal and community engagement.</p>
Locational Considerations, Connection and Deliverability	<p>The EDA agrees it will be essential to consider connection requirements within the design of the LT RFP. If DERs will be among the eligible resources then LDCs must be engaged proactively so that connection can be assessed and prioritized. We urge the IESO to consider the most recent updates proposed by the OEB to improve the connection process for customers proposing DER connections. For reference please refer to:</p> <p>https://www.oeb.ca/consultations-and-projects/policy-initiatives-and-consultations/distributed-energy-resources-der</p>
Additional Procurement Design	<p>In addition to other IESO initiatives, the interaction with other potential programs that would impact RFP participation should be considered (e.g., LDC procurement of non-wires solutions, LDC delivery of smart EV charging and other programs, innovative rate designs).</p>

Topic	Feedback
Contract Design	The EDA urges the IESO to incorporate best practices from past procurements as it designs these processes (e.g., to ensure that contract terms will attract financing). The IESO should analyze the allocation of risk between and among the parties (e.g., risks managed by appropriate party based on ability to mediate the risk.)
General comments and feedback	No further comments, please see above.

General Comments/Feedback

The EDA is interested in the IESO’s resource adequacy initiative given its anticipated impact to customers, and the potential for either or both the LDC and LDC-customers to participate. We observe that the IESO has yet to discuss potential impacts on electricity ratepayers. In the absence of information to the contrary, the EDA assumes that contract payments will continue to be funded through the Global Adjustment (GA). The IESO should clarify the impacts of each RFP and expected impacts on the GA going forward.

As LDCs are the face of the electricity sector for most Ontarians, should there be electricity supply shortages or cost increases, we anticipate that consumer complaints and concerns will be directed to our members. To minimize and ideally avoid this outcome we encourage the IESO to work expediently and without undue delay to ensure that there is adequate supply available to serve customers. As was set out in our December comments on the Medium Term RFP, Ontario’s residents and businesses expect that they will continue to be provided with electricity ‘on demand’ – and that it will be affordable. (See: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/rae/ra-20211214-electricity-distributors-association.ashx>)