Feedback Form

Resource Adequacy – December 15

Long-Term RFP and MT RFP Bridging and Cadence

Feedback Provided by:

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- Date: January 7, 2022

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)	• Additional clarification is required on the approach proposed to be used for bridging. The IESO should review the transition bridging considerations for generators that are critical to the reliability of the system during the contract term being contemplated recognizing their value and need going forward. Specifically the IESO should consider if there are simpler methods in the mid-term to reprocure the resources required to maintain reliability to the system. For example, when would a supplier need to make a decision if a contract expires in August. When would the option to increase the 3 year to 5 years be invoked? Would this need to be declared 6 months prior to expiry of the 3 year contract? Supplier needs vs system needs would need to be carefully considered in these scenarios to ensure Resource Adequacy needs are met. A more flexible and simpler option would be to allow the participant to submit their desired contract term. • As per the letter from the Ministry of Energy dated Nov 10th, 2021, the option to extend the contract for a term of 2 years at the end of the original 3-year term, is at the sole discretion of the participant. OPG expects that this term and condition is included in the design and if there are any changes to this it will be stakeholdered in an open and transparent manner.
Cadence Proposals for subsequent MT RFPs	• Click or tap here to enter text.
Forward Periods for MT RFPs	• Click or tap here to enter text.
The eligibility for using the flexible start date	• Click or tap here to enter text.
Interaction between medium and long-term procurements, as well as the capacity auction	Click or tap here to enter text.

Topic	Feedback
General comments and feedback	Click or tap here to enter text.

Long-Term RFP

• Topic	• Feedback
• LT RFP Milestones/Timelines	• As stated in the long-term commitment procurement mechanism feedback previously provided to the IESO, 7-10 years is insufficient to recover the capital costs of a hydroelectric facility. Further, the lead time for certain technologies for long term procurements is too short. The long-term RFP is slated to start in 2026 / 2027 which is approximately 4-5 years away. Certain projects may need at least 4 years to seek approvals, conduct design, develop, secure financing and construct. Specifically a hydro project will require environmental approvals and may not have sufficient lead time for in-service in 2027 and this will inevitably exclude these valuable resources from this process. • It is our understanding that the IESO is planning to align planning methodologies between forecast tools in the future. We are hoping that this alignment is still in the plan. Would the IESO provide a timeline of when this tool alignment will happen?
• Interdependencies and associated timelines	• OPG is supportive of enabling resources as part of Market Renewal. This will make things more efficient going forward. Further, OPG is in agreement with allowing existing facilities to make the needed investment upgrades that could also include a Hybrid Model as discussed in the Hybrid Integration Project.
• Forward Periods for MT RFPs	• Click or tap here to enter text.

• Topic	• Feedback
• AAR Development	• In determining the acquisition targets in the AAR, special consideration must be given to storage and its peak contribution, as there are diminishing returns as more storage is added to the system. In 2006, the maximum differential between the daily minimum and maximum demand was close to 11,000 MW, which was the highest in history. This is the amount of flexible generation that has to be online during the peak of the day but off-line at night. Solar compresses the on-off peak differential and the addition of solar generation over the last decade reduced this differential. This diminishes the value of energy storage and consequently batteries have diminishing returns. Peak contribution of batteries flattens with increased installed capacity. As we add capacity, shorter duration batteries offer much less effective capacity. With the current amount of renewables on the system, OPG estimates that for intra-day batteries the threshold is around 3000 MW where additional supply from batteries is ineffective at further reducing peak demand. This is a consequence of having to charge the battery off peak. Longer storage capability is more helpful in mitigating the peaking problem. All planning scenarios should take into account the diminishing value to the ratepayer if overbuilding a particular technology or resource. • The AAR should include a decisive designation of the different mechanisms desired in specific areas to meet locational capacity need. The IESO needs to specify the criteria to be used in evaluating the different capacity resources that could possibly meet the need in areas such as the Northeast. Not all resources may be appropriate in a specific area. Considerable electrification is expected to occur in Northern Ontario and some procurements may be more favourable than others from a Resource Adequacy perspective.

• Topic	• Feedback
• LT RFP Eligibility	• Click or tap here to enter text.
• Term Length and Commercial Operation Dates	• Click or tap here to enter text.
• Permitting and Siting Requirements	• Click or tap here to enter text.
• Locational Considerations, Connection and Deliverability	• Click or tap here to enter text.
• Additional Procurement Design	• Click or tap here to enter text.
• Contract Design	• Click or tap here to enter text.
• General comments and feedback	• Click or tap here to enter text.

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General Comments/Feedback

- OPG recognizes the IESO is contemplating several strategies to fill the forecasted supply gap however these may not be sufficient to build and maintain a robust system. The IESO should also evaluate other approaches to mitigate the supply risk in 2026 some of which include:
    - Expand the Medium Term RFP to allow other resources to compete over and above the existing expiring contracts which amount to about 750MW on a UCAP basis.
    - Advance the 1000MW long term RFP forward to possibly Q1/ Q2 of 2022 with an option for an in-service date in 2024 instead of 2026 / 2027.
    - In order to address the transition between expiring contracts and the Long Term RFP if may be simpler for the IESO to consider either extending existing contracts to the proposed in-service date for the Long Term RFP or blend and extend existing contracts to the same date. This may result in elimination of the first proposed Medium Term RFP.