

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

Long-Term RFP

Topic	Feedback
LT RFP Milestones/Timelines	<p>The timelines presented for both the LT RFQ and RFP presume that a proponent has a definitive “project” (e.g. November deck RFQ reference to “the project”) with enough financial and/or technical information and/or site control to participate in the respective processes. As we have noted in several stakeholder engagement sessions concerning the development of the LT RFP, for waterpower, this invariably necessitates access to provincial or federal Crown land. We have asked whether the respective agencies (MNDMNRF, Parks Canada), both of whom have defined policy and procedures with respect to Crown land access, have been actively engaged by the IESO in the development of the LT RFP and have received no response. We have reached out directly to these agencies and offered to facilitate dialogue with the IESO. In short, until and unless the IESO explicitly recognizes and coordinates the LT RFQ/RFP requirements and timelines with those of the agencies responsible for site access (particularly for waterpower), the program will, by design, exclude these resources and another procurement path will be required.</p>
Interdependencies and associated timelines	<p>To re-iterate, there is a direct interdependency between the LT RFP process and requirements and Crown Land access policies. It is strongly recommended that the IESO explicitly incorporate considerations related to the following: https://www.ontario.ca/page/renewable-energy-crown-land-policy https://www.ontario.ca/page/waterpower-site-release-crown-land-procedure</p>

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Forward Periods for MT RFPs	<p>Presuming this question is focused on the forward period for the first LT RFP (i.e. the period between which the LT RFP Contract is offered (Q3 2023) and when the resource must be in commercial operation (2026-2028)), it is clear that, based on the current pre-development timelines, any new greenfield hydro will be excluded from the procurement, unless significant process improvements are made to permitting and approvals process and/or a separate and distinct approach is taken for waterpower. Previous procurements incorporated into power purchase agreements a forward period of eight (8) years after site access (see above). While there is certainly room for improvement (hence the need for the IESO to engage key agencies), the required 2-5 year forward period will be insufficient for investors in new waterpower projects.</p>
AAR Development	<p>While it is agreed that the development of the AAR in response to the APO is helpful in the translation of short to mid term system requirements into short to mid-term procurement mechanisms, it is evident that these tools do not lend themselves to longer term planning. Waterpower facilities have long lead development timelines, long capital planning horizons and are perpetual assets. When initially proposed, the Resource Adequacy Framework identified that nuclear and new hydroelectric developments could best be supported through "Policy", presumably articulated through a revised Long Term Energy Plan and/or explicit government direction. If the IESO is of the view that the LT RFP design can accommodate a subset of new waterpower development (i.e. that not requiring policy direction), the OWA would be pleased to discuss these parameters.</p>
LT RFP Eligability	<p>The OWA agrees with the IESO's intent to allow for existing facilities wishing to make investments in major upgrades or to install new energy storage resources.</p>

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Term Length and Commercial Operation Dates	<p>The OWA agrees that the proposed term length of 7-10 years does not provide the investment certainty required for waterpower (recent terms for new development have ranged from 20-40 years) and is concerned by the statement that the "IESO favours the system flexibility that shorter term lengths provide". The IESO should be "favouring" the range of mechanisms that support a reliable, affordable, sustainable system. Both shorter and longer terms can contribute to these objectives. Rather than prescribing a "one size fits all" approach, it is suggested that proponents be encouraged to put forward their proposed contract term (along with price) as part of the RFP process.</p> <p>The IESO has indicated that it will further explore the idea of early commercial operation dates or term starts for those proponents able to develop and deploy their projects early. The natural corollary is that the IESO should explore the idea of later commercial operation dates or term starts for those proponents able to develop and deploy their projects later.</p>

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Permitting and Siting Requirements	<p>Further to the comments on milestones and timelines, waterpower development in Ontario is premised on access to the land over which the water (fuel) flows. Project site access, then, in the first instance, is administered by the Ministry of Northern Development and Mines, Natural Resources and Forestry (provincial – Public Lands Act) or Parks Canada (federal – Dominion Waterpower Act). Subsequent to satisfying the requirements of site access, all projects are subject to Environmental Assessment (Class EA for Waterpower or Federal Impact Assessment). Fisheries Act, Endangered Species Act and Heritage Act considerations are common features of environmental assessment for these projects. Provincially, the location and development of a new facility or the modification of an existing facility is regulated under the Lakes and Rivers Improvement Act (MNDMNRF). Any or all of these processes could require consideration of whether the Crown’s Duty to consult Indigenous communities may be triggered per the protection provided for Aboriginal or treaty rights in section 35 of the Constitution Act. Since the last proposed procurement opportunity for waterpower (Large Renewables Procurement), the OWA has worked with the provincial government to make some advances in reducing the regulatory burden, including the elimination of the requirement for a Permit To Take Water, pending amendments to the Class EA for Waterpower and revised tenure for new facilities (initial leasehold tenure is for forty (40) years). However, neither the provincial or federal site access policies and procedures have been updated to reflect the IESO’s Resource Adequacy Framework.</p>
Locational Considerations, Connection and Deliverability	<p>It is instructive to note that the “investment signals” provided by the MT RFP (e.g. northern Ontario) have substantially changed with the December APO (identified need in the north) in a very short period of time. Economic development and electrification can be expected to continue to challenge the assumptions made in designing such procurements and the actual system needs when the resources are procured and over the term for which they are contracted.</p>

Topic	Feedback
Additional Procurement Design	Click or tap here to enter text.
Contract Design	The OWA is encouraged that the IESO recognizes that technical, commercial/financing and policy elements will need to be taken into account when designing the procurement and looks forward to engaging on these matters with a specific focus on waterpower.
General comments and feedback	Click or tap here to enter text.

General Comments/Feedback

Click or tap here to enter text.