

E-LT1 RFP Question and Comment Period – Batch 2 (February 09, 2023)

Questions and Comments

The following document summarizes IESO responses to the second batch of questions and comments submitted to the IESO in respect of the final E-LT1 RFP documents posted on December 6, 2022, that were submitted pursuant to Section 3.2(a) of the Expedited Process of the Long Term 1 Request for Proposals (E-LT1 RFP) prior to the Question and Comment Deadline.

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Question Comment	IESO Response
<p>1. When will the CIB draft term sheet be posted? The originally communicated timeline was late December 2022.</p>	<p>The CIB presented details of their financing proposal at the January 27 Webinar. A copy of this presentation, as well copies of CIB and Minister of Energy letters can be found on the Long-Term RFP Website.</p> <p>Proponents can find further updates from the CIB, including the CIB E-LT1 Guidance and Financial Workbook documents, located under the "CIB E-LT1 Guidance Documents" section of the Website.</p>
<p>2. In the Fall Economic Statement in 2022, the federal government announced its intention to establish an Investment Tax Credit ("ITC") for clean energy projects. We have not seen the legislation yet and may not see it before the February 16, 2023 Proposal Submission Deadline. Consequently, no Proponent will know whether it qualified for the ITC at the Proposal Submission Deadline.</p> <p>Will the IESO consider instructing all Proponents to price their Fixed Capacity Payment ("FCP") with the benefit of a 30% ITC and then allowing for an adjustment to the FCP post-Proposal Submission Deadline if the Proponent's project does not qualify for the 30% ITC? Without this assurance Proponents will not consider the benefit of the ITC in their FCP, and ratepayers will be paying a higher price than they otherwise would have had the IESO provided this instruction.</p>	<p>The IESO will not be instructing Proponents on whether or not to include tax credits in the pricing assumptions in their Proposals.</p> <p>For clarity Section 2.16 of the E-LT1 Contract outlining claw-back of funding from Additional Sources of Government Support does not apply to the Investment Tax Credit (ITC).</p>
<p>3. [Name Redacted] would like to raise serious concerns related to timing of important inputs for finalizing bid packages for storage projects in the E-RFP:</p> <p>First, delays in the publication of the CIB financing structure introduce significant</p>	<p>Please see the response to questions #1 and #2 of this document.</p>

<p>uncertainty for the underwriting assumptions of our storage projects. The CIB was expected to publish a Term Sheet before the holidays, however it is still not available as of January 10th. The financing assumptions must be finalized very shortly and will have a material impact on the ucap offer price. Underwriting assumptions and overall investment needs to be presented and approved by [Name Redacted], this important meeting is currently planned for January 25th with an opportunity for an update on February 8th. All other project proponents likely have similar internal approval timelines.</p> <p>Second, uncertainty related to the federal Clean Tech ITC may result in some project proponents underwriting the 30% tax credit, while other proponents may not. This paradigm will result in projects with bids that do not have the same risk profile and make the IESO evaluation flawed. If proponents underwrite the full 30% ITC and the federal budget is never or partially enacted, this may result in project having negative investment returns. As such, project proponents are likely to walk away, forfeiting Security Deposits. Opposite scenarios of unexpectedly higher returns may also result in adverse outcome for the IESO and Ontario rate payers.</p> <p>In this context, we ask that the IESO provide prompt clarity and guidance on whether CIB and ITC should be incorporated in project bids and establish how proponents should consider their inclusion (or not). A lack of timely clarification could prevent proponents from participation in the Expedited-RFPs.</p>	
<p>4. Please provide more clarity and details, in addition to the already published deliverability test document, to elaborate on how the IESO conducted its deliverability testing. For example, please confirm</p>	<p>The IESO used historical P90 wind data for the highest 8 hours in January and July from January 2010 to December 2021 in its Deliverability Tests. Further details on the</p>

<p>whether the IESO used 5-year historical P90 wind output data of the 8 highest hours in January and July in tests for all zones and projects. Please also share what the IESO used for wind output percentage by zone (e.g., in the guide, wind outputs of 43% and 91% for summer and winter periods were applied for the West zone). More detail regarding how the IESO calculated the deliverability testing results would help proponents select which project option to offer in the LT1-RFP, and at what price.</p>	<p>Deliverability Test process for the LT1 RFP are forthcoming.</p>
<p>5. In the Deliverability Test, we submitted a GPS coordinate for our project site and a GPS coordinate for our connection location. Will the IESO allow Proponents to move their project site so long as the GPS coordinate for the connection location remains the same?</p>	<p>The IESO is allowing limited adjustments to Project Site location relative to the location specified in the Deliverability Test (no greater than a 2km change from the address or GPS location in the Deliverability Test results) within twelve (12) months of the Contract Date, provided the connection point remains the same. This change was reflected in Addendum no.3 to the E-LT1 RFP.</p> <p>For further guidance, please refer to question 4.12 of the E-LT1 RFP - FAQ document posted on the Website.</p>
<p>6. In Section 2.1(f) of the ELT1-RFP, Proponents are required to have a project website that describes an engagement plan, and that the plan and the notice of the public meeting must be posted on the website from at least 15 days prior to the public meeting. [Name Redacted] did so on October 20th, nearly a month before our public meeting on November 17th for the projects we are preparing to bid.</p> <p>The Community Engagement Prescribed form provides only one mechanism by which entities can prove they complied, i.e., a screenshot of the webpages with a clearly visible date. I am writing to request that alternative forms of evidence be accepted under the Prescribed Form.</p>	<p>The Prescribed Form: Community Engagement Requirements has been revised to clarify that other documentation will be accepted as evidence to satisfy the requirements for community engagement.</p> <p>Please see question 2.9 of the E-LT1 RFP - FAQ document posted on the Website.</p>

For example, I have a number of pieces of evidence of compliance, including:

- Dated word files showing the text of the websites in mid-October
- Dated emails confirming those pages were live
- Links to the websites in the notices we mailed to impacted landowners and municipal officials three weeks before the meeting
- Emails of registrations for the public meeting more than 15 days prior to the meeting

However, I am having difficulty tracking down the screenshots of the webpages in question, with dates attached, that would satisfy the specific requirement of the PF. We have strong projects to put forward in this RFP and I am hoping that such a small technicality would not pose a barrier to our participation, particularly where this is other evidence I could share to prove our compliance.

Specifically, I am requesting that in the Community Engagement PF, everywhere it says "...a screenshot of the posting..." throughout the PF would be amended to say "...a screenshot of the posting or other comparable evidence..." to allow for other evidence that includes dates and URLs to be submitted as evidence of compliance with the above requirements. This approach would be consistent with the evidentiary requirements related to letter notices to municipal officials and landowners, which require only copies of the letter be submitted with the PF. I am not requesting any

<p>changes to any of the non-website-based notifications.</p>	
<p>7. The Expedited Long-Term RFP does no longer include a northern Ontario location as a priority zone. Why is that? Based on your report entitled "Need for Northeast Bulk System Reinforcement", you have identified a need "to develop a solution to supply forecast load growth". As you may be aware, Timmins has a number of large mines consuming a very significant amount of electricity. We also have new mines becoming operational in the near future and a number of other mining projects moving to advance stages in the mining sequence therefore, access to reliable power is critical. How was the decision made to exclude a Northern Region as a priority zone. Was it based on new evidence?</p>	<p>For clarification, at no point in the development of the E-LT1 RFP, and draft versions of the document was the Northern Ontario Region outlined as a priority zone.</p> <p>The reason is described in the IESO's 2022 Annual Planning Outlook: "The capacity requirement in northern Ontario to the west of the Mississagi Flow West interface will be addressed by the bulk transmission system upgrades that were recommended in the Northeast Bulk System Plan. These upgrades will also address needs being driven by new mining loads north of Sudbury."</p>
<p>8. Would there be any possibility or appetite to include a Northern Ontario location as a priority zone in the current RFP?</p>	<p>Please refer to the Locational Considerations document posted on the Website. The IESO will not be making any changes to the priority zones for the E-LT1 RFP.</p>
<p>9. Section 16.7(b) of the E-LT 1 Contract states that it is a Supplier Event of Default if, prior to the 5th Anniversary Date of the Commercial Operation Date, the Indigenous Participation Level falls below the Initial IPL and is not cured within six months of the date that the Supplier provides notice of the decreased Indigenous Participation Level to the IESO. The E-LT 1 Contract is silent on decreases in the Indigenous Participation Level after the 5th Anniversary Date of the Commercial Operation Date, so we believe that there are no such restrictions after this date, is our interpretation correct?</p>	<p>Correct, there is no restriction on the Indigenous Participation Level after the 5th anniversary of the Commercial Operation Date. Additionally, prior to the 5th anniversary of the Commercial Operation Date, an Indigenous Community that holds an Economic Interest may elect to reduce the Initial Indigenous Participation Level downwards, to a level that is not less than 10% (Section 16.7(b)).</p>
<p>10. For the purposes of calculating the Indigenous Participation Level, is it the aggregate Economic Interest held by multiple Indigenous Communities that is</p>	<p>The definition of Indigenous Participation Level in the E-LT1 Contract refers to the percentage of the Economic Interest in the Supplier that is held by "one or more" Indigenous Communities.</p>

<p>used in making the determination in s. 16.7(b), or is there a threshold requirement that each Indigenous Community must have?</p>	<p>An Indigenous Community may be an entity representing “the collective interests of a community that is composed of indigenous natural Persons in Ontario” (see definition of “Indigenous Community”). As a result, the Indigenous Participation Level under Section 16.7(b) is based on an aggregate Indigenous Participation Level and there is no minimum threshold for any individual Indigenous Community for this purpose.</p>
<p>11. When responding to question a, could you please also clarify whether the 5% buffer between Nameplate Capacity and Contract Capacity also applies to energy capacity, and not just power? The contract currently states only the power in MW, not the energy in MWh.</p> <p>In other words, if a project has a Contract Capacity of 100MW, a Nameplate Capacity of 105MW and a 4h duration, does the project need to maintain a $105 \times 4 = 420$MWh nameplate capacity at all times during the project?</p> <p>a. Can you confirm that the Deliverability result sets the Maximum Contract Capacity, and not the Nameplate Capacity? As a result, the Nameplate capacity could be 5% higher than the results from the Deliverability test (i.e., if we are deliverable at 100MW, then the Nameplate Capacity can be 105MW and the Contract Capacity would be 100MW).</p> <p>b. If a statutory holiday falls on a Saturday, is the holiday recognized on the Friday before or the Monday after?</p>	<p>The 5% buffer between Nameplate Capacity and Contract Capacity applies to capacity in MW, not energy. There is no requirement with regards to a specific buffer between maximum energy at Nameplate Capacity and maximum energy at Contract Capacity.</p> <p>a. Yes, the Deliverability Test result sets the Maximum Contract Capacity, not the Nameplate Capacity.</p> <p>b. The statutory holiday is recognized on the day it occurs. Please see the definition of Business Day in Appendix A of the E-LT1 RFP and Section 1.1 of the E-LT1 Contract.</p>

<p>12. Has the IESO requested that the Ministry of the Environment open up the EASR process to battery storage project, as was done in the past for small ground-mount solar projects?</p>	<p>The IESO cannot comment on the processes of other governing or regulatory bodies at this time.</p>
<p>13. Can we submit a proposal for a battery storage project with a system design where the Nameplate Capacity as defined in the Contract is greater than the "Combined total nameplate rating of storage (in MW)" as submitted in the deliverability test, but in which the maximum power injected at the point of connection is limited (e.g., by a power plant controller) to the "Combined total nameplate rating of storage (in MW)" as submitted in the deliverability test? The purpose of this would be to have a Maximum Contract Capacity that is equal to the "Combined total nameplate rating of storage (in MW)" submitted in the deliverability test.</p>	<p>Yes, provided the Maximum Contract Capacity does not exceed the value stipulated in the Deliverability Test and the Maximum Contract Capacity is not more than 95% of the Nameplate Capacity (see Section 7.1(l) of the Contract).</p>
<p>14. For battery storage systems, if station service is from a separately fed and separately metered connection, does it still affect the calculation of Nameplate Capacity in the Contract?</p>	<p>No, Station Service Load only needs to be netted out of the Nameplate Capacity if it is parasitic.</p>
<p>15. For battery storage systems, if station service is from a separately fed and separately metered connection, are we allowed to claim the Regulatory Charge Credit for the station service consumption?</p>	<p>No, the Regulatory Charge Credit does not apply to Station Service Load, regardless of configuration.</p>
<p>16. As you are aware, in the November 2022 Fall Economic Statement (FES), the Government of Canada proposed a refundable investment tax credit (ITC) equal to 30 per cent of the capital cost of investments for clean technologies. According to the FES, the credit will be available as of the day of Budget 2023 and no longer in effect at the start of 2035, subject to a phaseout starting</p>	<p>Please see the response to question #2 of this document.</p>

in 2032. While the proposed ITC will enable the deployment of renewable technologies and encourage the transition to a net-zero economy, significant uncertainty remains for proponents finalizing bid packages for the E-LT1 RFP.

The proposed ITC results in uncertainty that could have adverse effects on the competitive process:

- If proponents underwrite the full 30% ITC and it does not materialize as expected, this could impair investment returns to the point where proponents would be incentivized to simply walk away from their bids and forfeit their security deposits, despite the impacts on reliability and the reputational costs for all involved.
- Opposite scenarios where proponents don't underwrite the ITC (or underwrite only a portion of the ITC to mitigate the risk) would lead to unexpectedly higher returns for those proponents if the ITC is enacted as planned; an adverse outcome for the IESO and Ontario ratepayers who would bear the additional cost over the life of these contracts.

Furthermore, with the ITC still in the early development stage, proponents will inevitably have to take some risk on the design and approval of the ITC when putting assumptions into their bids. The cost related to this unnecessary risk premium will be passed on directly to the IESO and Ontario ratepayers as it will drive up bid prices. Considering the foregoing, [Name Redacted] strongly encourages the IESO to introduce an ITC transfer mechanism in the E-LT1 RFP under which proponents will be required to flow 100% of the net benefit of ITC funds to the IESO when received. This will ensure

<p>that all proponents have equal opportunity in this competitive process and that the resulting contracts minimize cost to ratepayers. The IESO could recover approximately \$600-700M from developers on the 900 MW procurement when the 2023 Federal Budget is passed with full details on the ITC. The IESO could then communicate these savings as part of its award notification, highlighting that by eliminating the ITC risk premium, it has achieved the best outcome around project deliverability and has ensured that the optimal and lowest cost projects were selected.</p> <p>We appreciate your urgent and thoughtful consideration of this matter as internal investment decision processes must be completed over the next three weeks to prepare for formal bids on February 16th.</p>	
<p>17. Would the IESO consider letting Proponent bid two FCP: one with the ITC and one without and then allowing the Proponent to revert to one of the other FCP depending on whether it qualifies for the ITC?</p>	<p>Please see the response to question #2 of this document.</p>
<p>18. We appreciate the continued responsiveness as we work towards submissions on February 16th. To that end we are eager to get a response to the below question:</p> <p>Can the IESO please confirm whether the posted E-LT1Contract language related to Future Government Support Programs (screenshot below) does or does not (either partially or fully) include the proposed Federal Investment Tax Credit (ITC) for energy storage resources, expected to be announced this year:</p> <p>[Screenshot provided to IESO]</p>	<p>No, the Federal Investment Tax Credit (ITC) would not fall under the definition of Future Government Support Programs.</p>
<p>19. Seeking clarification on the following questions for E-LT1:</p> <ul style="list-style-type: none"> • For infrastructure associated with interconnecting to the transmission 	<p>Please see the response to question #5 of this document. The boundary of the Project Site submitted in the Proposal must be no more than 2km away from the GPS location documented in the Deliverability Test results. Further, the</p>

<p>system (i.e. a switching station) is the transmission provided required to locate this infrastructure directly adjacent to the POI GPS location submitted by the proponent? If the transmission provider prefers to locate this infrastructure several kilometers away from the POI GPS location for reasons such as congestion, transmission line setback requirements, etc. and such a move does not impact the deliverability test results, will the IESO permit this within the rules of the RFP?</p> <ul style="list-style-type: none"> • Is a proponent required to locate their facility on the exact coordinates of the GPS provided from their deliverability test, understanding that this location may have been intended to represent a point within the bounds of a larger project area, and the actual facility is located within a short proximity from this specific GPS location? In the event the specific GPS location provided was placed in an area that is subject to a setback requirement that was established following the submission of the deliverability test forms or a new environmental constraint is found in that area, can the proponent adjust the location of their facility to offset from the constraint to maintain compliance with setbacks, environmental constraints, etc. If shifting a facility is permitted given constraints and there is not adequate available land for development on the same parcel, is a proponent able to participate under its deliverability test at a location near the location provided in the deliverability test? • If following consultation with adjacent landowners, municipalities, and other impacted stakeholders, can the 	<p>connection point information submitted in the Proposal must be consistent with the results of the Deliverability Test. However, the GPS coordinates used for the connection point in the Deliverability Test do not need to be maintained in the Proposal, provided that the feeder line, transformer station or circuit information (as applicable) for the proposed connection remain the same.</p> <p>Changes to the Project Site and Connection Line following the Contract Date would constitute a Facility Amendment, however pursuant to Addendum no.3, the IESO will consent to a change in the Project Site, to a location that is not more than 2km away from the boundary of the Project Site described in Exhibit A of the Contract.</p>
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<p>proponent shift the location of the project to another location nearby where the proponent holds site control for reasons such as removing development from prime agricultural land, mitigating noise concerns from receptors, etc. to demonstrate collaboration with these stakeholder groups?</p> <p>The intention of the above questions is to better understand the rigidity of the specific GPS location provided from the deliverability test. Allowing proponents to shift their locations without impacting a project’s ability to connect to the transmission network seems favourable to meet the needs of stakeholders that were consulted as well as provide rate payers with the most cost-effective projects in this procurement process. Maintaining a firm stance on location requirements may impact project risk and could translated into higher proposal prices and increased costs to rate payers.</p>	
<p>20. Questions:</p> <ul style="list-style-type: none"> a. For the new E-LT1 Program, if we are not dispatched to run the next day based on the bid process, are we able to run the E-LT1 CoGen plant for our greenhouse purposes for electricity as well as the generation of excess heat and CO2 needed for the greenhouse operations. <ul style="list-style-type: none"> i. With our existing CoGen plant this is not an option, I do not believe, so I wanted to confirm for the E-LT1 program. b. For the E-LT1 Program, the CoGen that we are proposing could run off Renewable Natural Gas (“RNG”); Would submitting as an RNG project change the project length beyond the 15 	<ul style="list-style-type: none"> a. Please refer to the definition of Must-Offer Obligation in the E-LT1 Contract, in addition to Section 2.12 of the E-LT1 Contract. b. At this time, the IESO has no additional information on how the Proposed Clean Electricity Standard may or may not apply to facilities utilizing renewable natural gas. The definition of “Expiry Date” in the E-LT1 Contract and corresponding requirements in the October 6, 2022 Ministerial Directive governing the E-LT1 RFP do not differentiate between different types or sources of natural gas. c. The IESO is unable to comment on the economics of particular projects.

<p>years and beyond 2040 as it would be a non-carbon emitting project?</p> <p>i. If yes, how many years would the project length be?</p> <p>ii. Also if yes, would the bid / assessment process be different than a pure natural gas project, as we are using RNG? I.e. would we be competing against different component of the E-LT1 or would RNG be lumped in with Natural Gas opportunities with no key differentiation?</p> <p>c. Would the economics be expected to be different as the RNG pricing is currently significantly higher than Natural Gas, by a factor of 3X to 5X?</p>	
<p>21. Reference: Access Rights Declaration Cell #4 and E-LT1 RFP, page 24, row 4 Question: Cell #4 of the Access Rights Declaration excludes the requirement to include a legal description for any real property associated with a Connection Line (e.g., easements). Is this exclusion intended to apply to the Connection Point as well or do Proponents also need to include a legal description (e.g., PIN) for the Connection Point itself?</p>	<p>No legal description of the Connection Point or Connection Line is required. The Prescribed Form: Access Rights Declaration and requirements are specifically limited to the Project Site (excluding interconnection infrastructure), with the exception of the map of the Project Site and Connection Line.</p> <p>Please refer to the defined term Connection Point in the E-LT1 RFP.</p>
<p>22. Given the recent update to HONI setback guidelines for storage facilities and the significant impacts this is likely to have on many sites being developed for the expedited process and given that HONI will only engage with bidders directly, post contract award, to refine other suitable mitigation measures, will the IESO issue an addendum to provide an off-ramp provision and return of security, should bidders fail to reach an agreement with HONI on site-specific setbacks. This remains a fatal risk for bidders, as bidders will need to meet HONI technical requirements for approval through the connection process. This risk cannot be managed, if bidders do not know</p>	<p>Please see the responses to questions #5 and #19 of this document.</p> <p>The IESO will not be introducing off-ramps into the E-LT1 Contract.</p> <p>Further information can be found in Addendum no.2 and Addendum no.3 and question #4.12 of the E-LT1 RFP - FAQ document posted on the Website.</p>

<p>what those technical parameters are pre-submission.</p>	
<p>23. This submission focusses on Subsection 1.6(c) of the Contract, which deals with amendments to IESO Market Rules. We recognize and thank IESO for expanding the protection afforded to Suppliers with energy storage projects with the introduction of Subsection 1.6(c).</p> <p>Notwithstanding the introduction of Subsection 1.6(c), we do not think that the 75% on adjustments to the Fixed Capacity Payment (the "FCP adjustment cap") to recover the Storage Disincentive Lost Net Revenue in paragraph (ii) is warranted or justified. IESO has the sole authority to determine the content and timing of amendments to the Market Rules. Suppliers, as wholesale market participants (MPs), must comply with the Market Rules, as amended, and have no choice in the matter. It is fundamentally unfair to impose additional costs on MPs that cannot be recovered in the wholesale market or in the Contract As it is drafted now, Subsection 1.6(c) exposes Suppliers to open-ended risk if the Storage Disincentive Lost Net Revenue cannot be entirely recovered within the FCP adjustment cap. This type of risk cannot be priced by Suppliers since it depends on the nature and extent of the amendments to the Market Rules, timing of these amendments, and market dynamics at the time these amendments are implemented. The adjustment to the Fixed Capacity Payment should not be capped and any adjustment needs to reflect the actual amount required to recover the Storage Disincentive Lost Net Revenue. We believe that the FCP adjustment cap must be removed to make the Contract financeable and allow potential Proponents to accurately price their Proposals. Failing this, prospective</p>	<p>The IESO appreciates the feedback provided. The IESO has extensively stakeholdered this area of the E-LT1 Contract over many months and will not be making any further change to Subsection 1.6(c) of the E-LT1 Contract.</p>

<p>Proponents may decide not to participate in the RFP.</p> <p>If the IESO intends to require Suppliers to share in the cost of any Storage Disincentive Lost Net Revenue, we think that a better way to approach this is to require Suppliers to absorb only a certain portion so that the Suppliers' risk is capped, and potential Proponents can price this risk. This is similar to how the contract amendments relating to the past MR-00387 amendments to the Market Rules were implemented in 2072/2073 for variable generators. For example, once the adjustment to the FCP to recover the Storage Disincentive Lost Net Revenue is determined, the Contract could require a Supplier to absorb only up to x % of the FCP for this adjustment with the balance being paid to Suppliers.</p> <p>[Redacted] thanks IESO for its stakeholder engagement meetings regarding E-LT RFP 7 and other related stakeholder engagement meetings relating to supply procurements and resource adequacy.</p>	
<p>24. Please find below a consideration in how to consider the Clean Energy ITC in upcoming procurement bids.</p> <p>If you have any questions, we would be pleased to connect.</p> <ol style="list-style-type: none"> a. Proponents are required to make commercially reasonable efforts to obtain the Federal ITC. b. Upon receiving the ITC, proponents are required to disclose the amount to IESO c. The ITC amount will then be returned back to IESO in payments (ITC Refund Payment) set against the contract revenues over the remaining term of contract d. The ITC Refund Payment will consist of equal payments over the remaining contract term calculated using a pre-set discount rate 	<p>Please see the response to question #2 of this document.</p>

<p>25. In Appendix D of the ELT1-RFP, the draft Letter of Credit says the letter should be provided in the name of the "Applicant." There is no definition of "Applicant" in the RFP. The Definition of "Proponent" under Appendix A of the ELT1-RFP includes "a Qualified Applicant or a Person Controlled by a Qualified Applicant."</p> <p>Please confirm that IESO will accept a Letter of Credit in the name of the Qualified Applicant for a Unique Project ID tied to a project that will be bid under the name of a "Person Controlled by that Qualified Applicant." For example, ACME Inc. is a Qualified Applicant. It plans to submit its bid Project 37 under an entity named Widget LP that it Controls. Can the "Applicant" name in the Letter of Credit be "ACME Inc" or does the Applicant name have to be "Widget LP"?</p>	<p>It is acceptable for the "Applicant" for purposes of the Letter of Credit to be a Person other than the Proponent, provided that the reference in the first paragraph of the form is then conformed to reference the named Proponent rather than the Applicant in defining the referenced Proposal.</p>
<p>26. We are extremely concerned by IESO's response to Question 25 in the Batch 1 Responses. While some proponents may be willing to take on this risk and bid a lower fixed capacity than if the ITC were to be excluded, what IESO may be failing to consider is what happens to the project in the event the ITC does not come to fruition or materially deviates from the current draft guidance. In such an event, it may result in fixed capacity price being too low for the project to generate sufficient cash flows and thus make the project unfinanceable. An unfinanceable project will not be advanced further by the developer, which would leave the IESO in the unfortunate position of trying to procure replacement capacity. Proponents who feel they are a 'long shot' to win a contract under E-LT1 are more likely to take this gamble to level the competitive playing field in respect of price – but would</p>	<p>Please see the response to questions #1 and #2 of this document.</p>

<p>heighten IESO’s risk of selecting proponents that cannot ultimately deliver a project.</p> <p>We would recommend that the IESO indicate to all proponents to exclude the impact of ITC from the fixed capacity price and amend the contract to include a provision whereby the IESO and proponent agree to share the benefit of any ITC in the future.</p>	
<p>27. We are now less than a month away from bid submission and still do not have clarity on the CIB financing product or IESO’s intent/preference in respect of this potential financing vehicle. Can IESO please indicate when we can expect to receive final guidance on the matter of CIB financing?</p>	<p>Please see the response to question #1 of this document.</p>
<p>28. IESO's response to Question 48 of the E-LT1 RFP Question and Comment Period - Batch 1 highlighted that only a Qualified Applicant itself or a Person Controlled by such Qualified Applicant can be a Proponent for the E-LT1 RFP. However, the E-LT1 RFQ permitted Large or Small-Scale Entity Development Experience Theshold to be met by the RFQ Applicant or its Control Group Member. Further, the definition of Control in the E-LT1 RFP permits the exercise of de facto control. Please confirm that the IESO allow for a Proponent in the E-LT-1 RFP be i) the Qualified Applicant, ii) a Person Controlled by such Qualified Applicant OR iii) a Control Group Member of the Qualified Applicant? If so, will the IESO issue an addendum to update section 2.1 (a) Qualified Applicant?</p>	<p>A Control Group Member of a Qualified Applicant (as that term was used in the E-LT1 RFQ) is not an eligible Proponent under the E-LT1 RFP. Eligibility to be a Proponent under the E-LT1 RFP is limited to Qualified Applicants or Persons Controlled by Qualified Applicants.</p>
<p>29. IESO's response to Question 48 of the E-LT1 RFP Question and Comment Period - Batch 1 highlighted that only a Qualified Applicant itself or a Person Controlled by such Qualified Applicant can be a Proponent for the E-LT1 RFP. Where the Qualified Applicant and the Proponent have the same General Partner, which for clarity Controls</p>	<p>Where a Proponent that is a limited partnership has the same single corporate general partner as a Qualified Applicant (i.e., no other general partner(s)), that would be a scenario where such Qualified Applicant Controls the Proponent. In this fact pattern the controlling general partner interest in the Proponent is held by the same Person that holds the controlling general</p>

<p>both Persons, would the IESO consider the Qualified Applicant to have de facto Control over the Proponent? Can the IESO provide more clarity on how it assess' its definition of de facto Control and circumstances within which it views de facto Control arising? 3. Prescribed Form - Access Rights Declaration: Can the IESO confirm if additional evidence should be provided in Exhibit B in the situation where the Proponent is not the holder of registered title and the registered owner of the Property is a company? For example a Corporate Profile Report could be provided to prove that the signatory has the authority to sign the letter on behalf of the registered owner (a company).</p>	<p>partner interest in the Qualified Applicant. De facto control is a concept that operates separately from the rights arising from equity security ownership, such as contractual arrangements that limit the management authority that would otherwise arise from the ownership rights of equity security holders.</p> <p>Where the registered title of a property is in the name of a corporation and the letter included as Exhibit B to the Prescribed Form-Access Rights Declaration is signed by or on behalf of such corporation, no further evidence is required for the IESO's purposes to establish the signing authority of the individual signing for or on behalf of such corporation.</p>
<p>30. IESO's response to Question 54 of the E-LT1 RFP Question and Comment Period - Batch 1 stated that the results of the Deliverability Test can be taken as the Maximum Contract Capacity and therefore the Nameplate Capacity could be 5% greater than those results. The E-LT1 RFP definition of a Small-Scale LT1 Project "means a Long-Term Reliability Project with a nameplate capacity which is equal to or above one (1) MW but less than five (5) MW." Was it the IESO's intention to cap the Nameplate Capacity of small scale projects to 5MW or instead to cap the Maximum Contract Capacity to 5MW? Would the IESO consider updating the RFP definition of Small-scale LT1 Project to replace nameplate capacity with Maximum Contract Capacity?</p>	<p>Small-Scale LT1 Projects have a maximum Nameplate Capacity of 5 MW per the LT1 RFQ. Stakeholders are reminded that the Maximum Contract Capacity may not be more than 95% of the Nameplate Capacity.</p>
<p>31. Given CIB's decision to hold off on providing details of available financing until after bid date, will IESO accept alternative evidence of Indigenous Economic Participation to that currently outlined in the Prescribed Form? For example, will IESO accept a signed Letter of Intent, which could be paired with signed declarations from the relevant parties that a term sheet has been substantially</p>	<p>Proponents looking to attain rated criteria points for Indigenous Community Participation must evidence Indigenous Community Economic Interest in the Proponent in the manner outlined in the Prescribed Form: Evidence of Indigenous Community Participation.</p>

<p>negotiated or similar warranties of the advanced nature of the partnership, e.g., record of meeting dates or emails exchanged, etc.? Parties would still need to enter a Definitive Agreement by/upon COD that reflected the Economic Participation level claimed in the Prescribed Forms or else be subject to the relevant provisions in the ELT1 RFP and Contract.</p>	
<p>32. We are interested in participating in the E-LT1 or LT1 projects. Just confused on if new builds can participate in the E-LT1 and when are proposal deadlines for both the E-LT1 and LT1.</p>	<p>Yes, the E-LT1 RFP and LT1 RFP are intended for new build projects. However, at this time any projects proposed for the E-LT1 must have already been submitted to the IESO as part of the LT1 RFQ and submitted to the Deliverability Test. It is anticipated that Proponents of new build projects under the LT1 RFP will need to have been determined to be Qualified Applicants under the LT1 RFQ.</p>
<p>33. Can IESO please indicate the Table Number it is referencing as part of the definition of CPI in the E-LT1 contract, similarly to the table number included in the IPPI definition? That clarity would be much appreciated.</p>	<p>There is no table number reference in the definition of CPI in the E-LT1 Contract. The table number referenced in the definition of IPPI in the E-LT1 Contract.</p>
<p>34. In discussions with our LC provider, they expressed serious concerns with the transferability language in the IESO’s Exhibit C, specifically the following:</p> <p>“This Credit is transferable at the written request of the Beneficiary, without the consent of the Applicant, but subject to consent of the issuing financial institution, acting reasonably. All fees incurred by the issuing financial institution in relation to such transfer shall be at the Applicant's expense, but failure of the Applicant to pay such fees shall not restrict the ability of the Beneficiary to transfer the Credit.”</p> <p>Before they can be comfortable issuing the LC, they are seeking clarification from the IESO on the following points:</p>	<ul style="list-style-type: none"> a. The IESO has historically reserved the right to assign its contracts or letters of credit to another party. b. Given the IESO’s structure as a non-share capital corporation amalgamated and continued under the Electricity Act (Ontario), corporate affiliate definitions and constructs would not be applicable to the IESO. c. The terms of the form of letter of credit already establish that the IESO’s right to transfer the letter of credit requires a written request from the IESO and is subject to the consent of the issuing financial institution.

<p>a. Under what circumstances does IESO transfer the LC and to whom? In past practice, has the Proposal Security been frequently assigned?</p> <p>b. If transfers are only made to affiliates – could that language be added to the form LC?</p> <p>c. Could a provision requiring prior written notice to Applicant & Issuing Bank identifying the Assignee be included in this section?</p> <p>Given the time required to finalize the LC, it is kindly requested that the IESO provide feedback by the 31st of January to ensure we can make LC arrangements in time for the bid. We would be happy to discuss this further and facilitate a conversation directly with our LC provider if this was of interest to the IESO.</p>	
<p>35. We understand that the deliverability assessment and general timeline for the Long Term Procurement have been pushed back.</p> <p>We'd like to know if the IESO has posted the new schedule so that we can prepare for the deliverability assessment.</p>	<p>The IESO is currently working through the revised LT1 RFP timelines and will communicate those updated timelines to Stakeholders in the coming weeks. The IESO advises Proponents to continue to monitor the Website for important developments in relation to the LT1 RFP.</p>
<p>36. In follow up to question #1 sent on Jan 24, in addition to an addendum to update section 2.1 (a) Qualified Applicant of the RFP, will IESO also issue an addendum to the Prescribed Form - Proponent Information, Declarations and Workbook, section 2, first question to allow a Control Group Member of the Qualified Applicant?</p>	<p>Please see the response to question #28 of this document.</p>
<p>37. Under Section 3.6(e)(iv) of the ELT1-RFP, in the event a Proponent submits multiple proposals for the same project ID, it says "...the IESO will not process either Proposal and will return each Proposal, including the Proposal Fee and Proposal Security, to the Proponent." Under Section 3.6(e)(iii) of the ELT1-RFP, it says, "If a Proponent withdraws</p>	<p>Correct. Section 3.6(e)(iv) of the E-LT1 RFP specifically refers to processing of Proposals (which occurs after the Proposal Submission Deadline) and specifically contemplates withdrawal of one or more additional (or duplicative) Proposals submitted in respect of the same Long-Term Reliability Project.</p>

<p>a Proposal prior to the Proposal Submission Deadline, the IESO will not process such Proposal and will return such Proposal, including the Proposal Fee to the Proponent.” Can IESO please confirm that in the event a Proponent withdraws a Proposal prior to the Proposal Submission Deadline that IESO will return the Proposal Security to the Proponent? I believe this is the intent but wanted confirmation given the difference between the two clauses under the same section.</p>	
<p>38. Does the IESO consider the recently announced federal Clean Technology Investment Tax Credit to be a Future Government Support Program?</p>	<p>No, the ITC is not considered a Future Government Support Program. Please see the response to Question #18 of this document.</p>
<p>39. Per Section 2.16 of the contract, if the Clean Technology ITC is legislated, will proponents be expected to provide 50% of the value of any ITC to the IESO?</p>	<p>No, the ITC is not considered a Future Government Support Program. Please see the response to Question #18 of this document.</p>
<p>40. In Exhibit M, could the IESO please clarify which future locational marginal price will be used in calculating the High Block Average Price and the Low Block Average Price. Will it be the Day Ahead locational marginal price or the Real Time locational marginal price?</p>	<p>After the Day-Ahead Market has been implemented, the future locational marginal price referenced in Exhibit M would mean the Day-Ahead locational marginal price.</p>
<p>41. With regards to Regulatory Demand Charges in the Storage RFP: please provide an example invoice that would be sent to a battery operator, to help proponents understand and confirm what fixed and variable charges will be included.</p>	<p>Please see question 4.6 of the E-LT1 RFP - FAQ document posted on the Website.</p>
<p>42. With regards to the State-of-Charge Limited formulas in context of the Availability Non-Performance Charges ("ANPCm"):</p> <ul style="list-style-type: none"> • Please confirm if the Shortfall of the Monthly Average Offered Quantity ("SRm") could ever be greater than zero, if the battery operator's strategy involved discharging twice a day to meet two different peak hours, which could result 	<ul style="list-style-type: none"> • As long as the Monthly Average Offered Quantity is not lower than the Adjusted Monthly Contract Capacity, no Availability Non-Performance Charge will be incurred, regardless of the operator's actual operation. • The State-of-Charge Limited Reduction Factor only applies for the period before the Day-Ahead Market is introduced.

<p>in higher Availability Non-Performance Charges. If yes, please consider modifying the formula to allow operators the option to discharge twice a day without incurring penalties.</p> <ul style="list-style-type: none"> • Please further elaborate how the introduction of the Day-Ahead-Market would impact the State-of-Charge Limited Reduction Factor for Settlement Month "m" ("SOCRFm"). An example to clarify how DAM and RT offer and dispatch behaviours would interact in the context of the SOCRFm would be welcome. • Please explain how the ANPCm adjustments would account for forced/unplanned outages, both inside and outside the operator's control. 	<ul style="list-style-type: none"> • The ANPCm is calculated based on SFm, which is calculated based on Adjusted Monthly Contract Capacity (AMCC). AMCC incorporates both a Planned Outage Capacity Reduction Factor and a Force Majeure Capacity Reduction Factor.
<p>43. It is understood that the "Description of the Facility" section in the Workbook will populate the fields in Exhibit A to the E-LT1 Contract. In Exhibit A to the E-LT1 Contract, a "preliminary design diagram of the Facility showing all major components" is referenced under 1.2, and a "Single Line Diagram" is referenced under 1.5. Can the IESO confirm if these diagrams must be included as part of the Proposal?</p> <p>a. In Exhibit A to the E-LT1 Contract, a "Single Line Diagram" is referenced under 1.5. If the SLD must be included in the Proposal submission, can you please comment on the level of detail required? Will we have the option to update it at a later stage? Are there specific details that we will not be able to update?</p> <p>b. In Exhibit A to the E-LT1 Contract, a "preliminary design diagram of the Facility showing all major components" is referenced under 1.2. If the preliminary design diagram must be included in the</p>	<p>A preliminary design diagram and Single Line Diagram (SLD) are not required for Proposal submission, however the submission of an engineer-stamped SLD to the IESO is a requirement for Commercial Operation (see Section 2.5(a)).</p>

<p>Proposal submission, can you please comment on the level of detail required? Will we have the option to update it at a later stage? Are there specific details that we will not be able to update?</p>	
<p>44. With respect to question 48. of RFP E-LT1 Question and Comment Period - Batch 1, it is indicated that a Person Controlled by a Qualified Applicant may submit a proposal as a Proponent. For further clarity, is it necessary for the Controlled Person to demonstrate its affiliation with the Qualified Applicant as part of the Proposal? If so, in what manner?</p>	<p>Where the Proponent is a Person Controlled by a Qualified Applicant, that should be stated as a representation in the Proposal, which will be carried forward as a representation in the E-LT1 Contract. Unless the Prescribed Form – Notice of Change is being submitted as a result of a change in the Control Group Member(s) of the Qualified Applicant (relative to those evaluated for purposes of the LT1 RFQ), there would be no required documentation as part of the Proposal to evidence that the Proponent is Controlled by the Qualified Applicant.</p>
<p>45. Has the IESO received any information or guidance from the Federal Government regarding the timing of this procurement and eligibility for the ITC? If so, what was received? Note that without more clarity on the ITC, the IESO and Ontario ratepayers risk losing the pricing benefits of this pending tax credit.</p>	<p>The E-LT1 RFP procurement timelines have been set in a manner to ensure that Ontario’s system reliability needs, which begin to emerge from 2025 can be met.</p> <p>With regards to the question on the ITC, please refer to question #2 of this document.</p>
<p>46. The E-LT1 RFP Rules state that the Proponent must submit a Proposal Fee as part of the Proposal. If the Person that has submitted a Proposal is a Person Controlled by a Qualified Applicant, does this mean that only that Person must make the wire transfer as Proponent or could the Qualified Applicant make such related wire transfer on its behalf?</p>	<p>For purposes of the Proposal Fee, it is acceptable for the entity that makes the wire transfer to be an entity other than the Proponent, that is acting on behalf of the Proponent, provided that the identifying email information is submitted in accordance with the requirements of Section 3.6(c)(iv) of the E-LT1 RFP.</p>
<p>47. Can the Proposal Security be delivered in person to the IESO Adelaide St. address provided in Sec. 3.6(d) of the RFP instructions? If so, will a time stamp receipt be provided at that time?</p>	<p>Yes, Proponents are permitted to deliver the Proposal Security in person to the IESO’s 120 Adelaide St. West office location.</p> <p>In accordance with Section 3.6(d)(i) of the E-LT1 RFP, Proposal documents must be received by the IESO in a single envelope, specific to each individual Proposal, prior to the Proposal Submission Deadline. The IESO shall create a</p>

	time stamp upon receipt of the hard copy materials and provide the Proponent a record of such time stamp.
<p>48. The E-LT1 RFP Rules state that Proponents must provide evidence of access rights to the Project Site, including parcel registers in respect of the Project Site evidencing the registered owner of the Project Site and, where title to the Project Site is not in the name of the Proponent, a letter addressed to the IESO signed by the registered owner of such Project Site stating that the Proponent has the contractual right to build, operate and maintain the Long-Term Reliability Project on the Project Site. In the event of a proposed sale of the Project Site by the current registered owner to a prospective buyer which is expected to close on or around the bid submission deadline, would the following suggestions be satisfactory to IESO in order to meet this requirement? If not, in each of these scenarios, what reasonable documentation would IESO require to meet these requirements?</p> <p>Scenario A: Where the purchase and sale of the Project Site and subsequent transfer of registered title from the current registered owner to the new owner has not been completed at the time the letter is obtained from the current registered landowner:</p> <ol style="list-style-type: none"> a. a letter from the current landowner and a copy of the current parcel register(s) for the Project Site; and b. a letter from the prospective buyer to the effect that it is their intent to purchase the land on or about a set date and confirmation that following the sale, the Proponent will continue to have the contractual right to build, operate and maintain the Long-Term Reliability Project on the Project Site; 	<p>The Prescribed Form – Access Rights Declaration requires the inclusion of one or more parcel registers for the subject property(ies) that constitute the Project Site dated no earlier than October 1, 2022. It is sufficient for purposes of the E-LT1 RFP for the letter from the registered title holder (assuming the registered title is not held by the Proponent) to come from the registered title holder as of the date of the submitted parcel register(s). The IESO does not require further documentation in the event of a transfer of the subject property(ies) after the date of the parcel register(s) and accompanying letter(s).</p>

<p>Scenario B: Where the purchase and sale transaction has been completed and a Transfer/Deed of the subject property from the previous landowner to the buyer has been registered on title and receipted (but not yet certified such that the name of the new buyer is not yet showing up on the face of the parcel register) by the Land Registry Office by the time a Proposal is submitted:</p> <p>a. a letter from the new landowner confirming that they have acquired the subject property, together with a copy of the current parcel register showing the Transfer/Deed and a copy of the registered Transfer/Deed confirming the name of the new landowner."</p>	
<p>49. The excel Workbook portion of the prescribed forms requires:</p> <ul style="list-style-type: none"> - line #45: Electrical Interconnection (including description of work required to connect Facility - line 50: Facility Overview: - line 51: Site description - line 52: Facility Design and Major Equipment, and Nameplate MVA Rating: <p>These are all very open ended items, can IESO please provide guidance as to the degree of detail and scope IESO is looking for each item. In these items. Is IESO expecting 3 sentence or 3 paragraph size responses? Also, reference is made to this information being used for the Exhibit A of the contract. In the Exhibit A the requirement extends to Preliminary Design Diagram of the Facility showing all major components. Is this diagram required in the worksheet item#52?</p>	<p>Please see the responses to Questions 17 and 18 of the E-LT1 RFP Question and Comment Period – Batch 1 (Amended January 24, 2023).</p>
<p>50. Can the IESO provide greater clarity on how it will determine what qualifies as a CES Material Adverse Effect as it relates to Section 2.15 of the contract? Specifically, if the required capital investment to comply</p>	<p>The IESO cannot provide a comprehensive list of all circumstances that may constitute a "Material Adverse Effect". However, the circumstances described in this hypothetical should reasonably</p>

<p>with the CES regulations results in an internal rate of return below a supplier's cost of capital, will that constitute a CES MAE? If not, is there some other IRR threshold the IESO will use to make this determination?</p>	<p>be considered to constitute an example of a "Material Adverse Effect."</p>
<p>51. The IESO 'preferred' outage window is too short which has the potential to create problems for Suppliers. The IESO has indicated in its contract that the ideal time for all resources to take planned outages is during the months of April, May, October and November. However, this will expose Suppliers to the risk of not being granted their planned outage by the IESO as all resources under this contract will be requesting outages during the same time periods. A Supplier should not be penalized through the non-performance charge if it is essentially forced by the IESO to take a planned outage in a month outside of April, May, October or November because the IESO could not support an outage in the preferred month due to too many resources requesting to be offline during the originally proposed time. Can the IESO provide a provision to protect suppliers in such circumstances?</p>	<p>There are provisions in the E-LT1 Contract for such circumstances. Regardless of what month a Planned Outage is scheduled in, it will contribute to the Planned Outage Capacity Reduction Factor in Exhibit E-1 or E-2 (as applicable) serving to reduce the Adjusted Monthly Contract Capacity for purposes of measuring performance against the Must-Offer Obligation and any potential Availability Non-Performance Charge.</p>
<p>52. The proposed Capacity check process in this contract is a significant deviation from the process adopted in previous contracts such as the CES contract. This new process raises several concerns. One of the primary concerns is the fact that capacity check tests may now take place at ambient temperatures as high as 35 degrees Celsius. Despite these temperatures being a very rare occurrence, suppliers will have to account for this possibility in their capacity offer. This will result in unnecessarily lower capacity values being offered, which in turn will result in higher priced capacity. This problem is particularly acute for the winter months as no maximum temperature is given for the winter period specifically as</p>	<p>The IESO appreciates the feedback but will not be reverting to the Capacity Check Test process used in the CES Contract. The Capacity Check Test process in the E-LT1 Contract was stakeholdered extensively during the development of the E-LT1 RFP and Contract.</p>

<p>was the case in previous contracts. Furthermore, the need to show consistent performance over longer periods of time (i.e. up to the stated duration of the asset) than previous Capacity Check Test processes will cause suppliers to be even more conservative in their capacity offers. Given these issues, would the IESO considering reverting back to the Capacity Check Process used in the CES contract?</p>	
<p>53. What equipment is considered to be Generating or Storage Equipment in Section 2.13(b) of the contract?</p>	<p>Section 2.13(b) of the Contract speaks to the MCIA that both Non-Electricity Storage Facilities or Electricity Storage Facilities may choose to utilize. Proponents should review the definitions of MCIA_{ij} and MCIA_{nli} in the E-LT1 Contract.</p>
<p>54. In our deliverability test submission, we stated that the project would connect to two circuits under on interconnection choice. Due to design changes, the project now only requires connection to one of the two circuits submitted within our deliverability test submission. In this instance, please confirm if the IESO will accept a proposal that is connecting to a reduced number of circuits compared to what was submitted in our deliverability test submission.</p>	<p>A project that was deemed Deliverable or Deliverable but Competing must maintain the same connection configuration for proposal submission.</p>
<p>55. We sent notices for our open house to all landowners within 2km of the project boundaries, included the adjacent landowners. Please confirm clear records of this broad mailout are acceptable as evidence for notice of the open house to adjacent landowners. Note that some of the adjacent landowners confirmed receipt of the notices and attended the open house.</p>	<p>The IESO is able to accept the broad mailout evidence suggested as evidence for the notice of public community meeting under Section 2.1(f)(iv) of the E-LT1 RFP.</p>
<p>56. Situation: Legal Entity #1 was listed on website, community engagement plan and public meeting presentation documents for Project A by Qualified Applicant. Qualified Applicant would now like to use Legal Entity #2 instead of Legal Entity #1 as the Proponent for a ELT1 bid using Project A. Public project documents will be updated to</p>	<p>A change in the name of the Proponent by the Qualified Applicant can be accommodated without requiring that past community and Indigenous engagement activities be redone. Notice of this change (whether a legal name change or a change in the entity that will be the Proponent) should be reflected on the Project Website to avoid possible confusion by</p>

<p>note this change of legal entity. Will the IESO accept the proposal of Qualified Applicant using Legal Entity #2?</p>	<p>communities or the IESO in reviewing the community and Indigenous engagement activities and evidence provided as part of the Proposal.</p>
<p>57. We appreciated the opportunity that the Storage Category 2 proponents can submit the revised price upon review of the CIB offer. Given the typical timelines required for the approval process for binding bids of this nature, a 15-day window is expected to be very challenging to reprice, obtain approvals and resubmit. Therefore, if the IESO could provide the timeline of the Storage Category 2 Notice in advance, it would likely result in a higher number and better quality submissions from proponents.</p>	<p>The IESO takes note of and appreciates this feedback.</p>
<p>58. For bid submission, can all the prescribed forms for a single project be combined into a single PDF with an index? Or must they all be submitted individually?</p>	<p>The IESO asks that Prescribed Forms be submitted as separate PDF files.</p>
<p>59. With regards to reimbursable Regulatory Demand Charges for storage projects: Please confirm if the IESO administers any demand charges or any charges on behalf of Hydro One. If yes, please confirm if any such charges are reimbursable. Please list any and all such charges in your response.</p>	<p>Please see question 4.6 of the E-LT1 RFP - FAQ document posted on the Website.</p>
<p>60. On January 27th, IESO held a call with CIB and introduced a new 20-day step into the already tight RFP review process. It is critical to meeting IESO’s target May 1 2025 COD that equipment purchase orders be placed as early in May 2023 as possible, ideally by May 5th, based on firm pricing available at bid date.</p> <p>Please confirm:</p> <ul style="list-style-type: none"> • IESO still intends to notify contract winners on May 1, 2023, and • IESO will not change the date, on which it intends to notify winners, once bids have been submitted, or if it does, IESO 	<p>The IESO is working towards meeting the Target Date for Notification to all Proponents and announcement of Selected Proposals identified in the E-LT1 RFP Schedule. However, this date remains a target, and may be pushed back depending on the volume of Proposals received.</p>

<p>will allow winning projects to adjust their FCM in the final contract.</p>	
<p>61. Section 2.1(b) of the ELT1 Contract clarifies that “replacement of battery cells of the Facility on a like-for-like or substantially similar basis for the purpose of maintaining, preserving or restoring the capability of the Facility shall not be considered a Facility Amendment.” We appreciate this clarification. However, replacing batteries for this purpose may be inefficient and uneconomic as the older batteries still have more than 50% of their capacity remaining when augmentations are needed to maintain the capability of the Facility. As a result, battery makers recommend adding new cells “on a like-for-like or substantially similar basis for the purpose of maintaining, preserving, or restoring the capability of the Facility.” The project footprint needed to support these additional batteries has often been incorporated into the original site design as consulted on with the community and Municipality. The max contract capacity would remain the same. Allowing this approach to augmentation would significantly reduce costs to ratepayers while ensuring the needed reliability services can continue to be available to Ontarians. Please confirm and issue an addendum to clarify that “replacement and/or installation of additional battery cells at the Facility on a like-for-like or substantially similar basis for the purpose of maintaining, preserving or restoring the capability of the Facility shall not be considered a Facility Amendment.” (Change highlighted in red)</p>	<p>The IESO will not be further modifying the language of Article 2.1(b) of the E-LT1 Contract. It should be noted that the intent of the existing language relating to the replacement of batteries is to provide Suppliers with sufficient flexibility to maintain their Contract Capacity over the term of the Contract. The IESO cannot unreasonably withhold consent for a Facility Amendment under Section 2.1(b) of the E-LT1 Contract. Issues such as additional lands or permitting requirements for the addition of battery cells may be relevant in considering future requests for a Facility Amendment.</p>
<p>62. The Letter of Credit draft identifies the Beneficiary as the “Independent Electricity System Operator and its permitted assigns”. Could you please clarify what is intended by including ‘permitted assigns’, and which entity or entities the IESO would consider</p>	<p>Please see response to question #34 (A) of this document.</p>

<p>assigning this security to? Does the IESO plan on transferring the security?</p>	
<p>63. The RFP states that submissions to the IESO must have pages numbered sequentially. However, we are not able to make changes to the numbering in the prescribed forms. Does this mean that each Form we submit should be numbered starting from page one (as already on the Forms)? Or we should redefine the number for the entire Package starting from page one to end of last page of Package sequentially?</p>	<p>For ease of review, the IESO asks that Proponents submit their Proposal documents in a sequential manner on a best effort basis.</p>
<p>64. Regarding the Workbook, should a Single Line Diagram and Preliminary Site Plan be submitted along with the workbook?</p>	<p>Please see the response to question #43 of this document.</p>
<p>65. Can the IESO please clarify whether the base cases used by the IESO to carry out the deliverability assessment, and as fully described under sections 5.1, 5.2 and 5.3 of the deliverability test guidance document, were based on either: a) summer and winter continuous ratings of existing generation resources as reflected in the IESO's existing registration systems and/ or existing base cases, OR b) summer and winter continuous ratings of existing facilities as submitted by proponents of the same tech expansion stream in the deliverability assessment forms. This particular detail is not addressed in the IESO's deliverability guidance document and is relevant because, to the extent that the respective ratings in (a) and (b) are different, the results of the deliverability test could be materially different for certain facilities.</p>	<p>The base cases used were based on summer and winter continuous ratings of existing generation resources as reflected in the IESO's existing registration systems and/ or existing base cases.</p>
<p>66. Section 2.1(f)(iv)(B) of the E-LT1_RFP-Final requires the "Proponent to deliver a notice of such public community meeting identified in Section 2.1(f)(iii) to each owner of Property...., Local Municipality....and Indigenous Community."</p>	<p>The requirement would be satisfied by submitting the copy of the notice sent to each owner and a list of the owners who were sent the notices.</p>

<p>The Proponent duly mailed the required notice to the parties as required under s. 2.1(f)(iv)(B) (and also fulfilled the corresponding website requirements).</p> <p>Per below, the Prescribed Form - Community Engagement Requirements Ex B requires a higher and conflicting standard to what is requested in the RFP ie "attach an email or letter correspondence addressed to (such Owner....." Since it was not a requirement of the RFP to include a letter individually addressed to required recipients, how should the Prescribed Form - Community Engagement Requirements Ex B be completed?</p>	
<p>67. Can the IESO confirm that the Proponent name can change, not due to a legal name change, but rather a different Proponent with the same ownership structure? Since learning that the CIB funding is not extended to projects less than 10MW, we would like to submit all bid proposals under the same Proponent name, so as to propose a portfolio of projects to CIB for a funding opportunity. Can the IESO also confirm that a letter detailing the Proponent change included in the bid proposal along with the community engagement evidence would suffice to make the link between the old Proponent and new Proponent?</p>	<p>The IESO asks that Proponents review the revised CIB E-LT1 Guidance and Financial Workbook documents located in the dedicated "CIB E-LT1 Guidance Documents" section of the Website, with respect to CIB funding eligibility. For further guidance on the CIB processes, the IESO recommends Proponents to liaise with their own legal counsel. No change to a Proponent is permitted following the Proposal submission. Only a Qualified Applicant or a Person Controlled by a Qualified Applicant is an eligible Proponent.</p>
<p>68. Can the IESO please disclose the Storage Threshold Price? For the E-LT 1 RFP process to be transparent, hidden criteria cannot be applied. Disclosing this price to the Fairness Advisor does not make the process transparent to Proponents.</p>	<p>The IESO will not be disclosing the Storage Threshold Price for the E-LT1 RFP.</p>
<p>69. Can I ask a question about acquiring the Municipal Support Resolution (MSR)? if the Supplier submits a Proposal without MSR but gets a Contract granted by IESO,</p>	<p>The IESO cannot comment on whether it would exercise the termination rights contemplated in Section 2.14(b) of the E-LT1 Contract in the event that a Supplier does not provide a</p>

<p>Section 2.2 (l) allows the Supplier 18 months plus 60 days from the Contract Date to acquire the Municipal Support Resolution. And 2.2 (l) (ii) states that if the Supplier fails to meet 2.2(l)(i), shall constitute as a Supplier Event of Default. If IESO elects to terminate the Contract, all the Completion and Performance Security (Security) shall be returned to the Supplier.</p> <p>If the Supplier tries its commercial best efforts, and still fails to meet 2.2(l)(i), what would be IESO's considerations to elect to terminate the Contract, so the Security can be returned? What's the possibility that IESO will elect to terminate the Contract?</p>	<p>Municipal Support Resolution where required under Section 2.14(a). However, the intent of Section 2.14(b) is to provide some comfort by way of knowing that if the IESO were to terminate the E-LT1 Contract for this purpose that the full Completion and Performance Security would be returned to the Supplier.</p>
<p>70. Under Addendum No. 2, the revised Section 4.4(c)(i) states that, "the IESO will assign all Proposals in the Storage Category to one of the following subcategories depending on whether:</p> <ul style="list-style-type: none"> a. the Proposal Price is below the Storage Threshold Price (such subcategory, "Storage Category 1"); or b. the Proposal Price is equal to or above the Storage Threshold Price (such subcategory, "Storage Category 2")." Section 4.4(d)(i) then says that Proposals in Category 1 will "...have their Proposal Price evaluated using the Rated Criteria Points to calculate the "Evaluated Proposal Price"." <p>However, the application of rated criteria points should happen for Storage projects prior to IESO assigning Proposals to Category 1 or Category 2. Proponents factor the rated criteria points and their impact on bid price into formation of the bid prices – the Evaluated Bid Price is the real bid price and reflects the Proponents' most</p>	<p>For clarification, Categories 1 and 2 will be determined by the submitted Proposal Price, not the Evaluated Proposal Price.</p> <p>This is in response to the January 24, 2023 letter from the Minister of Energy, which instructed the IESO to work together with the CIB "to reduce the costs of procurement and consequently the costs for Ontario electricity consumers".</p> <p>For more information, please refer to the CIB E-LT1 Guidance document on the Website.</p>

<p>competitive offer (the Proposal Price is just a starting point). Therefore, it is prejudicial to projects with a large number of rated criteria points to assess the Evaluated Proposal Price after the Storage projects have been assigned to Categories. It further undermines the benefit to IESO’s process of projects having rated criteria points, which is that rated criteria points are an indication that the project is more likely to enter operation by May 1, 2025 in an area that most needs the reliability services.</p> <p>Please clarify under Addendum No. 2 that the Evaluated Bid price will be determined for Storage projects prior to the IESO assigning Storage projects to Category 1 or 2, and that the Evaluated Bid Price will be the basis for such assignments.</p>	
<p>71. We appreciate the opportunity to submit questions regarding the Expedited Long Term 1 Procurement on behalf of [name redacted]. Please find our questions below:</p> <ul style="list-style-type: none"> • For a qualified applicant submitting multiple proposals through wholly owned project company subsidiaries, will the IESO accept a single LC equal to the value of the total projects being proposed by the qualified applicant, or should the LCs be submitted on a per proposed project basis? • If an awarded project is determined through the CIA/SIA process as unable to connect at the proposed capacity, will the IESO allow an awarded proponent to a) modify its offered capacity or b) withdraw its proposal? 	<p>Letters of Credit for purposes of Proposal Security (and if successful, Completion and Performance Security) must be individual and specific to each Proposal (or if selected, E-LT1 Contract). A combined or aggregate letter of credit will not meet the requirements of the E-LT1 RFP for multiple Proposals or the requirements of the E-LT1 Contract for multiple Selected Proponents.</p> <p>With regards to the requested or proposed “off-ramps” for connection challenges, this has been discussed extensively in stakeholder engagement for the E-LT1 RFP and E-LT1 Contract and no changes will be introduced to provide such off-ramps under the E-LT1 Contract.</p> <p>In response to the question on the Deliverability Test results, please refer to question #54 of this document.</p> <p>With respect to the question on Nameplate Capacity, please refer to question #11 of this document.</p>

<ul style="list-style-type: none">• We understand the IESO will allow a proponent up to 12 months after execution of an agreement to move the location of the proposed project site within a 2 kilometer radius consistent with Addendum no. 2 to the RFP. If a proponent is unable to obtain interconnection approval because of siting concerns stemming from the Hydro One Set Back requirements or otherwise, and there is no available alternative site for the project within the 2 kilometer radius, will IESO allow the proponent to (a) modify its offered capacity to fit a project within the proposed site or (b) terminate the agreement ?• If the Deliverability Test results indicated that a proposed project is Deliverable at X MW evenly split on two distribution feeders POIs, would the IESO allow for that project to be proposed at 50% of the capacity (X MW / 2) on only one of the distribution feeder POIs? [Ex: The Deliverability Test deemed a 20 MW project consisting of two 10 MW interconnections on two distribution feeder POIs to be Deliverable. Can a proponent submit a 10 MW project utilizing only one of the interconnections / distribution feeder POIs previously deemed Deliverable at this 10 MW capacity?]• As the IESO’s definition of “Nameplate Capacity” refers to the amount of electricity that can be delivered at the delivery point, can the IESO confirm that the Facility’s Interconnection (CIA / SIA) Capacity Rating must exceed the Contract Capacity by at least 5%?	
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<p>72. We are trying to finalize an agreement to have a 3rd party provide us with a Letter of Credit in support of our upcoming E-LT1 Submission and their process requires that they have an individual contact, telephone # and email at the IESO that can address questions related to the Letter of Credit.</p>	<p>This can not be accommodated for the E-LT1 RFP process. All parties are required to arrange for the delivery of Proposal Security in the form of Appendix D to the E-LT1 RFP.</p>
<p>73. Can the IESO please confirm if Item 46 in the Workbook_Final_20221206 is for a transmission or distribution connected project.</p>	<p>This field is specifically for distribution-connected projects.</p>
<p>74. [Name redacted] is grateful for the opportunity to provide questions on the E-LT1 RFP and draft E-LT1 Contract.</p> <p>1. The E-LT1 RFP provides that if the Project Site is located in whole or in part on lands subject to the authority of one or more Local Municipalities and the Proponent is seeking to attain the Rated Criteria Points in Section 4.3(d), in order to attain such Rated Criteria Points, the Proponent must submit an electronic copy of the completed Prescribed Form: Evidence of Municipal Support. As a part of or attached to this form, Proponents must submit electronic copies of Municipal Support Confirmation(s) dated no earlier than January 27, 2022.</p> <p>In the event a municipal support resolution had been previously obtained substantially in accordance with Exhibit A of the Prescribed Form: Municipal Support Resolution, but not in the Prescribed Form, other than by identifying the Qualified Applicant as "Proponent" for a Long-Term Reliability Project rather than the Proponent, being a Person Controlled by the Qualified Applicant which was later created:</p> <p>a. would such municipal support resolution be accepted by IESO as the Proponent's Municipal Support Resolution?</p>	<p>Where a Municipal Support Resolution or Municipal Support Confirmation Letter is issued in the name of the Qualified Applicant rather than the Proponent (being a Person Controlled by such Qualified Applicant) and the resolution or letter is accompanied by a letter from the chief administrative officer or another individual authorized by an executed resolution of the council of such Local Municipality confirming that such Municipal Support Resolution or Municipal Support Confirmation Letter also is applicable to the Proponent, the IESO will accept that for purposes of the rated criteria points under section 4.3(d) of the E-LT1 RFP.</p> <p>With respect to Maximum Contract Capacity, if the Municipal Support Resolution or Municipal Support Confirmation Letter specifies a value that is lower than Maximum Contract Capacity that is being submitted in the Proposal, it will not be considered to have met the requirement for the rated criteria points under section 4.3(d) of the E-LT1 RFP.</p> <p>A Proposal that includes a non-compliant Prescribed Form: Evidence of Municipal Support will not be disqualified, but rather will not be awarded the rated criteria points under section 4.3(d) of the E-LT1 RFP.</p>

- b. if not, in addition to submitting such municipal support resolution, would a letter from the Municipality confirming that such municipal support resolution also is applicable to the Proponent be accepted by IESO as the Proponent's Municipal Support Resolution?
- c. if not, in addition to submitting such municipal support resolution, would a Municipal Support Confirmation Letter be accepted by IESO as the Proponent's Municipal Support Resolution?
- d. If not, would any of a, b or c above lead to the disqualification of the related Proposal?
- e. if a Proponent elects to proceed with a, b, or c, but IESO does not accept them as Proponent's Municipal Support Resolution, does that still leave the option of providing the Municipal Support Resolution in the 18 months plus 60 days timeframe at a later date to satisfy the contract requirement of s.2.14(a) of the E-LT1 Contract.
- f. Finally, would a municipal support resolution submitted as part of the bid Proposal be disallowed if the Maximum Contract Capacity quoted in the resolution was slightly different than the Maximum Contract Capacity proposed in the bid Proposal? We note that the municipal support resolution was obtained earlier in the process of finetuning the Facility design, with the design shifting somewhat since the time of the resolution being provided by the municipality.

We look forward to working with you and to our continued and ongoing involvement in

<p>the IESO E-LT1 and LT1 procurement programs. Please let us know if we can provide any additional information or clarification.</p>	
<p>75. Line 53 of the Proposal Workbook tab “Project Information” asks for a “List of Environmental Approvals and Permits, and status...”</p> <p>Does this request include non-environmental permits, such as Electrical Safety Authority Plan Review, etc.? Stated differently, should this be a comprehensive list that includes all anticipated environmental and non-environmental approvals and permits?</p>	<p>This line of the Proposal Workbook and the intended field in Exhibit A of the E-LT1 Contract is specifically intended to list environmental approvals and permits. It is not meant to require a comprehensive list of permits that maybe applicable (such as municipal permits or Electrical Safety Authority matters).</p>
<p>76. With regards to the community engagement requirements of the E-LT1 RFP, I am seeking the following confirmation/clarification:</p> <ul style="list-style-type: none"> • The Qualified Applicant is [Name redacted] • We distributed all appropriate meeting notices identifying [Name redacted] <p>As we finalize our partnership with a First Nation, we expect to submit our bid using [Name 2 redacted] as the Proponent. To comply with the RFP rules, the Proponent is Controlled by the Qualified Applicant. (I.e. [Name 2 redacted] is Controlled by [Name redacted])</p> <p>Our website, community engagement plan and open house display boards all identify [Name redacted] as the Qualified Applicant and [Name 2 redacted] as the Proponent. However, the meeting notices only identified [Name redacted] (due to the timing of when the meeting notices had to go out, we weren’t sure yet at that time whether we would have a First Nation partner and therefore need to create a new entity as the Proponent).</p>	<p>Please see the response to question #56 in this document. Yes, the scenario can be accommodated, provided that all of the requirements of Section 2.1(f) of the E-LT1 RFP are satisfied.</p>

<p>Can the IESO confirm that as long as the meeting notices identified the Qualified Applicant (i.e. [Name redacted]), these will comply with the requirements? As mentioned, all other community engagement materials clearly identify both the Qualified Applicant and the Proponent.</p>	
<p>77. FYI Exhibit J in the clean version of the contract has missing information on the first page. The blackline is fine. You may want to consider reissuing a corrected clean version.</p>	<p>Thank you. This has now been corrected to address a formatting error and re-uploaded to the Website.</p>
<p>78. Can the IESO please confirm whether the Investment Tax Credit for Clean Technologies received from the Government of Canada would constitute an Additional Source of Funding under Section 2.16 of the Contract and therefore, require the Supplier to make a payment to the Buyer equal to 50% of the Additional Source of Funding?</p>	<p>Please see the response to question #18 of this document.</p>
<p>79. Can the IESO please confirm whether any other tax incentives (including but, not limited to Scientific Research & Experimental Development tax credits) received from any Governmental Authority would constitute an Additional Source of Funding under Section 2.16 of the Contract and therefore, require the Supplier to make a payment to the Buyer equal to 50% of the Additional Source of Funding?</p>	<p>Existing tax incentives would not be considered a direct financial funding awarded to the Supplier under a "Future Government Support Program", and would therefore not be captured under s. 2.16.</p>
<p>80. In the E-LT1 RFP Workbook, Item 52 (Proponent Information Tab), there is no indication of including a preliminary design diagram of the Facility showing all major components, whereas it is mentioned as a required document of Section 1.2 of Exhibit A Facility Description of the E-LT1 Contract. Can the IESO confirm that this preliminary design diagram is not required for the submission of the E-LT1 Proposal and only for the Contract execution?</p>	<p>Please see response to Question #43 of this document.</p>

<p>81. For the submission email to the IESO, are we allowed to attach a .zip file with all applicable prescribed forms and supporting documents, along with a cover letter and index (saved as individual files), which would constitute our complete Proposal? Or is it required to collate all prescribed forms and supporting documents into one single document as per our interpretation of section 3.5 d)?</p>	<p>The IESO would accept a Proposal submission in the form of a .zip file with Prescribed Forms and supporting documentation. The Proposal does not need to be "collated" into a single document.</p> <p>Please see response to Question #58 of this document.</p>
<p>82. The Project Site is defined in the E-LT1 RFP as all Properties on which the Long-Term Reliability Project is located, excluding any Connection Line. Can the IESO confirm that the Connection Point is also not included in the Project Site, and that the Proponent does not have to provide evidence of access rights for the Connection Point?</p>	<p>That is correct.</p>