

**ADDENDUM NO. 2**  
**dated January 27, 2023, to the**  
**IESO E-LT1 RFP**

In accordance with Section 3.3 of the E-LT1 RFP, this Addendum No. 2 contains amendments to the E-LT1 RFP posted on the Website and amendments to the E-LT1 Contract incorporated by reference in Appendix B to the E-LT1 RFP. Capitalized terms used in this document have the meaning given to such terms in the E-LT1 RFP or the E-LT1 Contract, as applicable.

1. Section 2.1(e)(iii) of the E-LT1 RFP is deleted in its entirety and replaced with the following:

“(iii) The proposed Maximum Contract Capacity and connection point information in respect of the Long-Term Reliability Project must be consistent with that which is reflected in the results of the Deliverability Test (and in respect of Maximum Contract Capacity, may not be in excess of the capacity assessed and documented in the Deliverability Test results) and the boundary of the Project Site must be no more than two (2) kilometres away from the address or GPS location of the proposed Long-Term Reliability Project assessed and documented in the Deliverability Test results.”

2. Section 3.1(a) of the E-LT1 RFP is amended by replacing the date of January 26, 2023 as the date the Question and Comment Deadline appearing in the second row of the table in Section 3.1(a) with “February 2, 2023.”

3. Section 3.4 of the E-LT1 RFP is amended by adding the following words immediately before the parenthetical where the term Permitted Purposes is defined in the first sentence of Section 3.4:

“, or engaging with the CIB pursuant to Section 4.6 of this E-LT1 RFP”.

4. Section 3.9(c) of the E-LT1 RFP is amended by adding the words “, the CIB” immediately before the words “the IESO’s counsel” appearing in Section 3.9(c).

5. Section 4.2(c) of the E-LT1 RFP is amended by adding the following words immediately before the semicolon appearing in Section 4.2(c):

“and the connection point and Project Site meet the requirements specified in Section 2.1(e)(iii)”.

6. Sections 4.4 and 4.5 of the E-LT1 RFP are deleted in their entirety and replaced with the following:

**“4.4 Stage 4 – Review of Proposal Price**

- (a) All of the Proposals that have passed Stage 2 and have had their Rated Criteria evaluated by the IESO in Stage 3, will have their Proposal Price submission opened

and shall be assigned to one of the following categories depending on whether the Long-Term Reliability Project is an Electricity Storage Facility:

- (i) the Non-Storage Category; or
  - (ii) the Storage Category.
- (b) Non-Storage Category
- Subject to Section 5.10(m), all Proposals in the Non-Storage Category whose Proposal Price is greater than fifty percent (50%) of the weighted average of the Proposal Price (based on Maximum Contract Capacity) of all Proposals in the Non-Storage Category will not be evaluated further and will be rejected.
- (c) Storage Category
- (i) If the CIB investment offer and price restatement process set out in Section 4.6 is being implemented, the IESO will assign all Proposals in the Storage Category to one of the following subcategories depending on whether:
    - (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**”).
  - (ii) If the CIB investment offer and price restatement process set out in Section 4.6 is not being implemented:
    - (A) subject to Section 5.10(m), all Proposals in the Storage Category whose Proposal Price is greater than forty percent (40%) of the weighted average of the Proposal Price (based on Maximum Contract Capacity) of all Proposals in the Storage Category will not be evaluated further and will be rejected; and
    - (B) all Proposals that would otherwise have been in Storage Category 2 shall be deemed to be Proposals in Storage Category 1 for purposes of the subsequent stages of Proposal evaluation.
- (d) Evaluated Proposal Price
- (i) Proposals in the Non-Storage Category and Storage Category 1, other than the Proposals rejected under Section 4.4(b) or 4.4(c)(ii)(A), shall have their Proposal Price evaluated using the Rated Criteria Points to calculate the “**Evaluated Proposal Price**”.

- (ii) The Evaluated Proposal Price, for both the Storage Category and the Non-Storage Category, shall only be used by the IESO to rank the Proposal. Such Evaluated Proposal Price shall not impact the pricing under the E-LT1 Contract, which shall be based on the Proposal Price.
- (iii) The Evaluated Proposal Price, for both the Storage Category and the Non-Storage Category will be calculated using the following formula:

<b>EPP = SP × (1 - (ECW × (S / MS)))</b>	
where:	
EPP	is the Evaluated Proposal Price (in \$ per MW per Business Day).
SP	is the Submitted Price which shall be equal to the Proposal Price (in \$ per MW per Business Day).
ECW	is the evaluation criteria weighting, which set at 0.3.
S	is equal to the total Rated Criteria Points awarded to the Proposal under Stage 3.
MS	is the maximum possible Rated Criteria Points available under Stage 3, which shall be 13 points.

- (iv) Proposals will be ranked within the Non-Storage Category and Storage Category 1 in order of their Evaluated Proposal Price, with the lowest Evaluated Proposal Price receiving the highest priority, the second lowest Evaluated Proposal Price receiving the second highest priority, and so on until all of the Proposals have been ranked according to their Evaluated Proposal Price.
- (v) The outcome of this ranking will create a preliminary list for:
  - (A) Proposals in the Non-Storage Category (the “**Non-Storage Preliminary List**”); and
  - (B) Proposals in Storage Category 1 (the “**Storage Category 1 Preliminary List**”).
- (vi) In the event of an equivalent Evaluated Proposal Price between two or more Proposals within the Non-Storage Category or Storage Category 1, the order ranking within the Non-Storage Preliminary List or the Storage Category 1 Preliminary List (as applicable) shall be determined by giving the higher ranking to the Proposal with the higher Maximum Contract Capacity and a lower ranking to the Proposal with a lower Maximum Contract Capacity.

- (vii) In the event that multiple Proposals within the Non-Storage Preliminary List or the Storage Category 1 Preliminary List (as applicable) have the same Evaluated Proposal Price and the same Maximum Contract Capacity, their order ranking will be determined by a random draw between such Proposals, which will be witnessed and documented by the Fairness Advisor.

#### 4.5 Stage 5 – Deliverability Test Results Assessment

- (a) Proposals that are included in the Non-Storage Preliminary List, the Storage Category 1 Preliminary List and the Storage Category 2 Secondary List (if applicable) will have their Deliverability Test results reviewed by the IESO in order, as required, based on their ranking within such list, commencing with the Non-Storage Preliminary List, followed by the Storage Category 1 Preliminary List and, if applicable, further followed by the Storage Category 2 Secondary List.
- (b) Each Proponent acknowledges and agrees that the Deliverability Test results are distinct from, and in addition to, any Connection Impact Assessment, System Impact Assessment or Customer Impact Assessment required pursuant to Laws and Regulations. The Deliverability Test results do not ensure the ability to connect a Long-Term Reliability Project or at any assumed cost.
- (c) If the Deliverability Test result for a Proposal on the Non-Storage Preliminary List is “Deliverable”, provided its selection would not result in an exceedance of the Proponent Group Award Limit, such Proposal will be processed and added to the “**Non-Storage Offer List**”.
- (d) If the Deliverability Test result for a Proposal on the Non-Storage Preliminary List is “Deliverable but Competing”, such Proposal will be subjected to a subsequent deliverability test, taking into consideration all Proposals already added to the Non-Storage Offer List. The results of such further assessment will be either “Deliverable” or “Not Deliverable.”
  - (i) If the result of such subsequent deliverability test is “Deliverable”, such Proposal, provided its selection would not result in an exceedance of the Proponent Group Award Limit, will be processed and added to the Non-Storage Offer List.
  - (ii) If the result of such subsequent deliverability test is “Not Deliverable” or if the selection of such Proposal would result in an exceedance of the Proponent Group Award Limit, such Proposal will not be processed further and will be removed from the Non-Storage Preliminary List.
- (e) Notwithstanding Sections 4.5(c) and Section 4.5(d), Proposals will only be added to the Non-Storage Offer List until such point where, subject to Section 5.10(1), the addition of the next Proposal from the Non-Storage Preliminary List causes the

aggregate Maximum Contract Capacity of the Proposals on the Non-Storage Offer List to exceed the Non-Storage Target Capacity. Where all of the Proposals on the Non-Storage Preliminary List have been processed and added to the Non-Storage Offer List and the Non-Storage Target Capacity exceeds the aggregate Maximum Contract Capacity of the Proposals on the Non-Storage Offer List, then the amount by which the Non-Storage Target Capacity exceeds the aggregate Maximum Contract Capacity of the Proposals on the Non-Storage Offer List shall be added to the Storage Target Capacity.

- (f) Following the process outlined in Section 4.5(e), the Deliverability Test results for Proposals on the Storage Category 1 Preliminary List will be reviewed by the IESO in order, as required, based on their ranking on the Storage Category 1 Preliminary List. If the Deliverability Test result for a Proposal on the Storage Category 1 Preliminary List is “Deliverable”, provided its selection would not result in an exceedance of the Proponent Group Award Limit, such Proposal will be processed and added to the “**Storage Category 1 Offer List**”.
- (g) If the Deliverability Test result for a Proposal on the Storage Category 1 Preliminary List is “Deliverable but Competing”, that Proposal will be subjected to a subsequent deliverability test, taking into consideration all Proposals already added to the Non-Storage Offer List and the Storage Category 1 Offer List. The results of such further assessment will be either “Deliverable” or “Not Deliverable.”
  - (i) If the result of such subsequent deliverability test is “Deliverable”, provided its selection would not result in an exceedance of the Proponent Group Award Limit, such Proposal will be processed and added to the Storage Category 1 Offer List.
  - (ii) If the result of such subsequent deliverability test is “Not Deliverable”, or if the selection of such Proposal would result in an exceedance of the Proponent Group Award Limit, such Proposal will not be processed further and will be removed from the Storage Category 1 Preliminary List.
- (h) Notwithstanding Section 4.5(f) and Section 4.5(g), Proposals will only be added to the Storage Category 1 Offer List until such point where, subject to Section 5.10(1), the addition of the next Proposal from the Storage Category 1 Preliminary List causes the aggregate Maximum Contract Capacity of the Proposals on the Storage Category 1 Offer List to exceed the Storage Target Capacity (as adjusted by Section 4.5(e), if applicable).”

7. The following is inserted as a new Section 4.6 and Section 4.7 of the E-LT1 RFP:

**“4.6 Stage 5A – CIB Investment Offer Period, Price Restatement and Deliverability Test Assessment for Storage Category 2**

- (a) If the CIB investment offer and price restatement process set out in this Section 4.6 is being implemented and the aggregate Maximum Contract Capacity of the Proposals on the Storage Category 1 Offer List does not exceed the Storage Target Capacity (as adjusted by Section 4.5(e), if applicable), the IESO will notify all Proposals in Storage Category 2 (the “**Storage Category 2 Notice**”) indicating that the Proposal is in Storage Category 2, providing information regarding the opportunity to receive an investment offer from the CIB (if eligible) and price restatement process set out in this Stage 5A
- (b) Subject to the terms and conditions to be established by the CIB, Proposals in Storage Category 2 will be eligible to receive an investment offer from the CIB in accordance with a CIB-approved and administered protocol for a period of twenty (20) Business Days from the date of the Storage Category 2 Notice (the “**CIB Investment Offer Period**”) and to submit a Revised Proposal Price to the IESO. Contact information for the CIB for purposes of the CIB Investment Offer Period and confirmation of the Revised Proposal Submission Deadline will be included in the Storage Category 2 Notice.
- (c) Proposals in Storage Category 2 that are not eligible to receive the investment offer from the CIB as contemplated in Section 4.6(b), or that elect not to accept or consider the CIB investment offer, may still submit a Revised Proposal Price to the IESO.
- (d) Where a Proponent in respect of a Proposal in Storage Category 2 elects to submit a Revised Proposal Price, the Revised Proposal Price shall be submitted on the Prescribed Form – Storage Category 2 Revised Proposal Price electronically to [LT.RFP@ieso.ca](mailto:LT.RFP@ieso.ca), prior to 3:00 P.M. (EPT) on the Revised Proposal Price Submission Deadline and such Revised Proposal Price shall replace the original Proposal Price. If a Proponent in respect of a Proposal in Storage Category 2 does not submit a Revised Proposal Price in accordance with the preceding sentence, the original Proposal Price shall be deemed to be the Revised Proposal Price for purposes of the subsequent stages of Proposal evaluation for Storage Category 2 Proposals.
- (e) Subject to Section 5.10(m), all Proposals in Storage Category 2 whose Revised Proposal Price is greater than forty percent (40%) of the weighted average of the Revised Proposal Price (based on Maximum Contract Capacity) of all Proposals in Storage Category 2 will not be evaluated further and will be rejected.
- (f) Evaluated Revised Proposal Price for Storage Category 2
  - (i) All Proposals in Storage Category 2 other than the Proposals rejected under Section 4.6(e) shall have their Revised Proposal Price evaluated using the Rated Criteria Points to calculate the “**Evaluated Revised Proposal Price**”.

- (ii) The Evaluated Revised Proposal Price for Storage Category 2 shall only be used by the IESO to rank the Proposals in Storage Category 2. Such Evaluated Revised Proposal Price shall not impact the pricing under the E-LT1 Contract, which shall be based on the Revised Proposal Price.
- (iii) The Evaluated Revised Proposal Price, for Storage Category 2 will be calculated using the following formula:

<b>ERPP = SP × (1 - (ECW × (S / MS)))</b>	
where:	
ERPP	is the Evaluated Revised Proposal Price (in \$ per MW per Business Day).
SP	is the Submitted Price which shall be equal to the Revised Proposal Price (in \$ per MW per Business Day).
ECW	is the evaluation criteria weighting, which set at 0.3.
S	is equal to the total Rated Criteria Points awarded to the Proposal under Stage 3.
MS	is the maximum possible Rated Criteria Points available under Stage 3, which shall be 13 points.

- (iv) Proposals will be ranked within Storage Category 2 in order of their Evaluated Revised Proposal Price, with the lowest Evaluated Revised Proposal Price receiving the highest priority, the second lowest Evaluated Revised Proposal Price receiving the second highest priority, and so on until all of the Proposals have been ranked according to their Evaluated Revised Proposal Price.
- (v) The outcome of this ranking will create a secondary list for Electricity Storage Facilities in Storage Category 2 (the “**Storage Category 2 Secondary List**”).
- (vi) In the event of an equivalent Evaluated Revised Proposal Price between two or more Proposals within Storage Category 2 the order ranking within the Storage Category 2 Secondary List shall be determined by giving the higher ranking to the Proposal with the higher Maximum Contract Capacity and a lower ranking to the Proposal with a lower Maximum Contract Capacity.
- (vii) In the event that multiple Proposals within the Storage Category 2 Secondary List have the same Evaluated Revised Proposal Price and the same Maximum Contract Capacity, their order ranking within the Storage Category 2 Secondary List will be determined by a random draw between

such Proposals, which will be witnessed and documented by the Fairness Advisor.

- (g) Deliverability Test Results Assessment for Storage Category 2
- (i) Following the process outlined in Section 4.6(f), the Deliverability Test results for Proposals on the Storage Category 2 Secondary List will be reviewed by the IESO in order, as required, based on their ranking on the Storage Category 2 Secondary List. If the Deliverability Test result for a Proposal on Storage Category 2 Secondary List is “Deliverable”, provided its selection would not result in an exceedance of the Proponent Group Award Limit, such Proposal will be processed and added to the “**Storage Category 2 Offer List**”.
  - (ii) If the Deliverability Test result for a Proposal on the Storage Category 2 Secondary List is “Deliverable but Competing”, that Proposal will be subjected to a subsequent deliverability test, taking into consideration all Proposals already added to the Non-Storage Offer List, the Storage Category 1 Offer List and the Storage Category 2 Offer List. The results of such further assessment will be either “Deliverable” or “Not Deliverable.”
    - (A) If the result of such subsequent deliverability test is “Deliverable”, provided its selection would not result in an exceedance of the Proponent Group Award Limit, such Proposal will be processed and added to the Storage Category 2 Offer List.
    - (B) If the result of such subsequent deliverability test is “Not Deliverable”, or if the selection of such Proposal would result in an exceedance of the Proponent Group Award Limit, such Proposal will not be processed further and will be removed from the Storage Category 2 Secondary List.
  - (iii) Notwithstanding Section 4.6(g)(i) and Section 4.6(g)(ii), Proposals will only be added to the Storage Category 2 Offer List until such point where, subject to Section 5.10(l), the addition of the next Proposal from the Storage Category 2 Secondary List causes the aggregate Maximum Contract Capacity of the Proposals on the Storage Category 1 Offer List and the Storage Category 2 Offer List to exceed the Storage Target Capacity (as adjusted by Section 4.5(e), if applicable).
- 4.7 Any Proponent whose Proposal is included on the Non-Storage Offer List, the Storage Category 1 Offer List or the Storage Category 2 Offer List shall be a “**Selected Proponent**” and shall be required to enter into an E-LT1 Contract as described in Section 2.2 in respect of the applicable Proposal(s), and to carry out the provisions of the E-LT1 Contract.”

8. The following definitions are added to Appendix A – Glossary of Terms of the E-LT1 RFP in alphabetical order:

CIB	means the Canada Infrastructure Bank.
CIB Investment Offer Period	has the meaning given to that term in Section 4.6(b).
Evaluated Proposal Price	has the meaning given to that term in Section 4.4(d)(i).
Evaluated Revised Proposal Price	has the meaning given to that term in Section 4.6(f).
Non-Storage Offer List	has the meaning given to that term in Section 4.5(c).
Non-Storage Preliminary List	has the meaning given to that term in Section 4.4(d)(v)(A).
Revised Proposal Price	means a revised value of the Fixed Capacity Payment (in \$ per MW per Business Day) submitted by the Proponent pursuant to Section 4.6(d).
Revised Proposal Price Submission Deadline	means the date which is the twenty-first (21 <sup>st</sup> ) Business Day commencing after the date of the Storage Category 2 Notice and which will be stated in the Storage Category 2 Notice for additional clarity.
Selected Proponent	has the meaning given to that term in Section 4.7.
Storage Category 1	has the meaning given to that term in Section 4.4(c)(i).
Storage Category 1 Offer List	has the meaning given to that term in Section 4.5(f).
Storage Category 1 Preliminary List	has the meaning given to that term in Section 4.4(d)(v)(B).

Storage Category 2	has the meaning given to that term in Section 4.4(c)(i).
Storage Category 2 Notice	has the meaning given to that term in Section 4.6(a).
Storage Category 2 Offer List	has the meaning given to that term in Section 4.6(g).
Storage Category 2 Secondary List	has the meaning given to that term in Section 4.6(f)(v).
Storage Threshold Price	means a confidential price threshold (in \$ per MW per Business Day) determined by the IESO and documented with the Fairness Advisor prior to the Proposal Submission Deadline.

9. The following definitions are deleted in their entirety from Appendix A – Glossary of Terms of the E-LT1 RFP:
  - (a) Non-Storage Offer List;
  - (b) Non-Storage Preliminary List;
  - (c) Selected Proponent;
  - (d) Storage Offer List; and
  - (e) Storage Preliminary List.
  
10. Section 7.1(m) of the E-LT1 Contract is deleted in its entirety and replaced with the following:
 

“(m) The statements and information contained in the Proposal in respect of the Facility are true and correct in all material respects, except to the extent consented to by the Buyer in a Facility Amendment or to the extent alteration of the Facility is otherwise permitted hereunder, and the statements and information contained in the Proposal in respect of the Supplier were true and correct in all material respects as of the Proposal Submission Deadline.”