



Long Term RFP (LT1 RFP) Frequently Asked Questions, Comments and IESO Responses

Version 3

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Document Change History

| Version | Reason For Change | Date |
|---------|--|--------------------|
| 1 | Long-Term 1 RFP Frequently Asked Questions | June 09, 2023 |
| 2 | New FAQs: 3.7, 3.8, 3.9, 3.10, 3.11,3.12 Revised answers: 1.2, 1.3, 2.1, 3.1, 3.4, 3.5 ¹ | September 11, 2023 |
| 3 | New FAQs: 3.13, 3.14, 3.15, 3.16, 3.17, 3.18, 3.19, 3.20 | September 29, 2023 |

¹ The answers to these questions have changed as new information has become available to the IESO. Certain other questions and answers have been lightly edited to correct errors in spelling or grammar; these have not been noted here.

Frequently Asked Questions

The following questions have been submitted to the IESO via a number of channels, including via the LT.RFP@ieso.ca inbox and through stakeholder engagement feedback. Capitalized terms used but not defined in this FAQ have the meaning given to them in the Market Rules, the LT1 RFP, the Deliverability Guidance Document, and the Deliverability Guidance Input Data Form.

This document will be continuously updated with questions and responses pertaining to the LT1 RFP throughout 2023.

A separate document has been for posted for Frequently Asked Questions regarding Deliverability Testing.

1. Eligibility

1.1. If a Proponent submits a project for a Deliverability Test, achieves a result of “Deliverable” and then sells the project to another Qualified Applicant, will the new party be eligible to submit that project into the LT1 RFP procurement process?

Yes, if ownership of the project is passed from one Qualified Applicant to another Qualified Applicant (either directly or through a subsidiary) and the project receives either a “Deliverable” or “Deliverable but Competing” Deliverability Test result, the new Qualified Applicant (or Persons Controlled by such Qualified Applicant) will be able to submit this project into the LT1 RFP procurement process.

1.2. Are hybrid projects eligible to participate in the LT1 RFP?

The LT1 RFP is a technology-agnostic procurement, and as such, hybrid projects are allowed in the LT1 RFP. A New Build hybrid facility comprised of a new generator that delivers electricity to battery storage equipment would be eligible to participate in the Non-Storage Category. Furthermore, an existing generator coupled with a co-located, separately connected, new Electricity Storage Facility (i.e. one that charges from the grid) would be eligible under the Storage Category, provided that the new Electricity Storage Facility meets the requirements of a New Build facility (and which, for certainty, would not constitute an Eligible Expansion).

As a note, in the latest draft LT1 RFP, the IESO has clarified the eligibility requirements and mandatory requirements to reflect the LT1 RFP’s nature as a technology-agnostic procurement. However, Proponents are reminded that any eligible facilities must be able to provide dispatchable capacity services during the Commitment Period. Additionally, the Long-Term Reliability Project must

be able to deliver a continuous amount of Electricity on a dispatchable basis for at least four (4) consecutive hours in the case of Electricity Storage Facilities, or at least eight (8) hours in the case-of Non-Storage Electricity Storage Facilities. Potential Proponents should ensure that their facility and/or technology of their project is able to satisfy these requirements before considering Proposal submission.

1.3. Can the IESO verify if Proponents who are Qualified Applicants for Small Scale LT1 Projects are eligible to also submit Proposals for Large Scale LT1 Projects?

Yes, Qualified Applicants for Small Scale LT1 Projects are eligible to submit proposals for Large Scale LT1 Projects if they meet the increased Proposal Security requirements, as set out in s. 3.6(d) of the LT1 RFP in respect of Qualified Applicants that did not meet the Large-Scale Entity Development Experience Threshold under the LT1 RFQ.

2. Contract

2.1. Would the IESO consider adding market rule protection to the LT1 contract especially due to Market Renewal?

The IESO conducted extensive stakeholder engagement on this issue in developing the E-LT1 Contract, resulting in Section 1.6 of the E-LT1 and LT1 Contracts. After additional consideration, the IESO will not be making further changes to this provision, since the LT1 Contract is a Capacity based contract, not an Energy based contract.

3. Additional Questions and Feedback Received

3.1. Municipal Support Resolutions for individual projects will be difficult to obtain with the limited time available. How is the IESO addressing this issue?

The IESO has taken this feedback into consideration and revised procurement timelines to allow for at least 2-months between Proponents receiving Deliverability Test results and the LT1 RFP Proposal Submission Deadline. Additionally, after further consideration of the written feedback received, the LT1 RFP will maintain similar Municipal Support Confirmation (MSC) provisions to those set out in the E-LT1 RFP. This will entail Rated Criteria points for projects that are able to obtain a MSC prior to the Proposal Submission Deadline, and a contractual requirement to demonstrate municipal support for a project via a Municipal Support Resolution no later than sixty (60) days after the eighteen (18) month anniversary of the Contract Date for Proposals that did not include a MSC.

3.2. Will the IESO consider delaying the LT1 Proposal submission date until after the Hydro One setback issues for BESS are finalized?

The IESO acknowledges that Hydro One is actively updating its codes and standards with regards to BESS. However, it's important to clarify that these updates fall outside of the IESO's purview. The LT1 RFP procurement process is structured to address urgent reliability needs, as detailed in our [Annual Planning Outlook](#). Therefore, the existing timelines for the LT1 RFP will remain in place to ensure that these emerging system needs are met in a timely manner.

For further inquiries about Hydro One's technical standards, the IESO recommends contacting Hydro One directly. You may also find additional information from their recent presentation on BESS Risk and Response Assessment Standard, available [here](#).

3.3. How much of the 1600 MW set aside for Storage will be directly allocated to Small Scale LT1 Projects?

The LT1 RFP is designed to address Ontario's Capacity needs. The IESO does not view a carve-out for Small-Scale LT1 Projects as an approach that would best support the province's reliability needs.

3.4. For Rated Criteria Points, is there a tool available that allows Proponents to more easily determine the number of points that will be assigned to the location of a Project Site by entering the Project Site's address?

Locational Rated Criteria points offered via the E-LT1 RFP were successful in driving projects to those areas of the province with the highest reliability need. The IESO does not see this same location specific capacity need within the timeframe of the LT1 RFP. As such, locational Rated Criteria points have been removed from the LT1 RFP.

3.5. The Canadian Infrastructure Bank (CIB) financing created a lot of uncertainty during E-LT1, will the IESO be including the CIB in the LT1 RFP?

After careful consideration and discussion with the IESO, the CIB will not be providing a standard investment product in support of the upcoming LT1 RFP in coordination with the procurement process.

3.6. The federal government will not finalize the 30% Investment Tax Credit by this Fall. As a result, will the IESO consider delaying the LT1 RFP Proposal Submission Deadline?

The IESO cannot delay the LT1 RFP procurement process, which is driven by the system reliability needs outlined in the IESO's Annual Planning Outlook.

3.7. If a Proponent were to submit a biofuel or hybrid project into the LT1 RFP, would this capacity be procured above and beyond the Storage and Non-Storage Target Capacities?

Biofuels, hybrids, and any other facility that is not an Electricity Storage Facility will be subject to the Target Capacity for the Non-Storage Category (918MW). As described in section 4.5(e), this target amount may be exceeded by 100MW in certain circumstances. Further, while the IESO has a reserved right to exceed this target amount (s. 5.10(l)), the amount of natural-gas fired generation that may be acquired by the IESO is limited by the governmental directive, which states that no more than 1500MW of natural gas-fired generation may be acquired across the E-LT1 RFP, LT1 RFP and the Same Technology Upgrades Solicitation.

3.8. Can a Proponent change the Point of Interconnection (POI) from what was submitted into the Deliverability Assessment? For context, there is no line tap or generating station between the proposed POI in the Deliverability Assessment and the revised location. The change would not have any impact on Hydro One's assessment of the project's deliverability.

The LT1 RFP requires that the Connection Point is consistent between the Deliverability Test results and the LT1 RFP Proposal. Note that the Connection Point for connection to the transmission system is defined as "the electrical point or points of connection".

However, if the project is an expansion the Proponent should also ensure that the expansion fits within the definition of "Eligible Expansion" including that where the expansion has a different connection point to the Eligible Existing Facility, the expansion is located within or adjacent to the boundaries of the Property on which the Eligible Existing Facility is located.

3.9. Why does the IESO need to procure additional gas-fired generation in the LT1 RFP?

The IESO believes a limited amount of new natural gas-fired generation is needed to ensure a reliable electricity system during a time of accelerating demand growth. In its Resource Eligibility report released in October 2022, the IESO, noted that natural gas-fired generation "provides flexibility to the system by quickly ramping up and down to meet changes in demand and augmenting the availability of other forms of generation. Natural gas generation can also support longer periods of need during extreme weather events and, as of yet, there is no like-for-like replacement. Operating a system without it requires a careful analysis of how a combination of other forms of supply can provide this level of flexibility. Given the considerable development and supply chain risk, the uncertainties around building and operating new facilities, and the potential for faster

than forecasted growth in demand, natural gas generation will help ensure reliability over this period.”

Additionally, that report identified four key risks associated with a phase out of natural gas generation:

- In the IESO’s experience, a significant portion of new generation projects experience some delay in achieving commercial operation. As such, we are seeking a diversity of resource options to mitigate this general risk;
- Supply chain delays coming out of the pandemic have had a pronounced impact on the availability of materials needed to build batteries;
- Integrating new forms of supply such as storage onto the grid will take time and experience;
- And critically, to maintain reliability, the IESO needs resources that can meet needs for at least four consecutive hours during peak times of the day. As indicated in the 2022 Annual Planning Outlook, the duration of energy needs cannot be met with storage alone.

The IESO is committed to transitioning to a reliable, affordable, and de-carbonized electricity system. However, without a limited amount of new natural gas in the near term, the IESO would be reliant on emergency actions such as conservation appeals and rotating blackouts to stabilize the grid. Therefore, the IESO has recommended, and will proceed with procuring up to 1,500 MW of new gas-fired generation across the E-LT1 and LT1 procurements, as well as the Same Technology Upgrades Solicitation.

3.10. Will the IESO accept Municipal Support Resolutions (MSR) obtained for Projects that were unsuccessful in the E-LT1 RFP? Why must MSRs be dated no earlier than February 17, 2023?

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 obtain Rated Criteria points under Section 4.3(c) of the LT1 RFP, the Proponent must submit either a **Municipal Support Resolution** or a **Blanket Municipal Support Resolution**.

A “Municipal Support Resolution” is intended to be a project and procurement-specific instrument of support by the applicable municipality(ies) – as reflected in the form attached as Schedule A to the Prescribed Form – Evidence of Municipal Support. Given that February 16, 2023 was the deadline for submission of proposals under the E-LT1 RFP, the IESO requires that Municipal Support Resolutions (which, by definition, are required to be specifically for the purposes of LT1 RFP) to be dated no

earlier than the following day in order for such an instrument to be reasonably current and directed at the LT1 RFP.

However, under the LT1 RFP a Blanket Municipal Support Resolution can be dated earlier than February 17, 2023. The definition of “Blanket Municipal Support Resolution” has recently been updated in the latest draft of the LT1 RFP to include a resolution that covers a single or multiple projects for purposes of the LT1 RFP or other procurement initiatives of the IESO that are *subsequent* to the E-LT1 RFP. So based on the updated definition of Blanket Municipal Support Resolution, a project-specific resolution that was expressly for purposes of both the E-LT1 RFP *and the LT1 RFP* (or other future procurements) would meet the definition of a Blanket Municipal Support Resolution and can be dated earlier than February 17, 2023.

3.11. Will the IESO also accept evidence of open houses that were held prior to February 17, 2023 to satisfy Community and Indigenous Engagement Plan requirements?

No. Community and Indigenous Engagement Plan requirements are separate from the requirement to obtain evidence of municipal support and must be specific to the procurement at issue. Under Section 2.1(f)(i) of the draft LT1 RFP, a Proponent is required to hold a public community meeting, as set out in its Community and Indigenous Engagement Plan and to discuss the Long-Term Reliability Project with members of the public at large, no earlier than February 17, 2023. Outreach must occur after February 17, 2023 to demonstrate current outreach on proposed Projects, specifically for the LT1 RFP.

3.12. The draft LT1 Proposal Workbook requires Proponents to provide “a description of the Facility’s treatment under the Ontario Ministry of the Environment’s “Guide to Environmental Assessment Requirements for Electricity Projects.” Are Proponents free to reach out to the Ministry of Energy to start the Class EA process prior to Contract execution?

Proponents are welcome to reach out to the Ministry of Energy with questions pertaining to Environmental Assessments earlier in the process (prior to Contract) and can send enquiries directly to:

shannon.mccabe@ontario.ca

3.13. The Period of Irrevocability in Section 3.6(f) of the LT-1 RFP Draft is 120 days from the Proposal Submission Deadline and does not align with the anticipated bid award date of June 30, 2024.

The Period of Irrevocability has been increased in the final draft of the LT1 RFP to 150 days in order to account for the December holiday period. As a result, the target date for notification to Selected Proponents is now scheduled for May 10, 2024.

3.14. Are Proponents required to have a distinct and separate Community and Indigenous Engagement Plan posted on the website (i.e., in the form of a PDF or word doc.), or can the website itself be defined as the Community & Indigenous Engagement Plan?

Section 2.1(f) of the LT1 RFP outlines the requirements for the Community and Indigenous Engagement Plan, which states that the plan requires the creation of a Project Website on which all of the documents listed in section 2.1(f)(i)(A) of the LT1 RFP must be posted.

3.15. Who should Proponents deliver a Notice for the Public Community Meeting to and what proof should be provided to the IESO as evidence of a mail drop? For context, if a Property is rented and the landowner does not reside at the address, a Proponent may need to use tax assessments to identify the owner.

Under section 2.1(f)(ii) of the LT1 RFP, a Proponent is required to deliver a notice of the public community meeting to each Property that is adjacent to the Properties that constitute the Project Site, by means of electronic mail, registered mail or courier. For clarity, the IESO has updated the language in section 2.1(f)(ii) of the LT1 RFP to state that a Proponent will be required to deliver the notice of the public community meeting to either an owner or occupant of the adjacent Properties.

In the Prescribed Form - Community Engagement Requirements, the Proponent is required to attach a copy of the letter or email correspondence. Evidence of delivery by registered mail, electronic mail or courier to the adjacent Properties would satisfy this requirement, provided that evidence of delivery to the correct addresses and timestamps proving adherence to the 15 day notice requirement have been included as part of the supporting documentation.

3.16. Would the IESO be able to share a list of Qualified Applicants who submitted Proposals for Deliverability Tests at a specific location and/or provide an indication if a solutions are available to improve the Deliverability Test result of a location when the result is "Non-Deliverable"?

The IESO notified applicants of their LT1 RFP Deliverability Test results on Monday, September 18th 2023. The IESO does not publicly share individual results but will post a summary document that contains aggregated information on the results of the LT1 RFP Deliverability Test.

3.17. As the owner of Properties on which one or more Project Sites reside, what Access Rights should I provide to the IESO? Would executing an Option Agreement for a long-term lease on the land conditional on the Proponent(s) being successful in the LT1 RFP suffice for the purposes of submission to the LT1 RFP?

If a Proponent does not directly hold title to one or more Properties included in the Project Site, the Proponent must submit, as part of the completed Prescribed Form: Access Rights Declaration, a letter addressed to the IESO that is signed by the documented title holder (or the applicable Governmental Authority, where access to such Properties are controlled by such Governmental Authority) of such Properties. The letter must state that the Proponent has: (i) the contractual right to acquire such Properties; or (ii) contractual rights to build, operate, and maintain the Long-Term Reliability Project on such Properties, if it is selected as a Selected Proponent.

As a result, if a Proponent is considering entering into an option agreement for the long-term lease of a Property included in the Project Site, they will be required to submit, with the Prescribed Form: Access Rights Declaration, a letter from the documented title holder stating that the Proponent has the contractual right to build, operate and maintain the Project, if they are a Selected Proponent.

3.18. The IESO should expand the language in Section 4.1 – Completeness Requirements of the LT1 RFP to allow for a rectification period (i.e. 10 days) during which the IESO evaluation team can request clarification and/or additional information from Proponents to rectify and perceived technical issues with their bids and to ensure that all Proposals are fully considered on their merit.

The IESO has designed its LT1 RFP requirements, Prescribed Forms and Proposal evaluation process in a manner that does not seek to disqualify Proposals for minor administrative oversight, manifest error or other non-material deficiency in a submitted Prescribed Form (such as missing dates, names, signatures or obvious minor typographical errors), while always applying a measure of materiality in its review of the satisfaction of mandatory requirements. This concept of materiality as it relates to compliance with Proposal submission requirements has been reinforced in the updated drafting of Section 3.6 of the final LT1 RFP and is consistent with the approach the IESO has previously used and will use in Proposal evaluation under the LT1 RFP.

The consideration by the IESO's independent evaluation team of whether a Proposal submission satisfies the specified requirements in the LT1 RFP in all material respects, paired with the current rectification rights outlined in Section 4.1 of the LT1 RFP, are meant to address issues that do not reflect a failure to satisfy the material substance of the applicable requirement of the LT1 RFP, while seeking to ensure robust competition through broad participation. For instance, where a Proponent has not submitted a Prescribed Form at all, has not submitted the evidence that is required to be

attached to the Prescribed Form, or has submitted materials that do not materially satisfy the requirements of a Prescribed Form, allowing for the submittal of that information or material after the Proposal Submission Deadline could constitute bid repair, for which the IESO could be responsible to unsuccessful proponents under Canadian procurement law. Furthermore, the IESO found that the limitations of Section 4.1 of the E-LT1 RFP did not create a significant obstacle to the vast majority of Proponents in the E-LT1 RFP process. As referenced in the Fairness Advisor's [report](#) on the E-LT1 RFP, only 3 out of 44 Proposals submitted in the E-LT1 RFP were disqualified at the Stage 1 completeness stage, in each case by virtue of failing to provide the required form of proposal security, and only a further 2 were unable to satisfy the stage 2 Mandatory Requirements on account of a substantive deficiency in a Prescribed Form. In these cases, an open rectification period, similar to that being requested by certain stakeholders, would likely have constituted bid-repair, as it would have required the submission of new materials not included in the original submissions and that were material to the requirements of the E-LT1 RFP.

In highly competitive procurements such as in the IESO's current resource adequacy procurements, the IESO must balance the risks of disqualifying Proposals that could have met the requirements of the procurement with the risks that measures or processes that allow corrections or additions to Proposal submissions could constitute substantive bid repair that unfairly prejudices other Proponents.

3.19. What amount of Proposal Security is required for Proposals that are an Eligible Expansion Project?

A Proponent in respect of an Eligible Expansion project is required to submit Proposal Security in the amount of \$40,000/MW of the proposed Maximum Contract Capacity for a Proposal in response of a Large-Scale LT1 Project, or \$30,000/MW of the proposed Maximum Contract Capacity for a Proposal in respect of a Small-Scale LT1 Project. See section 3.6(d)(ii) of the LT1 RFP, which has been updated to clarify this requirement.

3.20. Where a Proponent is owned by multiple Indigenous Communities, is an Indigenous Community that holds less than a 10% Economic Interest in the Proponent eligible to be included in the Proponent Indigenous Participation Level, in order to make the project eligible for Rated Criteria Points under section 4.3(a) of the LT1 RFP?

Rated Criteria Points for Indigenous participation may be awarded under the LT1 RFP where a Proponent is owned by multiple Indigenous Communities (including indirectly through an Indigenous-owned development or holding company). The final version of the LT1 RFP includes clarification on

this point, including a new definition of “Indigenous Holding Vehicle”, and clarification on the Economic Interest in the Proponent that is required to be held by such a vehicle.

Under section 4.3(a) of the LT1 RFP, Rated Criteria Points will be awarded where the Proponent Indigenous Participation Level meets the threshold amounts. The final version of the LT1 RFP clarifies that the Proponent Indigenous Participation Level is the Economic Interest in the Proponent that is held by one or more Indigenous Communities or Indigenous Holding Vehicles, that each hold at least 10% of the Proponent’s total Economic Interest. An Indigenous Holding Vehicle is defined as a Person, other than a natural Person, where the Economic Interest in such Person is held, directly or indirectly, solely by one or more Indigenous Communities. As such, where an Indigenous Community holds an Economic Interest in a Proponent through its holdings in an Holding Vehicle, the Economic Interest of that individual Indigenous Community in the Proponent is not required to be at least 10% in order for the Economic Interest of the Indigenous Holding Vehicle (which must be at least 10%) to be included in the Indigenous Participation Level.

Consistent with previous drafts of the LT1 RFP, in order to establish a connection between the Economic Interest in the Proponent held by an Indigenous Community and the location of the Project Site, to be awarded Rated Criteria Points under section 4.3(b) of the LT1 RFP, the Economic Interest in the Proponent of the Indigenous Community that provides the attestation (including if its Economic Interest in the Proponent is held through an Indigenous Holding Vehicle) must be at least 10%.