

SEPTEMBER 15, 2022

Same Technology Upgrades Solicitation

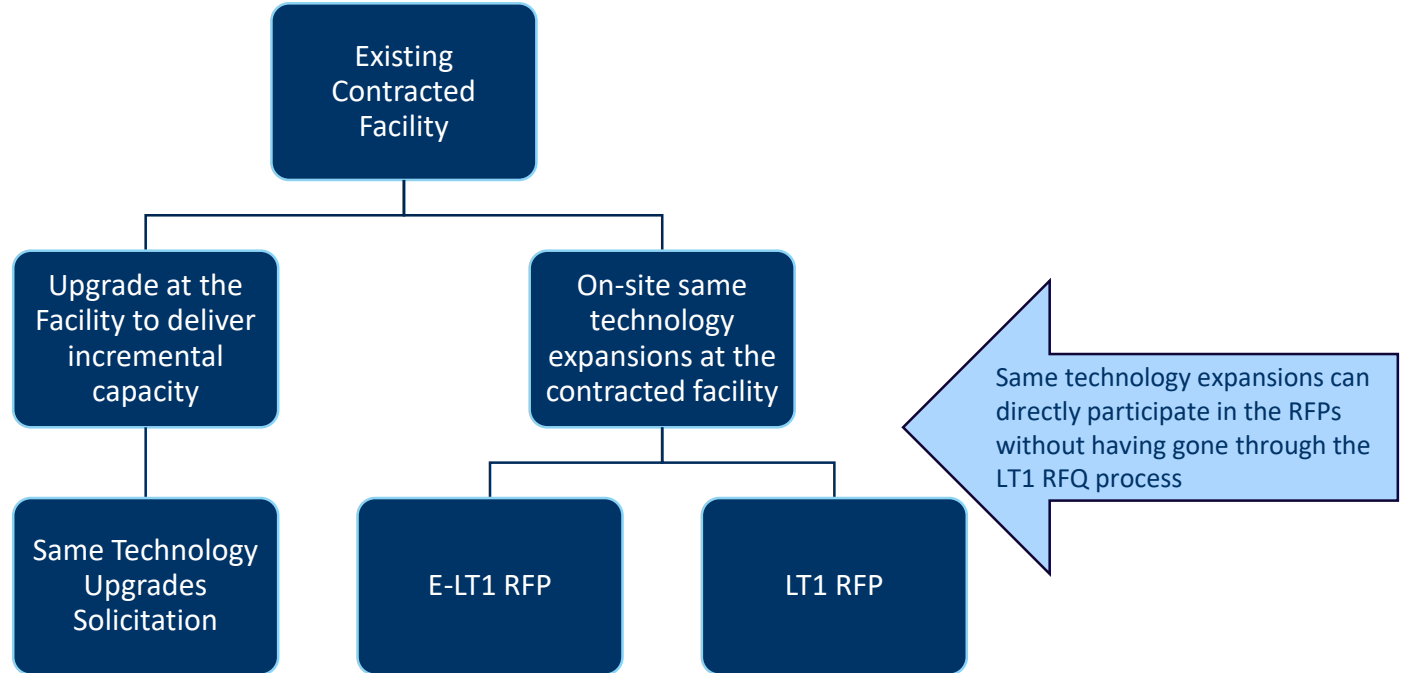
Purpose

- Focus of discussion will be on the Same Technology Upgrades Solicitation document
 - Key aspects of framework including eligibility, submission and evaluation
 - Further detail is outlined in the Call For Submissions document posted; this document will continue to evolve and be refined in consultation with stakeholders
- We will also provide additional details regarding Expansions eligibility and participation in the E-LT1 RFP



Recap - Same Technology Upgrades and Expansions

Upgrades and Expansions at Existing Facilities



Upgrades and Expansions

	Upgrade	Expansion
Mechanism	Same Technology Upgrades Solicitation	E-LT1 RFP
Supplier Eligibility	IESO capacity-style contract in good standing, and have not been offered a new contract within the past two years.	IESO contract in good standing, and not have been offered a new contract within the past two years
Project Eligibility	<p>Increase the registered maximum continuous ratings of the facility</p> <p>Does not involve new generation equipment that could be separately metered (unless replacing an existing generation unit).</p> <p>Must be dispatchable with min. 8-hour load following capability</p> <p>Project must participate in the Deliverability process and receive a result of 'Deliverable' or 'Deliverable but Competing'</p>	<p>Separately-metered generation expansion at existing contracted facility or on-site expansion at the same connection point as the existing facility.</p> <p>Project must be of the same fuel/technology type of existing facility</p> <p>Project must participate in the Deliverability process and receive a result of 'Deliverable' or 'Deliverable but Competing'</p> <p>Other requirements pursuant to E-LT1 RFP</p>
Evaluation Approach	<ul style="list-style-type: none">-Reasonability of cost and value to ratepayers-MW amount of capacity in upgrade submission-Readiness of project based on description in submission-Other factors as IESO considers relevant	Proposals to be evaluated alongside all other proposals from Qualified Applicants pursuant to the E-LT1 RFP
Contracting Approach	Prescribed revisions to the existing contract will be implemented for Submissions which pass the final evaluation stage (Stage 3)	Pursuant to the E-LT1 RFP and E-LT1 contract



Same Technology Upgrades Solicitation

Overview of the Upgrades Solicitation

- Process to contract new incremental capacity from an existing contracted facility
 - Process is not a Procurement or Tender, but rather a Solicitation of firm offers based on defined criteria to amend existing contracts
- Incremental capacity must be from an upgrade to the facility (for clarity, existing uncontracted/merchant capacity is not eligible)
- The IESO may engage with Suppliers who are deemed Eligible and whose submissions satisfy a list of given criteria, including using a Permitted Upgrade and satisfying Mandatory Criteria
- The next slides clarify these terms and outline the steps in the solicitation process

Permitted Upgrades

- Uses substantially the same technology and fuel type as the existing contracted facility
- Is made to a facility that is dispatchable (i.e. it must be able to follow Dispatch Instructions) for a minimum of **8 hours**
- Is expected to be in service by May 1, 2025 but no later than May 1, 2026

Mandatory Criteria

Each Submission shall pertain to a facility that:

- Has an existing capacity-style contract in good standing
- Is designated as “Deliverable” or “Deliverable But Competing” during the Deliverability Test process for the proposed upgrade
- Has not had a contract offer in the preceding 24 months

Content of Submissions

- Propose and describe an upgrade which will directly result in increased capacity (the **Uprate Capacity**). The increased capacity will be based on the facility's registered Maximum Continuous Ratings (summer/winter MCRs). The Uprate Capacity must be incremental to both existing Contract Capacity and any existing merchant capacity.
- Propose a Net Revenue Requirement (NRR) for the upgrade (the **Upgrade NRR**) and provide the rationale for how it was derived.
- The original NRR in the contract will be adjusted after averaging it with the Upgrade NRR (on a pro rata MW basis) after the upgrade is completed.

Content of Submissions cont'd

- Suppliers with contract expiry before Dec 31, 2032 may also include an alternate proposal (the **Extension Proposal**) which contains an **Alternative NRR** that reflects the previous Upgrade NRR + any NRR associated with a contract extension to April 30, 2035.
- The Alternative NRR would be applicable from the completion of the Permitted Upgrade until the end of the extended term (this would replace the existing NRR rather than be blended with the existing NRR)

IESO Evaluation Priorities

Upgrade proposals considered individually and on the basis of:

- Reasonableness of cost and ratepayer value (which may consider recent procurements and market mechanisms such as the Capacity Auction)
- Evidence in the description of the upgrade (including outage requirements) which demonstrates and supports readiness and a plan to implement the upgrade within the timelines required
- MW size (see next slide)
- Any other factors considered relevant by IESO

IESO Evaluation Priorities cont'd

- IESO will also consider the cost and resources required to finalize a contract amendment relative to the size of the upgrade.
- The following is guidance to inform minimum MW upgrade submissions:
 - 1 MW for a Qualified Facility with an Annual Average Contract Capacity of less than 10 MW;
 - 10% for a Qualified Facility with an Annual Average Contract Capacity between 10 MW and 400 MW;
 - 40 MW for a Qualified Facility with an Annual Average Contract Capacity greater than 400 MW.

Submission Review Stages

- Stage 1 - Completeness of Submission including meeting Mandatory Criteria
- Stage 2 - Determination by IESO of whether to pursue a Submission based on IESO priorities
- Stage 3 - Enter into contract amendment process with Supplier reflecting either an adjusted NRR or an Alternative NRR, as applicable
- Other amendments may also be made in Stage 3 including:
 - Performance obligations, milestones to complete and verify the Uprate Capacity of the upgrade, changes to Capacity Check Test Protocol, changes to the Metering Plan
 - Requirement for enhanced Performance Security
- Suppliers will be provided with limited contractual relief for the purpose of taking an Outage to complete the Uprate Capacity

Same-Technology Upgrade Solicitation: *Proposed Schedule*

Milestone	Date
Deliverability Assessment Submission	August 30, 2022
Draft Solicitation Document Posted	September 2, 2022
Final Solicitation Documents Posted	November 1, 2022
Deliverability Test Results	November 30, 2022
Upgrade Solicitation Submission	December 20, 2022
Notification of Advancement to Stage 3	January 31, 2023

Next Steps

- IESO will post more detailed and refined drafts of the Same Technology Upgrades Solicitation document including:
 - An overview of contract amendments
 - Submission requirements/prescribed forms
- IESO also welcomes any written feedback and/or direct meetings with interested Suppliers to discuss proposals and the solicitations framework