

# Feedback Form

## Long-Term 2 (LT2) RFP – February 15, 2024

### Feedback Provided by:

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To promote transparency, feedback submitted will be posted on the Long-Term RFP engagement page unless otherwise requested by the sender. If you wish to provide confidential feedback, please mark "Confidential".

Following the LT2 RFP February 1, 2024, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on specific items discussed during the webinar. The webinar presentation and recording can be accessed from the [engagement web page](#).

**Please submit feedback to [engagement@ieso.ca](mailto:engagement@ieso.ca) by February 15, 2024.**

## Revenue Model

Topic	Feedback
<p>Do you have any additional comments regarding the revenue model, particularly with regards to the following: Deeming energy market revenues based on real-time locational marginal prices (LMP), as opposed to the IESO's recommendation of basing this on the day-ahead LMP. (Slides 19-21)</p> <ul style="list-style-type: none"> <li>The optionality of using either a simple average day-ahead price or weighted average LMP, with the latter including hours where the resource was scheduled day-ahead in a given month. (Slides 22-23)</li> <li>Including monthly production factors that on average equate to the annual production factor, in order to further account for seasonality. (Slides 24-26)</li> </ul>	<p>PUI supports: (1) the use of DA LMP rather than real-time pricing; (2) the use of a simple average DA price rather than a weighted average LMP; and (3) the incorporation of monthly Production Factors rather than the annual Production Factor in calculating the monthly Deemed Revenue as this approach aligns with the actual expected monthly production and revenue profile of our waterpower facilities while providing an incentive to operate in accordance with market signals. Similarly, this approach aligns well with solar facilities where seasonal production varies significantly.</p>

## DERs

Topic	Any
<p>Do you have any comments regarding eligibility requirements for DERs of other general comments?</p>	<p>DERs can make a significant contribution toward the IESO's target energy requirements and the IESO should establish program rules that help facilitate their participation in the LT2 program. Proponents of these projects will need clarity on what market participation will entail, including options to be self-scheduling and/or to aggregate facilities, well in advance of bid submission to determine what additional costs and risks need to be factored in to the determination of bid price.</p>

## Capacity Resources

Topic	Feedback
<p>Do you have any comments regarding considerations for acquiring additional capacity resources, and utilizing a multi-stream approach (energy and capacity streams)?</p>	<p>PUI has some concerns regarding the multi-stream approach being utilized by the IESO to procure capacity and energy through independent procurement processes as this approach: (1) discounts the value of some technologies such as waterpower that can provide both energy and capacity, as well as reliability services; (2) discourages hybridization of intermittent non-emitting resources; (3) does not optimize the use of distribution and transmission system capacity.</p> <p>WRT to the last item, optimizing the integration of new generation into the existing power system will become increasingly important to meet demand growth and minimize costly grid expansion. The allocation of grid capacity to either a capacity only facility (i.e. energy storage) or an energy only facility (i.e. wind or solar) results in an inefficient use of the existing power system. The IESO should be establishing programs that seek to optimize the use of the grid such as a standard offer program to add new capacity through hybridization of existing intermittent non-emitting generation. Such a program would optimize existing grid capacity allocation and grid connection infrastructure (i.e. substations, tap lines, transfer trip provisions, etc.), would have a streamlined regulatory approvals process, and could be implemented cost-effectively and efficiently.</p>

LT2 Deliverability

Topic	Feedback
<p>Do you have any comments on early deliverability data and evaluation stage deliverability?</p>	<p>PUI recommends that the IESO provide as much data and information on existing and planned/probable deliverability as soon as possible recognizing that this aspect of project development is a significant risk. In the absence of such clarity, developers may be reluctant to expend funds to advance the development of projects prior to bid submission, resulting in additional risk and higher bid prices.</p>

## Repowering

Topic	Feedback
Do you have any comments around repowering participation?	<p>PUI fully supports the participation of repowering facilities in the LT2 and subsequent LT procurements. Eligible facilities that propose repowering should not be required to have a 20% capacity increase as the capacity may be constrained by the available grid connection capacity or by applicable regulatory requirements.</p> <p>PUI supports the OWA position that the IESO adopt the criteria for “repowering” (i.e. redevelopment) of waterpower facilities that are articulated in policy and procedure to support the Gross Revenue Charge (GRC) with respect to water rentals. In essence, redevelopments are treated the same as new greenfield development under the GRC. PUI recommends that both redeveloped and new waterpower projects be provided with forty (40) year contracts through LT2.</p>

## Long Lead-Time Resources

Topic	Feedback
Do you have any comments on enabling long-lead time resources?	PUI supports the establishment of a separate procurement stream for long-lead time resources such as waterpower. Waterpower facilities are unique in that they can provide capacity, energy, and reliability services, and long-term value to customers. PUI anticipates that it will have several long-lead time projects participating in the LT2 program.

## General Comments/Feedback

PUI believes that there are opportunities to repower, expand, or upgrade existing contracted facilities that could assist the IESO in achieving its procurement targets in a timely and efficient manner, however this approach may require migration to a new LT2 contract prior to expiry of the existing contract. Alternatively, a bridge contract may be required from the date following expiry of the existing contract until the LT2 contract takes effect following completion of the facility repowering, expansion, or upgrade. PUI recommends that the IESO include flexible provisions to encourage and facilitate a significant participation of repowering, expansions, and upgrades of existing facilities.