

# Feedback Form

## Long-Term 2 (LT2) RFP – April 4, 2024

### Feedback Provided by:

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Date: April 23, 2024

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 April 4, 2024, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the 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 April 23, 2024.**

## Enhanced Power Purchase Agreement (E-PPA) Revenue Model: Proposed Modifications

Topic	Feedback
Do you have any comments regarding use of monthly production factors for the calculation of deemed energy revenues?	CanREA and its members support this design change.
Do you have any comments regarding use of the Forecasted Weighted Average Price (FWAP)?	CanREA and its members support this design change in general, but would like the IESO to provide the detailed FWAP formula for sector review.
Do you have any comments or suggestions on further mitigating perceived risks associated with VG participation in the DAM?	<p>The IESO DA Centralized Forecast is not particularly accurate, and because of this, some VG facilities may offer less in the DAM to mitigate two-settlement risk. If the centralized forecast were much more accurate, Day-Ahead to Real-Time (DART) risk would be significantly reduced.</p> <p>We recommend that the IESO commits to continuously improve and update its centralized forecast and communicates its plans to the sector in this regard.</p> <p>Due to the fact that market renewal is yet to be launched, proponents do not have historical information to draw upon to know what the DA to RT price spread will be. It is challenging to draw upon US two-settlement market data and experience because in those markets load-serving entities bid the load quantity, while in Ontario the IESO bids the load quantity. The renewed Ontario market is unique in this respect and market outcomes are unknown.</p> <p>We recommend that the IESO develop a 'middle path' risk-sharing contract mechanism to balance DART risk between proponents and the IESO.</p> <p>Further, we recommend that the IESO provide proponents with the choice to (a) deem revenues under such risk-sharing mechanism or (b) deem based on the DA price without the risk-sharing mechanism.</p>

### LT2 RFP & Contract: Key Provisions

Topic	Feedback
Do you have any comments regarding the use of minimum production factors during proposal evaluation?	No comment

Topic	Feedback
Do you have any comments regarding the application of the non-performance charge?	<p>We would like the IESO to provide more information on financial penalties for sector review, including how outages and/or curtailments factor into this calculation.</p> <p>CanREA submits that a non-performance charge for suppliers that are not able to produce <b>80% or more</b> of their annual production factor over a rolling three-year basis is more reasonable than 85%, and aligns with practices in other jurisdictions, such as New York.</p> <p>Further, for smaller facilities, performance minimums and event of default minimums should be tiered with more flexibility given to smaller projects. For example, a ten turbine wind facility with a critical event of defect could knock out two turbines and thus eliminate 20% of production.</p>
Do you have any comments regarding the treatment of outages under the LT2 Contract?	No comment
Do you have any comments regarding the payback of Deemed Market Revenues greater than the Monthly Revenue Requirement?	CanREA seeks more information to fully understand this design proposal.

MT2 RFP

Topic	Feedback
<p>Do you have any comments regarding the IESO’s considerations on the MT2 RFP, including timing, eligibility, and the interplay between repowering and the MT2 and LT2 RFPs?</p>	<p>CanREA supports advancing the MT2 RFP to 2024/2025, to be run in a coordinated fashion with the LT2 RFP, providing existing asset owners with the opportunity to continue operations via the MT2 RFP, or if they so desire, seek repowering opportunities for the LT2 RFP.</p> <p>CanREA supports allowing existing facilities to submit contingent bids into the two procurements (MT2 and LT2).</p> <p>CanREA continues to seek clarity regarding how all this ties together, including:</p> <ul style="list-style-type: none"> <li>• Existing renewable generation facilities coming off contract in 2026-29, who have to make investment decisions now (or soon);</li> <li>• Bridging – how, when decided, any different considerations if bridging to LT2 vs MT2; and</li> <li>• Criteria to guide eligibility for LT2 and MT2, including considerations for existing facilities coming off contract.</li> </ul>

#### Long Lead Time Resources

Topic	Feedback
<p>Do you have any comments regarding the IESO’s considerations on Long Lead Time Resources, including timing, eligibility, targets, and term?</p>	<p>No comment</p>

### General Comments/Feedback

CanREA recommends that the IESO implement 25 or 30-year contract lengths for the LT2 RFP. This would reduce contract prices, align with the useful lifespan of wind and solar facilities, help Ontario to remain competitive with other jurisdictions which offer the same contract lengths, and continue to support Ontario’s clean energy advantage and economic growth.