

# Feedback Form

## Long-Term RFP – March 10, 2022

### Feedback Provided by:

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Following the March 10<sup>th</sup> public webinar on the Long-Term RFP, the Independent Electricity System Operator (IESO) is seeking feedback from participants on a variety of elements to help further inform the draft RFP and Contract, including: term length, revenue streams, deliverability process and Draft RFQ.

The referenced presentation can be found on the [Long-Term RFP webpage](#).

Please provide feedback by March 17, 2022 to [engagement@ieso.ca](mailto:engagement@ieso.ca).

Please use subject header: **Long-Term RFP**. To promote transparency, this feedback will be posted on the [Long-Term RFP webpage](#) unless otherwise requested by the sender.

The IESO will work to consider and incorporate comments as appropriate and post responses on the webpage.

Thank you for your contribution.

## Term Length

Topic	Feedback
Does the revised, 15-year term length provide stakeholders with sufficient certainty for project financing and development?	<p>Enbridge appreciates IESO's consideration of the challenges related to securing project finance for shorter term contracts. IESO's proposed 15-year term, with up to 17 years if proponents can reach commercial operation in 2025, will help developers to see projects through to operation.</p> <p>However, we submit that permitting and development is challenging in Ontario, as compared to other provinces and states, which will make a 2025 operational date very challenging for most resources. We further note that other Canadian jurisdictions, against which Ontario is competing for investment, typically offer 20-30-year terms.</p> <p>The move to 15-year terms is an important evolution of IESO's proposed RFP structure, but we urge IESO to continue considering 20-year terms during its ongoing consultation work.</p>

## Revenue Streams

Topic	Feedback
<p>Are stakeholders supportive of the high level approach for additional revenue streams, discussed in slides 26-28?</p>	<p>Enbridge supports exploring revenue options for proponents that are above the capacity-only structure initially proposed. We appreciate IESO's consideration of the barriers to securing financing based on UCAP-only.</p> <p>In considering potential models for UCAP+Energy Market Hedge and/or Bundled CfD, we submit IESO should opt for the lesser complicated model(s) where possible. There is already considerable uncertainty in Ontario due to the lack of a robust merchant market (hybrid) and the ongoing, open MRP process.</p> <p>We submit that the revenue options should be based on clear mechanisms that can be reliably forecast in this uncertain environment, to minimize the risk proponents have to price into their bid rates. For example, a straight-forward bundled CfD approach could help minimize uncertainty.</p>
<p>Does an option with a capacity payment and energy market hedge provide stakeholders with sufficient certainty?</p>	<p>It could potentially provide needed certainty. However, this will depend on the structure of the energy hedge, its complexity, how it is applied and against what value, etc.</p> <p>As these details are considered, we submit that the more IESO can build clarity and predictability into the mechanisms, the less risk proponents will have to incorporate into bid values, which will result in lower costs for ratepayers.</p>
<p>Do stakeholders believe that the high level revenue stream option supports efficient market operation? Are there additional considerations that could help support energy market efficiency?</p>	

## Deliverability Process

Topic	Feedback
Do stakeholders have any comments on the deliverability process laid out on slides 34-36?	We request that IESO provide additional detail on how storage and hybrid systems that participate in the RFP will be considered under the deliverability assessment.
Does the general timing of the proposed deliverability process (i.e., a deliverability assessment window prior to proposal submission) provide stakeholders with enough clarity on the deliverability of their proposed project?	We agree that the sequence of actions is reasonable, i.e., that proponents would not be expected to approach LDCs until they know whether they are eligible to participate in the RFP. However, without timing details on the interval between RFQ decisions and RFP submission dates, we are uncertain as to whether all the reviews can be completed in time, e.g., is it possible that proponents could be prevented from participating in the RFP because of time constraints related to completing this requirement? The deliverability process should be built to minimize the likelihood of that possibility.

## Draft RFQ

Topic	Feedback
<p>Do stakeholders have any general comments on the draft RFQ as discussed on slides 37-46?</p> <p><i>Please note that specific draft RFQ feedback is requested on the feedback form sent alongside the draft RFQ on February 28.</i></p>	We will provide comments on the RFQ separately.

## General Comments/Feedback

Enbridge appreciates IESO's ongoing engagement on, and consideration of, the key issues under this RFP, including its extending the term to a minimum 15 years and deciding to seek more than a UCAP-based product under the procurement. We submit that these changes help improve the financing and development outlook and will help more resources compete.

We further appreciate IESO providing a potential models for us to review and provide input on. Both models – the UCAP+Energy Hedge and the Bundled CfD – could provide needed certainty to participate in the RFP, secure financing, and bring projects successfully to operation. The key will be to minimize introduction of unnecessary complexity and related risks into either model.

## Context and product(s)

Enbridge is an active energy infrastructure owner and operator in Ontario, including our liquids pipelines, gas utility, and eight renewable energy projects. We are proud to have such robust operations in the province, but our experience is that Ontario faces a few challenges that present inherent risk to developers that may not be present to the same degree in other jurisdictions and which IESO cannot eliminate.

For example, while we appreciate IESO is working diligently on open consultations, they are important processes that cannot (and should not) be rushed. MRP consultations are ongoing and the new market design will not take effect until many months after the RFP bids will be due. As a result, there is – and will be at the time of bidding – considerable market design uncertainty, including questions as to the robustness of the merchant market and to what degree, and in what way(s), that will change post-MRP implementation. The power storage consultation is also ongoing and will not take effect until after RFP bids are due. And, it is currently unclear if or in what way environmental attributes will generate revenue and/or be valued, the resolution of which questions we understand rely in part on Federal policies. Ontario is also a challenging place to permit energy projects, adding development and timing risk to every project proposal.

In the context of these unavoidable uncertainties, we submit that the product(s) IESO seeks under this procurement should attempt to minimize introducing further unknowns. This could be achieved via longer terms and more straightforward bundled CfD products, and would result in more competitive interest and lower rates.

## Broadening eligible participants

We submit IESO is likely to see best results under this procurement when there is increased competition. This could be helped by including repowered (or “Redeveloped” under the RFQ) projects and project expansions as eligible to participate in the RFP. Many existing renewable energy projects are nearing the end of their 20-year contracts (or will be in 2027) and are currently nearing decision timeframes for post-contract operations/decommissioning. Allowing redeveloped projects and expansions to participate in the auction could help ensure that existing supply stays online well beyond the contract expiries in late-20s/early-30s, and could help lower Ontario rates. These projects are also the most likely to meet the 2027 operational deadline given their existing footprint, interconnection, and other civil work. IESO has always said “at least 1GW” in its procurement plans, so it could increase the amount being sought under the RFP while still benefiting from the increased competition.

## Requirements to participate

We request that IESO provide more detail on why it has determined the four-hour production duration requirement is necessary. We submit that requiring this as a mandatory requirement, instead of a rated criteria could prevent some proponents from participating and/or will incentivize inefficient inclusions of power storage technologies that may not otherwise be required to meet demand.

## Permitting

As noted above, permitting and development in Ontario is challenging. We submit that some of the uncertainty for proponents is related to meeting deadlines. We suggest that IESO engage with other permitting and regulatory agencies to help ensure that proponents can feasibly meet the timelines proposed in the long-term RFP.