

Feedback Form

Long-Term RFP – March 10, 2022

Feedback Provided by:

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Following the March 10th 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.

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?	Yes, we are supportive of the revised 15-year term. A longer 20-year term is preferred.

Revenue Streams

Topic	Feedback
Are stakeholders supportive of the high level approach for additional revenue streams, discussed in slides 26-28?	<p data-bbox="938 541 1520 699">In general, we are supportive, however, more detail needs to be shared to determine whether the IESO proposal will work for energy storage resources.</p> <p data-bbox="938 741 1520 1014">Value-stacking and additional revenue streams (including environmental attributes) can enable projects to deliver the greatest benefits to ratepayers. We are supportive of enabling storage resources to maximize load and generation flexibility within the Ontario market.</p>

Does an option with a capacity payment and energy market hedge provide stakeholders with sufficient certainty?

Further information regarding the mechanics of the market hedge are needed, but in general we are supportive of this approach and feel it will give proponents greater confidence.

The load-side flexibility and benefits of energy storage resources appear to still be undervalued. In addition, the uncertainty around energy storage resources' operating costs including regulatory charges and uplifts, demand charges, global adjustment etc. far into the future creates further uncertainty. Given projects will be designed and configured to deliver capacity and benefit the system, we feel LT RFP storage resources should be considered for favourable regulatory exemptions that do not unfairly penalize them.

For example, IESO could explore an energy storage-specific rate class for these resources, knowing there is a low-likelihood they will charge onpeak and their load profile is very different from a standard industrial load. Energy storage resources could also be exempt from setting a Class B Global Adjustment (GA) baseline over a 1-2 year period, enabling them to immediately participate in the ICI program as a Class A customer and delivering more benefits sooner.

We also request IESO consider a capital cost adjustment mechanism / hedge in the RFP to account for fluctuations in applicable raw materials and commodity prices between the RFP submission and in-service period. Doing so would enable energy storage proponents to present the most competitive pricing for ratepayers and reduce contingency associated with price volatility.

Topic	Feedback
<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>	<p>We feel the load & generation flexibility benefits of energy storage are not necessarily properly factored, in addition to energy / charging costs that energy storage technologies must pay that do not necessarily align with most efficient market operation.</p> <p>We recommend the IESO consider structuring the scoring matrix to favour lowest-cost solutions, together with highest-performance resources over the project life. Ramp rates, availability, pay-for-performance metrics and other measures can be used to create favourable price signals for fast-responding resources. We believe the IESO should contemplate the use of such metrics in assessing bids in this RFP together with creating new services / programs that incent high-performance technology through Market Renewal.</p>

Deliverability Process

Topic	Feedback
<p>Do stakeholders have any comments on the deliverability process laid out on slides 34-36?</p>	
<p>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?</p>	<p>This will depend on how far in advance the deliverability assessment will be provided and what the LT RFP requirements will be for site-specific information. Proponents may not be willing to invest in the site-specific aspects of their proposals until they know there are no deliverability issues.</p>

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>	<p>If the BTM exclusion in Section 3 of the RFQ were to be removed or changed, we would request that a portfolio of residential distributed energy resources (DERs) should be able to participate in aggregate too as a virtual power plant (VPP). For example, 10,000 home batteries (together with solar and or electric vehicles) should have the same opportunity to participate in this RFP as one or more BTM industrial battery projects presently doing ICI.</p> <p>Residential home batteries can be deployed rapidly (which achieves an objective of this RFP) while delivering various additional benefits directly to homeowners (ie. reliability at the customer level), and enable overall lower-cost solutions.</p>

General Comments/Feedback

Please refer to our detailed RFQ feedback form.

Indigenous Engagement & Site Access: The IESO should include thorough Indigenous engagement and community stakeholdering requirements for proponents, to ensure adequate community participation and ownership in energy projects. Further, the IESO should ensure proponents have adequate site access for projects.

Raw materials and commodity price indexing: NRStor requests IESO consider a capital cost adjustment mechanism in the RFP to account for fluctuations in applicable raw materials and commodity prices between the RFP submission and in-service period. Doing so would enable energy storage proponents to present the most competitive pricing for ratepayers and reduce contingency associated with price volatility.

Regulatory Risk: There is continued uncertainty over the treatment of demand charges, regulatory charges and uplifts, energy charges, etc. for energy storage resources in Ontario. Could the IESO please provide clarity on how energy storage proponents should factor these costs into their submissions? If the IESO were to make these costs a pass-through it would reduce the need for proponents to build contingency into their submissions, especially given the difficulty projecting these costs far into the future. Would the IESO consider making these applicable costs from Hydro One and or LDCs a pass-through under the contract term?