

Feedback Form

Draft Long-Term RFQ – Posted February 28, 2022

Feedback Provided by:

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Date: 3-30-2022

The Independent Electricity System Operator (IESO) is seeking feedback from participants on the draft Long-Term Request for Qualifications (LT1 RFQ). The LT 1 RFQ will seek to ensure that interested parties have the capability to undertake project development for the LT1 RFP and will seek to evaluate applicants both on corporate experience and employee experience.

The draft LT1 RFQ can be found on the [Long-Term RFP webpage](#).

Please provide feedback by March 31, 2022 to engagement@ieso.ca.

Please use subject header: ***Draft Long-Term 1 RFQ***. 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.

Draft LT 1 RFQ

Topic/ RFQ Section

Feedback

Qualification Submission

Qualification Submission Fee / Section 2.7 (b)(i)

Mandatory Requirements for Large-Scale LT1 Projects

Large-Scale Entity Development Experience / Section 3.2 (a)(i)

3.2 (a) (i) (A) → Hydrostor recommends that the number of projects owned and controlled should be reduced to one (1). The RFP currently limits the opportunity for emerging technologies and developers that have successfully demonstrated a pilot project in Ontario. We do not believe that it is the intention of the IESO to limit developers or emerging technologies that can provide significant cost benefits to the ratepayers of Ontario and grid reliability through a longer duration to be exempt due to this requirement. Hydrostor is successfully developing over 1 GW of projects with a minimum of 8 hours of storage across California in the United States and New South Wales in Australia without having to meet such a requirement. We strongly believe the experience of the developer's development team (either internally or externally) should be adequate enough to satisfy the IESO's requirement for experience.

3.2 (a) (i) (A) (1) → Hydrostor recommends that the nameplate capacity be reduced to 1 MW. Again, this would ensure that organizations that have successfully completed pilot projects are allowed to participate in the market. Setting the qualification requirements to 5 MW would not show any significant increase in experience or knowledge over a project that is for example 1 MW in size.

Alternatively, considering this RFQ is for projects that can provide a minimum of 4-hours of duration this will lead to energy storage projects requiring development. For this purpose, an alternative to having a capacity requirement in MW would be to have a capacity requirement in MWh which is more in line with the requirements of this procurement. Hydrostor recommends that

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	the IESO require experience developing a single project with at least 5 MWh of energy. This would be more complimentary to energy storage developers.
<p data-bbox="188 359 857 426">Mandatory Requirements for Large-Scale LT1 Projects</p> <p data-bbox="188 464 873 531">Large-Scale Individual Development Experience / 3.2 (a)(ii)</p>	Hydrostor recommends that the IESO update the definition of Designated Team Member to include a 3 rd party consultant retained by the applicant for the purposes of developing the project. The current requirement limits developers who use external consultants to complete permitting and development tasks and have greater proficiency with technology and financing. Ontario has not had a significant development opportunity over the past 10 years and therefore many developers have not invested in development resources. The current requirements promote incumbents while limiting new developers.
<p data-bbox="188 989 857 1056">Mandatory Requirements for Large-Scale LT1 Projects</p> <p data-bbox="188 1094 724 1129">Market Operating Experience / 3.2 (a)(iii)</p>	Again, we recommend that the Designated Team Member be updated to include a 3 rd party consultant that has experience operating in the IESO market. This aligns with the requirements of PJM and AEMO in Australia which allow you to utilize third-party consultants to operate assets. Again, this promotes incumbents while limiting new developers.
<p data-bbox="188 1381 857 1449">Mandatory Requirements for Small-Scale LT1 Projects</p> <p data-bbox="188 1486 873 1554">Small-Scale Entity Development Experience / Section 3.2 (b)(i)</p>	
<p data-bbox="188 1591 857 1659">Mandatory Requirements for Small-Scale LT1 Projects</p> <p data-bbox="188 1696 873 1764">Small-Scale Individual Development Experience / 3.2 (b)(ii)</p>	

Topic/ RFQ Section	Feedback
<p data-bbox="180 163 857 233">Mandatory Requirements for Small-Scale LT1 Projects</p> <p data-bbox="180 268 727 306">Market Operating Experience / 3.2 (b)(iii)</p>	

General Comments/Feedback

Section 1 – 1.2 – Purpose and Background of the LT1 RFQ: The Commitment Period has been defined as beginning May 1st, 2027. Hydrostor believes that this commitment period limits the IESO from procuring many types of larger projects as they often require a longer development period. These larger assets will be able to provide a longer duration for the province of Ontario and increase grid reliability and excluding them arbitrarily will simply result in less competition and higher overall long-term costs of supply to the province. Hydrostor recommends that the IESO provides flexibility on the commercial operation date of up to end of 2028 or conducts a separate procurement, including carve-out, for larger scale, longer lead time technologies that will require an additional time period to develop. Not doing this will result in 1 year earlier CODs at 15 years of higher costs to Ontario ratepayers, which seems counterproductive given both the government and IESO objectives. Furthermore, stakeholders have been raising this issue consistently since at least 2018 when it was well-known and apparent that capacity shortfalls would be prevalent by mid-decade associated with Pickering retirement. Therefore, by now requiring a highly expedited COD the IESO is not only resulting in higher costs to ratepayers but also an unfair competitive environment for solution providers.

Lastly, as noted above, the current requirement to have two projects operational for Large-Scale LT1 projects is limiting those who have successfully completed pilot projects in Ontario. We do not believe it is the intention of the IESO to limit applicants who have previously demonstrated a successful project in Ontario and can provide significant value to ratepayers. Therefore, we reiterate the fact that the project experience should be reduced to a single project with a project capacity of 1 MW or 5 MWh.