

Feedback Form

Long-Term RFP – June 9, 2022

Feedback Provided by:

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Following the June 9th public webinar on the Long-Term RFP, the Independent Electricity System Operator (IESO) is seeking feedback from participants on the additional procurement mechanisms, as well as on proposed revenue streams.

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

Please provide feedback by June 20, 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.

Additional Mechanisms: Overview and Linkages

Topic	Feedback
<p>Please provide any feedback on the IESO’s overview of the Additional Mechanisms (Expedited Process, Same-Technology Expansions, FCA) and the linkages between acquisition mechanism (e.g., Expedited Process and LT1 RFP, or LT1 RFP and LT2 RFP)</p>	<p>Convergent appreciates IESO’s work on all aspects of developing and implementing a process aimed at the reliable and timely procurement of capacity for the province. We incorporate by reference the feedback submitted to these questions by Energy Storage Canada (ESC) and offer the following additional insight from Convergent’s perspective and experience as one of the largest owner operators of storage assets in Ontario.</p> <p>Same Technology Expansion Convergent is concerned the narrow requirements tied to same technology expansion creates an unreasonable barrier to entry for storage resources. There are no tangible benefits Convergent can identify that this requirement provides in furtherance of the IESO’s objective for more capacity as quickly as possible. When combined with the 8 hour duration requirement, this sends the clear signal that this rule is to promote gas-fired generation expansion at existing facilities. Allowing different technologies at proven locations on the system actually improves the IESO’s opportunity of meeting its capacity goals. It simultaneously increases the pool of potential assets, promotes innovation, while relieving burden on the deliverability realities the IESO must solve. If natural gas-fired generation expansion is a priority for the IESO, broadening the current limit on same technology expansion would not hamper that objective but improve the efficiency with which it can be accomplished.</p>

LT1 RFP and Expedited Process: Mandatory Requirements and Rated Criteria

Please provide any feedback on the Mandatory Requirements and Rated Criteria proposed for the LT1 RFP and Expedited Process.

Mandatory Requirements

The IESO must provide greater clarity and certainty around on requirements, or it increases the risk of unnecessary delays in investment, development and construction while simultaneously increasing the likelihood of inflated risk premiums in prices submitted under the LTRFP.

The IESO proposal currently provides insufficient direction on the details and timing of permitting, community approval and engagement, and deliverability requirements for developers to properly plan for. The lack of clarity on timelines for commencing the CIA/SIA process with connecting utilities is a significant barrier to efficient project development and creates the likelihood of confusion with utilities and local communities given the number of competing projects that will be offered into the LTRFP. This is counter to the IESO's objective of meeting capacity needs with speed, let alone cost efficiencies.

Rated Criteria

Consistent with Convergent's concerns with the Same Technology Requirements explained above, there are concerns the items and weighting in the IESO proposed Rating Criteria method will result in limited opportunities for resources other than natural gas.

For example, the imposition of a duration of service criteria without requiring firm gas supply contracts that lock-in gas for the required duration gives gas generation an advantage in the LTRFP that contradicts the IESO's goal of procuring reliable capacity.

Convergent suggests eliminating or reducing the duration criteria currently in the IESO proposal, in the alternative we propose a compatible requirement for fossil generation to demonstrate firm capabilities over the same duration expected of other resources. Additionally, the lack of any GHG or other similar rating criteria in the LTRFP further slants the outcome of the LTRFP away from energy storage and other forms of emissions-free generation, particularly when paired with the current duration requirements. Convergent appreciates the IESO's priority with this LTRFP is the capacity needed for reliable operations in the coming years. Including GHG as a rated criteria does not contradict that goal, rather it enhances the dependability of that procured capacity by ensuring its sustainability. Provincial and federal government policies related to transitioning to a net-zero grid are very clear and should

not be ignored in the LTRFP. The likelihood that emissions across the system will go up because of the nuclear plant refurbishments is strong while the likelihood of emissions policy changing is low. If the IESO does not use some form of GHG Rated Criteria in the LTRFP there is an increased likelihood future procurement will be necessary to address emissions standards, which will ultimately cost Ontario ratepayers more money. Including GHG or other similar rated criteria in the LTRFP does not complicate the IESO's capacity procurement goal in the LTRFP. Convergent strongly encourages the IESO to include GHG attributes in the Rated Criteria to save costs for consumers in the long run.

LT1 RFP and Expedited Process: Proposed Contract Design

Topic	Feedback
<p>Please provide feedback on the proposed contract design for the LT1 RFP and Expedited Process. The IESO welcomes feedback on the proposed approach for qualifying capacity as well as the proposed Capacity Payment Adjustment Mechanism.</p>	<p>One of the most important factors an investor needs to deploy capital is certainty of rules. The greater the certainty, the better the pricing and likelihood of development in a timely manner. The number of open questions remaining in the proposed contract design currently creates uncertainty for interested developers and risk for investors.</p> <p>The clearest path to efficient and timely construction of capacity in Ontario is clarity of terms and responsibilities. The IESO has an opportunity to provide clarity on several contract ambiguities that remain. Specifically, there are several open questions on liability to developers for events beyond their control. This includes but is not limited to the time it takes to connect to a utility, risk of global supply chain realities, potential impact of CEC registry, and current ambiguity in community engagement plan requirements. This impacts developers' ability to properly plan and anticipate contingencies in a cost-effective way. This is counter to the IESO's stated objective for reliable supply in the ground as soon as possible. There is also risk to confusion of indigenous and local communities resulting from uncoordinated and inconsistent activity of developers with those communities.</p> <p>Contract Payment Adjustment Mechanism Convergent appreciates the IESO's creativity and openness to various contract forms in the interest of protecting developers. However, there are concerns the over-complication of the contract structure is counter to the IESO needs under the LTRFP for quick and efficient delivery of capacity in Ontario. Investors see advantages and disadvantages to each contract structure, but investors see no disadvantage to speed and simplicity in setting and communicating firm contract terms.</p>

LT1 RFP and Expedited Process: Proposed Term Lengths

Topic	Feedback
Please provide any feedback on the term length considerations proposed in addition to the incentive mechanism for the Expedited Process.	No comment

Deliverability Assessment

Topic	Feedback
Please provide feedback on the IESO's proposed process for deliverability testing and timelines.	<p>Convergent appreciates and supports the IESO's need to efficiently process batches of connection requests and deliverability analysis all at the same time for the LTRFP. In furtherance of the IESO needs to assess deliverability in a fair and efficient way there are additional rules the IESO should consider ensuring goal of delivering reliable capacity to Ontario.</p> <p>Specifically, for projects that are deemed Deliverable but Competitive in specific areas of the system, the IESO should identify criteria by which they will choose between "competing" projects. These criteria should be equitable and designed to identify the projects that will be the most successful at being built on time. The IESO should move all "deliverable but competing" projects through a second process by which developers must meet additional criteria in order to move forward under the LTRFP. The IESO should require financial security of some kind, for example a letter of credit, or demonstration of meaningful progress toward development of the project. Clearly defining criteria that will "break the tie" between those competing projects is necessary to ensure that the IESO does not create a "race to the bottom" for projects at those locations on the system. Creating that situation would contradict the IESO's need to ensure reliable delivery of assets on time. Commitment beyond the lowest prices is necessary for the IESO to accomplish the goal of maximum resource development in a short period of time.</p>

Additional Acquisition Mechanisms: Same Technology Expansions

Topic	Feedback
Are the descriptions of the different kinds of upgrades/expansions clear and reflective of the options?	No comment
What are the interdependencies between the existing contract, any upgrades and on-site expansions that need to be considered?	No comment
Are any interdependencies missing/not fully captured?	No comment
What are the considerations for participating in the Expedited Process or LT1 RFP?	No comment
What other key considerations/risks need to be included to help ensure this initiative is successful?	No comment

Additional Acquisition Mechanisms: Forward Capacity Auction

Topic	Feedback
Is expanding eligibility to variable generation, self-scheduling and co-located hybrid facilities in the FCA and ACA a priority for stakeholders? (Refer to slide 99)	No comment
Any feedback and suggestions on how the performance assessment framework may need to be modified to reflect the design differences? (Refer to slide 106)	No comment

Topic	Feedback
<p>Any feedback on potential features that could be considered for the design of the FCA?</p> <p>(Refer to slide 108)</p>	<p>No comment</p>
<p>Is expanding eligibility to variable generation, self-scheduling and co-located hybrid facilities in the FCA and ACA a priority for stakeholders?</p>	<p>No comment</p>
<p>Any feedback and suggestions on how the performance assessment framework may need to be modified to reflect FCA design differences?</p>	<p>No comment</p>
<p>What other design features should be considered to increase the attractiveness of a Forward Capacity Auction as part of IESO's suite of acquisition mechanisms?</p> <p>(Refer to slide 110)</p>	<p>No comment</p>

General Comments/Feedback