

# Feedback Form

## Long-Term RFP – July 21, 2022

### Feedback Provided by:

Name: Jud Whiteside

Title: Vice President

Organization: Aypa Power Canada (“Aypa”)

Email:

Date: Aug 4, 2022

Following the July 21<sup>st</sup> public webinar on the Long-Term RFP, the Independent Electricity System Operator (IESO) is seeking feedback from participants on: Municipal Council Support Resolution, Contract Design, Revised Timelines, and the Deliverability Test Guidance Document.

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

Please provide feedback by August 4, 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.

## Municipal Council Support Resolution

Topic	Feedback
Please provide any feedback on the IESO's proposal to change the Municipal Council Support Resolution from a mandatory requirement to a rated criteria.	Aypa supports this change.

## Proposed Contract Design

Topic	Feedback
Please provide any feedback on the potential use of indexing in the contracts and what indices (if any) may be best suited for these procurements.	<p>Aypa supports including indexing provisions in the contract for both raw materials and freight. Regarding battery storage, multiple raw materials can be included in an indexing formula but the most common and simplest we have seen applies to Lithium price (specifically Lithium Carbonate). With respect to freight, suppliers typically include transoceanic shipping, specifically the Frieghtos Baltic Index (FBX), which measures daily shipping prices and other fees but excludes taxes and port fees. Price caps and floors can also be utilized to ensure measured allocation of risk.</p> <p>Aypa recommends allowing the developer to select a CPI based escalator or a fixed annual escalator to hedge against inflation.</p>

## LT1 RFP and Expedited Process: Revised Timelines

Topic	Feedback
Please provide feedback on the proposed revised timelines and whether these seem appropriate.	Aypa is supportive of delaying the RFP timeline to allow developers to continue advancing their projects and refining their proposals ahead of submittals but is troubled by the delay in announcing qualified bidders and completing deliverability studies. The deliverability analysis is key to right sizing a project, completing preliminary engineering design, obtaining reliable EPC cost estimates in advance of the RFP, advancing development from a permitting standpoint, and obtaining municipal council support resolutions.

# Deliverability Test Guidance Document



Please provide any feedback on the Deliverability Test Guidance Document and associated form.

Aypa appreciates the IESO providing the Deliverability Test Guidance Document.

While we understand the IESO challenge of effectively processing a large number of Projects submitted into the Expedited Procurement via Project Description Forms, putting a cap on number of projects that each applicant can submit for the Deliverability Test will potentially result in excluding real projects of high value to IESO, the Ontario electricity system and rate payer that have been developed in earnest at the expense of advancing speculative positions where the minimum threshold of securing definitive site control may not have been achieved. Aypa recommends removing the cap while setting a requirement of providing proof of definitive site control for a project identified in a Project Description Form as a prerequisite to submitting a project for deliverability assessment.

There is an unfair advantage given to Same Technology Expansion in the allocation of deliverability which may have an unintended consequence of procuring a costlier option under the Same Technology Expansion stream and reducing New Resource deployments. The current Deliverability Test sequencing outlined in the Deliverability Test Guidance Document gives Same Technology expansion a priority in deliverability allocation, specifically when there is competition between the Same Technology Expansion and Expedited Process projects. Aypa recommends that during the deliverability assessment, both the Expedited Process and Same Technology Expansion projects get equal treatment for projects competing for the same deliverability whereby both are considered as "Deliverable but Competing" and project awards are made on the overall merit of a project as prescribed in the evaluation criteria.

The 3 variations, including both project size and connection point, for deliverability assessment may result in excluding real development projects. The deliverability test process, as outlined in the Deliverability Test Guidance document, is a 'black box' to participants whereby the deliverability process is not fully defined and limited assumptions are provided for participants to be able to perform their own analysis or replicate the deliverability test, and other queued

projects that are run simultaneously may reduce deliverability at a specific location and yet developers are required to arbitrarily specify up to 3 project sizes whereby they may all come back as "Not Deliverable". Partial deliverability analysis is not contemplated, and no quantitative feedback is expected to be provided to developers to be able to resize their projects based on available deliverability which will result in a project originally sized based on injection capacity and/or land availability to be pulled out of the process. Aypa recommends that the IESO request from developers to provide the maximum potential project size contemplated at each connection point for a specific project, and if deliverable capacity available is less than the specified project size, the IESO should provide the developer with the exact amount of available deliverability and whether it is competing. This can be done by scaling the project size during studies in 25 or 50 MW increments to establish the level of deliverability at each point where project(s) intend to interconnect. This allows the IESO to retain real development projects and increase the number of bidders in the same technology, expedited and LT1 RFPs and eliminate an element of risk that developers have no control of that may result in eliminating a project from participating in the procurement.

The Deliverability Test Assumptions in Section 5.4 Output of Existing Generation for Two Peak Demand Levels seem illogical as an ICAP approach is taken as opposed to UCAP, which will unduly limit the amount of deliverability available on the system that could otherwise be available to bring New Resources and increase overall system reliability. Aypa recommends that a UCAP methodology is applied based on resources type. For intermittent resources, UCAP may be calculated based on historical capacity factors by fuel type over seasonal peak hours.

Aypa does not understand the value of completing a storage charging test under Section 5.5 as charging has no impact on the amount of available deliverability. Aypa recommends that this step is eliminated from the Deliverability Test. In the event this step is not eliminated, a UCAP methodology should apply as opposed to current assumptions, including for wind and

Topic	Feedback
	solar as output of these intermittent resources cannot be assumed at zero.

## General Comments/Feedback