

Feedback Form

Long-Term RFP – July 21, 2022

Feedback Provided by:

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Following the July 21st 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.

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
<p>Please provide any feedback on the IESO’s proposal to change the Municipal Council Support Resolution from a mandatory requirement to a rated criteria.</p>	<p>CEP conditionally supports the IESO’s proposal to change Municipal Council Support Resolution from a mandatory requirement to a rated criterion. The reasons outlined by the IESO justifying this change are reasonable and appropriate given the multiple goals the IESO needs to accomplish through the various long-term procurements. Reliability is obviously the primary goal, but the additional provincial goals and policies the IESO must factor into the procurements include diversification, electrification, and emissions reduction.</p> <p>With this in mind, if the Municipal Council Support Resolution becomes an optional Rated Criteria, it is critical that IESO also incorporate a Rated Criteria accounting for point source emissions. Municipal Councils would normally act as a hurdle to polluting generators in their communities; if the IESO procures capacity without regard for Municipal Council consent, it is essential that the IESO impose a Rated Criteria focused on point source emissions to protect Ontario’s communities from further pollution. This aligns with the fact that the government is considering a moratorium on new gas generation build.</p> <p>As discussed in more detail below in the section responding to the IESO’s Deliverability Test guidance, the lack of an emissions based Rated Criteria exacerbates the disadvantages imposed on new resources, particularly energy storage. Without an emission based Rated Criteria, the IESO forces itself into an environmentally blind, price-based evaluation which can negatively impact the IESO’s reliability goal.</p>

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.	CEP applauds the IESO's commitment to entering fair and balanced contracts with resource owners which is furthered by the potential use of indexing in contracts. Paramount to all developers and investors is the predictability and certainty of revenues under these long-term contracts. While indexing is one tool, CEP encourages IESO to pursue further contract refinement and clarification to provide the needed certainty around contract structure, pricing, and revenue expectations.

LT1 RFP and Expedited Process: Revised Timelines

Topic	Feedback
Please provide feedback on the proposed revised timelines and whether these seem appropriate.	CEP appreciates the IESO's ongoing efforts to update the procurements and adjust as necessary, including delays to timeline such as those proposed. CEP prefers the timelines not be extended, however if the IESO deems it necessary we respectfully request that the in-service/COD date requirements be extended by the same amount of time so there is alignment on impact to all parties.

Deliverability Test Guidance Document

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

CEP supports the need to put controls in place to manage the massive level of analysis and processing the IESO faces. However, CEP has significant concerns the practical implications of several of IESO's proposed terms and parameters will have negative consequences due to specific timing, qualification, and evaluation criteria. CEP proposes the below changes to the IESO's Deliverability Test Guidance intended to facilitate efficient administration of the process while preserving a fair and competitive process.

"Evaluated Proposal Price Ranking" for "Deliverable but Competing Projects"

The IESO proposes to qualify successful projects out of the "Deliverable but Competing" category by testing for "deliverability in sequence based on their evaluated proposal price ranking." The consequences of this ranking method will negatively impact the IESO's ability to ensure timely build of projects because of the low number of Rated Criteria proposed by the IESO. Price will be the dominant, potentially only, differentiating factor between projects which will decrease the likelihood projects get built on time or at all. The IESO will have very little flexibility or say in which projects move forward, contradicting the very purpose of implementing a unique Deliverability Test for the LTRFPs in the first place.

Accordingly, CEP proposes the IESO apply "site control" criteria across all "Deliverable but Competing" projects as the threshold differentiating factor. Site control is one of the strongest indicators that a project is "real" and will be built on time. This gives IESO flexibility to de-risk the procurement by increasing likelihood of successful and timely construction of projects, while still allowing price ranking to be applied as a differentiator. The IESO can further enhance the Deliverability Test process by requiring additional credit or deposit requirements from all projects found to be "Deliverable but Competing" and looking to be retested. Like the "site control" criteria, enhanced credit or deposit requirements further de-risk the procurement process for the IESO. Robust credit or deposit requirements increase likelihood of selecting viable projects while

simultaneously easing administrative burden on the IESO.

Project Application Caps

CEP opposes capping the number of project submissions per applicant. Developers have been preparing and spending money to bring forward successful projects for some time, directly responding to announcements of the LTRFPs. It is too late in the process to arbitrarily limit the number of project submissions per applicant, and it undermines the IESO's ability to evaluate a full spectrum of projects. Developers will have no way to recover sunk costs from investments developing any resources above the set "cap," no matter how competitive or reliable their projects were. This will have a chilling effect on the marketplace, increase costs due to the diminished ability to procure materials in bulk, and limit the IESO's ability to procure the best resources. CEP strongly encourages the IESO not to implement caps on number of project submissions per applicant. With that said, CEP appreciates IESO's intent behind considering a cap, and if IESO deems a cap necessary, CEP proposes a cap no lower than 20 to avoid unfairly disadvantaging certain technologies.

Same Technology and Expedited Procurement Timeline Implications

CEP is concerned that the timing and sequencing of deliverability decisions across the three RFPs creates an unreasonable disadvantage for projects bidding in to the Expedited and LTRFP1 procurements. The advanced timeline of the Same Technology Expansion gives preferential access to available system capacity exclusively to pre-existing resources that can qualify as a Same Technology Expansion, and these resources are overwhelmingly fossil fuel generators. Giving preferential access to fossil fuel generation in this RFP will unreasonably and unnecessarily increase costs for ratepayers, harm the environment, and potentially undermine the stated goal of this procurement if the availability and pricing of fossil fuels continues to experience volatility.

The narrow scope of qualifying resources under the Same Tech Expansion RFP makes this portion of the RFP largely unavailable to storage given the lack of existing storage resources in the Province. Despite the noticeable interest of storage developers referenced by the IESO, storage is broadly disadvantaged by their inability to offer into the Same Technology Expansion. The 2027 in-service date under the LTRFP1 justifies sequencing the final Deliverability Tests for that procurement after the Same Technology Expansion, but the Expedited process has the same 2025 target date as the Same Technology Expansion. It is unreasonable to discriminate against the technologies and resources whose only option is the Expedited Process and contradicts the IESO's support for technology neutral procurements.

Furthermore, this prevents the IESO from procuring the most efficient resources for the system's needs in 2025. The IESO will not have flexibility to choose the most efficient supply solutions for 2025 needs. Rather the IESO will be forced to first allocate available system capacity to existing resources before they are able to consider allocating available capacity to new, potentially more efficient resources offering in the Expedited Process.

The preferential access of existing resources to available system capacity unreasonably and arbitrarily discriminates against cleaner, cheaper, and more reliable resources. CEP proposes the IESO amend its Deliverability Testing Guidance to put the Same Technology Expansion and the Expedited Process on the same timeline and sequencing for testing.

Pre-Filing of CIAs

The IESO's guidance permits the pre-filing of CIAs which creates the unreasonable and avoidable risk of stranded distribution system capacity. If unawarded projects fail to relinquish their CIAs that will unnecessarily inflate costs and delay interconnection timelines for awarded projects. The IESO must impose a penalty sufficient to deter this behavior or implement a mechanism that prevents developers from holding on to CIAs of projects

Topic	Feedback
	that will not be built. CEP requests the IESO amend the Deliverability Testing guidance to explicitly define the penalties that will prevent the stranding of awarded CIAs to the detriment of awarded projects.

General Comments/Feedback