

Stakeholder Feedback and IESO Response

Long-Term RFP (LT1 RFP) – May 4, 2023

Following the May 4, 2023 LT1 RFP engagement webinar, the Independent Electricity System Operator (IESO) invited stakeholders to provide feedback on the design of the LT1 RFP and LT1 Contract.

The IESO received feedback from the following stakeholders:

- [AB Energy Canada](#)
- [Alectra Convergent Development](#)
- [APPrO](#)
- [Atura Power](#)
- [Baseload Power](#)
- [BluEarth Renewables](#)
- [Boralex](#)
- [Capital Power](#)
- [Capstone Infrastructure](#)
- [City of Ottawa](#)
- [Convergent Energy and Power](#)
- [Enbridge](#)
- [Energy Storage Canada](#)
- [Evolugen by Brookfield Renewable](#)
- [Hydromega Services](#)

- [Innergex Renewable Energy](#)
- [Invenergy](#)
- [Multi-Municipal Energy Working Group](#)
- [Ruby Mekker](#)
- [Wind Concerns Ontario](#)

This feedback has been posted on the [engagement webpage](#).

Note on Feedback Summary and IESO Response

The IESO appreciates the feedback received from stakeholders. The table below responds to the feedback received and is organized by each topic. This document is provided for information purposes only. It does not constitute, nor should it be construed to constitute, legal advice or a guarantee, offer, representation or warranty on behalf of the IESO.

Deliverability Test Process and Timeline

Stakeholder feedback was mixed on the proposed changes to the schedule of the Deliverability Test process. Many feedback submissions indicated the change would allow Proponents more time to modify proposals in advance of the proposal submission deadline. A similar quantity of submissions voiced concerns with the proposed revision to the timeline, suggesting it may not allow enough time for Proponents to prepare Deliverability Test Submissions. Some stakeholders included additional general points of feedback on the Deliverability Test Process. Supporting points and suggestions included in the feedback submissions are summarized in the table below.

Feedback	IESO Response
<p>Points in favour of the proposed change:</p> <ul style="list-style-type: none"> Proponents noted that the earlier results are received, the more time it will allow to correct course and modify proposal(s), if required. Additionally, it was suggested that the IESO should seek further adjustments and simplifications to accelerate the preliminary Deliverability Test. <p>Points voicing concerns about the proposed change:</p> <ul style="list-style-type: none"> More time is needed to fully engage Hydro One in pre-scoping interconnection consultations. The revised procurement timelines may present challenges for some Proponents in securing and submitting sites for the Deliverability Test. 	<p>The IESO recognizes concerns from some stakeholders in preparing for the Deliverability Test earlier than initially planned. However, the benefit to this is an earlier completion of the Deliverability Test process, which will provide Proponents with additional time to prepare Proposal Submissions. In order to facilitate the Deliverability Test process, the IESO has extended the submission deadline by one week, to June 23, held a Q&A webinar on June 14, and posted a Deliverability focused FAQ document, updated regularly with new questions and answers.</p>
<p>In earlier communications, the IESO has noted that the Deliverability Test process for the LT1 RFP will seek to account for concurrent participation of Category 2 E-LT1 RFP Proposals and those seeking to participate in the LT1 RFP process. Multiple stakeholders felt this accounting should include an explicit carve-out for E-LT1 RFP Category 2 projects from a Proponent's LT1 RFP project limit, currently understood to be 10 projects per Proponent.</p>	<p>LT1 RFP projects that have the same Unique Project ID as an E-LT1 RFP Category 2 project, and are identified on the Deliverability Test Data Input form as contingent on the results of the E-LT1 RFP, will not count towards that 10-project cap.</p> <p>Further information can be found on the Final Deliverability Test Guidance Document posted on the LT1 RFP webpage.</p>

Feedback	IESO Response
<p>One stakeholder sought clarity on whether Qualified Applicants can submit up to 3 variations on each of the two parameters (connection point and capacity), i.e., a total of up to 6 variations, or up to 3 variations on the parameters in total.</p>	<p>Qualified Applicants can submit up to three variations on the parameters total.</p> <p>Further information can be found on the Final Deliverability Test Guidance Document posted on the LT1 RFP webpage.</p>
<p>To ensure the IESO is not unintentionally disqualifying a “Deliverable” or “Deliverable but Competing” Project, a Qualified Applicant should be allowed to list any number of other Qualified Applicant IDs on any of its Deliverability Test submissions, provided that each listed Qualified Applicant count such submission as part of their allotment of 10 Deliverability Test submissions.</p>	<p>The IESO asks that Qualified Applicants and (potential) partnered Qualified Applicants coordinate the submission of a Deliverability Test such that there is only one submission per project.</p> <p>There is no requirement that the Qualified Applicant that submits a Proposal in respect of a Long-Term Reliability Project be the same as the Qualified Applicant that submitted an application for a Deliverability Test in respect of that project</p>

Definition of Eligible Expansion Facility

Stakeholders were generally supportive of the proposed broadened definition of an Eligible Expansion facility. Some additional considerations were included in the submissions as well. These points are summarized in the table below.

Feedback	IESO Response
<p>One stakeholder recommended the definition be broadened further to include:</p> <ul style="list-style-type: none"> Expansion could be located either within the boundaries of the existing site or at an adjoining site as long as the adjoining site is owned/controlled by the Proponent A Proponent requested that the IESO guarantee that changes to existing Project Sites for participation in the LT1 RFP will be automatically approved by IESO assuming no impact to energy production and delivery of the existing site from a physical and settlement viewpoint. If multiple connection points are possible, and the site or adjoining site can accommodate the new project(s), submission of more than one Expansion Project should be facilitated. If a proponent is successful in securing a contract for an Expansion Project under the Expedited Program that connects to the same feeder as the existing project but was limited in size due to limitations in feeder capacity, a 2nd Expansion Project should be allowed to be submitted under the LT1 RFP. 	<p>The IESO has expanded the definition of “Eligible Expansion” to include additional units with a different connection point than the Eligible Existing Facility, where the additional units are located within or adjacent to the boundaries of the Property on which the Eligible Existing Facility is located. Multiple connection points for a project will not be permitted.</p> <p>A Proponent is allowed to submit a second Eligible Expansion under the LT1 RFP even if they were successful in securing a contract for an Eligible Expansion under the E-LT1 RFP.</p>
<p>One stakeholder sought clarity on whether a stand-alone energy storage project at the same physical location as an Eligible Existing Facility but with a different Connection Point would be considered an Eligible Expansion or a New Build project.</p>	<p>A stand-alone energy storage project at the same physical location as an Eligible Existing Facility of a different technology would be considered a New Build project.</p>

Removal of Locational Rated Criteria Points

Stakeholder feedback was mixed on the elimination of Locational Rated Criteria Points from the LT1 RFP. Over half of the comments received expressed agreement with removing the Locational Rated Criteria Points, whereas other feedback suggested the IESO keep Location as a Rated Criteria with a greater focus on projects in the Greater Toronto Area. One other area of feedback received suggested Locational Rated Criteria Points be awarded for projects in northern Ontario. Whether in support of, or opposed to, the removal of Location Rated Criteria Points, many stakeholder feedback

submissions suggested the IESO provide some type of locational guidance for projects. These suggestions are detailed in the table below.

Feedback	IESO Response
<p>The IESO should immediately begin instituting a Critical Energy Infrastructure Information (CEII) process to allow Qualified applicants the ability to access the information needed to develop projects.</p>	<p>Proponents may obtain power system model base cases through IESO Customer Relations subject to the Proponent meeting the pre-conditions set out in the Market Rules and entering into a Non-Disclosure Agreement.</p>
<p>Recommend that the IESO establish an ad hoc process for Qualified Applicants to receive a regional transmission map for their projects to assist in determining a point of interconnection before the Deliverability Test submissions.</p>	<p>Ontario transmission system maps are publically available, however, these do not provide circuit names. The Ontario system is somewhat unique with many multiple circuit transmission lines and multiple lines in a corridor.</p> <p>The IESO recommends Proponents contact transmitters directly in order to obtain information required for the Deliverability Test.</p>
<p>IESO and Hydro One should release and keep up-to-date detailed information regarding interconnection integration potential, similar to what Hydro Quebec has released to enable their procurement efforts.</p>	<p>The IESO recommends Proponents contact transmitters directly in order to obtain information required for the Deliverability Test.</p> <p>The IESO encourages Proponents to contact Hydro One for the information required to complete the Deliverability Test Input Data Form.</p>

Commercial Operation Date (COD) Timelines

When considering the overall procurement timeline, a number of stakeholders provided feedback on the COD timelines. These points are detailed in the table below.

Feedback	IESO Response
<p>A Stakeholder felt the milestone date for COD is concerning, and suggested the approach should be reconsidered to help ensure some projects/Proponents are not left with less time post-contract award.</p> <p>Another Stakeholder suggested the IESO revise the definition of the Milestone Date for Commercial Operation so that it is tied to a fixed period of time after the Contract Date rather than a specific fixed date. Make similar changes to the trigger dates for the Early COD Payment Multiplier.</p>	<p>The IESO will be providing updated timelines during the June 29, 2023 engagement session.</p>
<p>A stakeholder suggest delaying liquidated damages and revising the long stop date so that it is further out from the Milestone Date for Commercial Operation.</p>	<p>The IESO will provide updated timelines during the June 29, 2023 engagement session. Based on the updated timelines, the IESO does not intend to delay liquidated damages from the Milestone Date for Commercial Operation.</p>
<p>Successful Proponents under LT1-RFP should be able to enter operation prior to May 2027 and to capture the longer agreement term and early-COD incentives. We recommend IESO incentivize early operation under LT1-RFP, including maintaining its previous proposals regarding early-operation.</p>	<p>Thank you for the feedback. The IESO is considering incentivizing early operation under the LT1 RFP.</p> <p>More details will be provided during the June 29, 2023 engagement session.</p>

Feedback on Design Decisions Pending E-LT1 RFP

In the May 4 presentation, the IESO identified several design decisions that are pending the outcome of the E-LT1 RFP. The pending design decisions include: Community engagement, Market rule changes, Group award limit, Rated criteria: duration, Facility Spread Adjustment Factor (FSAF) and Materials Cost Index Adjustment (MCIA), the potential involvement of the Canadian Infrastructure Bank (CIB), and implementation of Investment Tax Credit (ITC). Although IESO is planning to engage stakeholders further on these design decisions, some stakeholder submissions included points for consideration in advance of that further engagement. These points are summarized in the table below.

Feedback	IESO Response
<p>Community engagement:</p> <ul style="list-style-type: none"> • Reiterate past requests that the requirement for an MCR be a mandatory requirement before a project is allowed to start commercial operation. Also, we note that an MCR may be conditional on municipal zoning approvals. • Do not recommend requiring Proponents to have received a municipal support resolution in advance of proposal submission due to the burden on the municipalities and stakeholders. We recommend reverting to the E-LT1 RFP structure where Proponents are required to have received a municipal support resolution within 18 months of Contract execution. • Expansion or changes to projects should be treated similar to the initial proposal process. <ul style="list-style-type: none"> ○ Municipal Support should be required for changes to increase capacity or to extend contract terms of existing projects. ○ Confirmation should be provided to the municipality that an existing project is fully compliant with all terms of its Renewable Energy Approval. ○ Noise emissions from revised project shall meet current standards for noise emissions. 	<p>Per the Minister of Energy’s December 23, 2022 letter to the IESO, municipal support for any projects successful in the LT1 RFP remains a key policy objective and will be reflected in the LT1 RFP and Contract designs.</p>

Feedback	IESO Response
<p>Market rule changes:</p> <ul style="list-style-type: none"> Recommend that contractual amendments be provided for if as a result of the market rule amendment the Supplier's economics are substantially impacted. Precedents exist in other IESO contracts which could be leveraged and incorporated into the LT1 Contract. 	<p>The IESO acknowledges stakeholder feedback advocating for the preservation and early clarification of Market Rule Protection. As previously mentioned, the IESO has conducted extensive stakeholder engagement on the E-LT1 Contract, which led to the final drafting of Article 1.6(c) of the E-LT1 Contract. While the IESO does not intend to reopen design on this provision, it may consider further refinement based on specific feedback.</p>
<p>Group award limit:</p> <ul style="list-style-type: none"> Some Proponents were supportive of the E-LT1 RFP maximum project submission threshold and maximum proposal capacity threshold. These limitations would limit the burden on the IESO from an evaluation and selection perspective. Considering the May 16, 2023, announcement of selected Proponents under the Expedited LT RFP, which indicates that the IESO did not meet its 600 MW target in the non-storage category, and since that shortfall will be added to the LT1 RFP to total ~900 MW, a Proponent recommended the IESO should eliminate (or increase) the Proponent Group Award Limit. 	<p>The IESO is currently in the process of completing Stage 5A of the E-LT1 RFP (CIB Investment Offer Period, Restatement and Deliverability Test Assessment) for proposals in Storage Category 2, and aims to complete the Storage Category 2 evaluations and award contracts this summer.</p> <p>Upon completion of this process, the IESO will examine whether there is a need to adjust the LT1 RFP procurement targets based on the results of the E-LT1 RFP.</p>
<p>FSAF/MCIA:</p> <ul style="list-style-type: none"> Any revision to the MCIA should include a foreign exchange component at a material allocation percentage (>30%). 	<p>The IESO will await the outcome of the E-LT1 RFP Proposal evaluation before examining if any changes are required to this provision.</p>

Feedback	IESO Response
<p>CIB/ITC:</p> <ul style="list-style-type: none"> We recommend establishing sufficient clarity well in advance of the Proposal submission to limit uncertainties and potential delays in the Proposal Submission date. 	<p>The IESO understands the concerns raised by stakeholders regarding the timing of the Canada Infrastructure Bank (CIB) Proposal within the E-LT1 RFP and acknowledges the suggestion to clarify the process before the LT1 RFP Proposal Submission Deadline. The IESO will continue to engage with the CIB following the completion of the E-LT1 RFP process, with the intention of providing clarity in the LT1 RFP process prior to the finalization of the LT1 RFP. This will help ensure that all stakeholders have the necessary information to effectively participate in the procurement.</p>

General Comments/Feedback

Stakeholder feedback submissions included other general comments for consideration, which are detailed in the table below.

Feedback	IESO Response
<p>Some Proponents suggested Planned Outage Capacity Reduction Factor should be reconsidered so as not penalize projects. Recommended a discrete change to ensure that if a Supplier requests an outage during a Sole Annual Planned Maintenance Month or a Split Annual Planned Maintenance Month, and that outage request is refused by the System Operator and as a consequence of that refusal the planned outage must move to a different month – the Supplier should not be financially penalized by the refusal of the System Operator.</p>	<p>The draft LT1 Contract includes provisions for this situation in sections 15.3(b)(i)(A) and (B):</p> <p>“calendar months of April, May, October or November in the subsequent Contract Year (unless otherwise directed or requested by the System Operator in accordance with the IESO Market Rules)”</p> <p>If a Supplier must take a Sole Annual Planned Maintenance Month or Split Annual Planned Maintenance month outside of the four designated months (April, May, October or November) due to System Operator direction, they will not be financially impacted under the LT1 Contract.</p>

Feedback	IESO Response
<p>IESO should reconsider GHG provisions in the LT1 contract.</p>	<p>The E-LT1 Contract included specific provisions, extensively stakeholdered and informed by government directive, outlining Suppliers' recourse in the event of future laws limiting GHG emissions (Article 2.15 "GHG Abatement Plans") and certain other changes in law (Article 13 "Discriminatory Action"). The IESO intends to retain these provisions under the LT1 Contract.</p>
<p>Optimization of the project and existing transmission/distribution system is a natural process in the development, construction and interconnection of a new resource. The LT1 Contract should reflect this natural process and provide reasonable support for changes recommended by the transmitter or distributor to point of interconnections.</p>	<p>The IESO reiterates that the connection point specified in the Proposal must be consistent with the connection point reflected in the results of the Deliverability Test. While a deviation of the connection point may not impact the power system with the power injection or withdrawal (storage charging) in some cases, this cannot be determined without considering each deviation on a case by case basis. Therefore, to be consistent, there cannot be any deviation between the Deliverability Test and the LT1 RFP Proposal submission. After the Contract Date, Facility Amendments may be addressed under the terms of the LT1 Contract.</p>