

Feedback Form

Long-Term 2 RFP – December 13, 2023

Feedback Provided by:

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To promote transparency, feedback submitted will be posted on the Long-Term RFP engagement page unless otherwise requested by the sender.

Following the LT2 RFP engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on specific items discussed during the webinar. The webinar presentation and recording can be accessed from the [engagement web page](#).

Please submit feedback to <mailto:engagement@ieso.ca> by January 15, 2024. If you wish to provide confidential feedback, please mark "Confidential". Feedback that is not marked "Confidential" will be posted on the engagement webpage.

Resource Adequacy Framework and Cadenced Procurement Approach

Topic	Feedback
<p>Do you have any comments or concerns regarding the cadenced nature between upcoming LT and MT RFPs?</p>	<p>PUI supports the proposed cadenced approach to LT and MT procurements over the next number of years. PUI also supports the IESO’s proposed bifurcated approach to procurement of long lead time resources such as waterpower. PUI recommends that the IESO consider a similar bifurcated approach for DERs utilizing a simplified contract for differences on the basis that these facilities are not required to be market participants.</p>
<p>Do you have any comments or concerns regarding the proposed offering of both capacity style and new revenue model style of contracts, based on resource eligibility requirements and system needs?</p>	<p>PUI has several concerns regarding the proposed new revenue model, notably:</p> <ul style="list-style-type: none"> - The risk associated with curtailment appears to be somewhat allocated Suppliers. Curtailment risk should be allocated primarily to those who control planning and system management; - The new Market Renewal Program has not yet been implemented and that there is no pricing history that Suppliers can use to model and assess the market risk to which Suppliers will be exposed; and - The contract structure and requirement to become market participants may be overly burdensome for Suppliers with small scale DERs. A simpler contract for differences with negative pricing provisions similar to existing contracts should be applicable to such facilities. <p>PUI requests that the IESO provide additional detail and specific examples outlining how curtailment and market risks are proposed to be mitigated in the proposed Enhanced PPA structure.</p>

Topic	Feedback
<p>Do you have any concerns regarding the proposed target setting approach for upcoming MT RFPs?</p>	<p>As we understand it, the IESO has proposed establishing a target percentage of existing installed capacity for the MT RFPs (i.e. 75% in the example used by the IESO), presumably to encourage competition and lower prices. However, we also understand that the IESO needs all or most existing generation to meet system reliability needs. As we understand it, existing capacity that is not successful in securing a MT contract would be required to participate as merchant plants in the market. As such, there is some risk that a percentage of existing assets that are not successful in securing a MT Contract may be pushed prematurely into retirement if the energy market does not provide adequate revenues to support their ongoing operations, and thereby adversely impact system reliability.</p>
<p>Do you have any comments regarding how best to employ bridging and extensions to contracts to facilitate the success of the Resource Adequacy Framework?</p>	<p>PUI is supportive of recent OWA and IESO efforts to establish the Small Hydro Program (SHP) to enable contractual certainty for these perpetual assets through to 2043 and supports the OWA's recommendation that the IESO develop a Northern Hydro Program (NHP) to recontract eligible hydroelectric facilities >10MW. PUI recommends that expansions and upgrades of facilities contracted under both these programs should be eligible under future LT procurements utilizing a blended rate & extended term approach.</p>

LT2 RFP Resource Eligibility and Timelines

Topic	Feedback
Do you have any general feedback on resource eligibility and timelines?	PUI is supportive of the eligibility of DERs and existing facility repowering, expansions, and upgrades in LT procurements. However, PUI does not support a mandatory minimum increase in capacity for existing facility repowering, expansions, and upgrades. Repowering or upgrading an existing facility may be essential to extending its life, however, the capacity may be constrained by the resource, land, grid connection, or other site-specific constraint. Furthermore, the addition of energy storage to an existing non-emitting resource (i.e. hybridization of an existing facility) may provide value to the IESO without the requirement to add capacity. We recommend the IESO establish the eligibility requirements to encourage and maximize the optimization and enhancement of existing facilities, as such projects may provide the lowest cost and shortest duration alternative to meeting the IESO’s procurement objectives.
If the potential of repowering an existing facility applies to you, would you be interested in exploring this option further?	PUI has several opportunities to repower an existing facility including several 100+ year old waterpower facilities; a solar facility utilizing low-efficiency technology; and a biogas facility that is reaching its end of life. We are very interested in exploring these options further.
How should the optimal threshold for what constitutes a partial or fully repowered facility be determined and what considerations should be taken into account regarding the repowering of different resource types?	As previously noted, PUI does not believe that a specified minimum increase in capacity should be a mandatory requirement for repowering a facility. The expected life, plant condition, reliability, and production efficiency/output should be considered in the eligibility of such facilities. The IESO could consider a minimum energy increase (rather than a capacity increase) for such projects. For example, repowering a solar facility at the same capacity would result in an increase in production using newer more efficient solar modules (and considering degradation of existing solar modules), and a higher DC overbuild. Similar opportunities exist to enhance production with hydro facilities and other non-emitting technologies, and through hybridization of existing facilities. An IE may be engaged to validate that a facility meets the established criteria to be eligible for repowering (i.e. facility at or near its end of useful life, repowering will result in an increase in operating efficiency, production, and/or reliability).

Topic	Feedback
<p>What considerations should be taken into account for new-build DERs?</p>	<p>New distribution-connected facilities should be eligible. The IESO should provide the option that small scale facilities may not be required to become market participants (i.e. less than 5 or 10 MW). For non-market participants, a simplified PPA based on a contract for differences with provisions for negative pricing should be utilized.</p>
<p>Please express any interest and opportunities for uprates and/or expansions at any of your existing facilities.</p>	<p>As previously noted, PUI has several opportunities for facility repowering, upgrades, or expansions, including possible hybridization. Several of these opportunities are with waterpower facilities that are eligible to participate in the new Small Hydro Program. As such, clarity is required on whether such opportunities are eligible under future LT procurements.</p>

LT2 RFP Design Considerations – System Congestion and Deliverability Approach

Topic	Feedback
<p>What early system congestion information do proponents need to guide them in choosing the location of their projects and when is this needed by within the procurement cycle?</p>	<p>We believe there are two distinct items to consider: (i) connection capacity; and (ii) congestion. Zonal maps indicating the available connection capacity at the transmission level, and a connection assessment tool such as that provided by Hydro One for DERs should be made available as soon as possible following the award of LT1 contracts. This information should provide Proponents with a reasonable indication of the available capacity that can connect to the grid at both the distribution and transmission level, as applicable.</p> <p>WRT congestion, the IESO should also provide historic information related to congestion, on a zonal basis, and identify the primary constraints within the zone. To the extent that the IESO has undertaken modeling of future congestion conditions based upon their system planning, the IESO should provide such information to assist Proponents in understanding the risk associated with curtailment. Should the LT contract provisions allocate curtailment risk to the IESO, such information may not be required.</p>

Topic	Feedback
Do you have any general suggestions for how to approach deliverability evaluation in the LT2 RFP?	As previously noted, the IESO should provide zonal maps indicating the available connection capacity at the transmission level, and a connection assessment tool such as that provided by Hydro One for DERs should be made available as soon as possible following the award of LT1 contracts. This information should provide Proponents with a reasonable indication of the available capacity that can connect to the grid at both the distribution and transmission level, as applicable. PUI supports completion of Deliverability Tests for projects as part of the proposal evaluation process. Proponents should not be permitted to apply for a CIA or SIA until they have been awarded a LT Contract to avoid unsuccessful bidders from being allocated capacity prior to the award of LT contracts.

LT2 RFP Design Considerations – General Feedback

Topic	Feedback
Do you have any comments regarding the impacts that agricultural land-use limitations may have on project development?	PUI owns and operates an existing solar facility partially located on agricultural lands. We have maintained an agricultural use of these lands by allowing local partners to raise sheep and to manage bee hives on the lands occupied by the solar facility. During the recent LT1 RFP, we were able to secure municipal support for a proposed BES project co-located with the solar farm, primarily due to our joint agricultural use of the lands. Accordingly, we recommend that repowering, upgrade, expansion, or hybridization of existing facilities located on agricultural lands where such Suppliers demonstrate and/or commit to a joint agricultural use of the agricultural lands be exempt from such land-use limitations. An exemption may also be provided to new build facilities that commit and prepare an approved plan for continued joint agricultural use of the lands.

Topic	Feedback
Do you have any comments regarding what evaluation criteria can be utilized to evaluate project readiness, given tight timelines and reliability needs?	PUI has some concerns over the current state of Crown land policies for non-emitting resources. The IESO is encouraged to work with the Ministry of Natural Resources and Forestry (provincial Crown land) and Parks Canada (federal Crown land) to ensure their processes for resources access are aligned with the IESO's expectations. "Site control" should not be defined by "secure tenure" rather by "site access" under these provincial and federal processes for projects located on Crown land.
Do you have input on the proposed mechanism for valuing Indigenous participation?	PUI is generally supportive of valuing Indigenous participation through rated criteria points. However, based on our experience on the LT1 RFP, Indigenous communities have limited capacity to engage and assess their participation in multiple projects within the tight procurement timelines established by the IESO. This constraint is magnified in a highly competitive procurements such as the LT1 RFP wherein tens of thousands of MWs of projects were under development concurrently. To address this constraint, PUI recommends that the IESO also provide rated criteria points for local municipal and community participation. This approach would help alleviate capacity constraints within Indigenous communities and encourage greater municipal and local support for projects through municipal and/or community participation.
Are there any other rated criteria that should be considered?	As noted above, PUI highly recommends that the IESO provide rated criteria for municipal and community participation, in addition to Indigenous participation. This approach would help address the capacity constraints with Indigenous communities and encourage greater municipal and local community support for projects through economic participation.

Long Lead Time Resources

Topic	Feedback
Does the proposed approach to enabling long-lead time resources enable meaningful participation or sufficient certainty?	PUI supports a bifurcated approach to the procurement of long-lead time resources such as waterpower and recommends that the IESO develop eligibility criteria and a carve out procurement target for such resources.

Topic	Feedback
What additional considerations should the IESO contemplate for enabling broader participation from long-lead time resources?	<p>We recommend that contracts for long lead time resources include:</p> <ul style="list-style-type: none"> - longer contract term that reflects the longer life expectancy of these resources (notably waterpower); - provisions that recognize additional system benefits (capacity, reliability services, power quality, etc.); and - provisions to address uncertainty in material, labour and equipment costs over the longer development period.

Revenue Model

Topic	Feedback
As a potential proponent, are you generally supportive of the proposed Enhanced PPA revenue model? Are there any other considerations that the IESO should look into further with regards to the revenue model?	<p>PUI requires further information regarding the Enhanced PPA revenue model from the IESO before it can offer a final view on its support or lack thereof. PUI notes that the IESO and OWA have negotiated a PPA for small hydro facilities, and a framework PPA for larger hydro facilities, that may be a suitable alternative to the Enhanced PPA revenue model. PUI also recommends that the IESO provide a simplified contract for differences and removes the requirement to become a market participant for small scale DERs.</p>

General Comments/Feedback

PUI recommends the inclusion minimum thresholds for company and staff experience, technical capabilities, and financial criteria for Proponents participating in the LT procurements, in conjunction with reasonable security deposit requirements, given the tight procurement timelines. The LT contract should include provisions for recovery of the security deposit where the elements of the project are outside the reasonable control of the Supplier.