

Feedback Form

Long-Term 2 RFP – December 13, 2023

Feedback Provided by:

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Date: January 15, 2024

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
Do you have any comments or concerns regarding the cadenced nature between upcoming LT and MT RFPs?	No concerns on the cadenced approach with LT and MT RFPs.
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?	No comments or concerns.
Do you have any concerns regarding the proposed target setting approach for upcoming MT RFPs?	No comments or concerns.
Do you have any comments regarding how best to employ bridging and extensions to contracts to facilitate the success of the Resource Adequacy Framework?	Any bridging or extension to existing contracts should either be facilitated through a future competitive process or, if a direct negotiation is required, the IESO should handle the negotiations with as much transparency as is possible.

LT2 RFP Resource Eligibility and Timelines

Topic	Feedback
Do you have any general feedback on resource eligibility and timelines?	<p><u>Biogas & Biomass</u> It is very clear that the program is focused on Non-Emitting Resources. The definition of Non-Emitting Resources should include all the resources which were included within the Feed-In Tariff Program. This would include wind, solar, & hydroelectric along with biogas and biomass resources. While biogas and biomass resources do have point source emissions due to the nature of their process, they are only releasing biogenic carbon dioxide and they are not emitting fossil-based carbon dioxide.</p> <p><u>Waste Heat Projects</u> We recommend that waste heat recovery (WHR) projects also be considered as eligible projects even if they are capturing heat from facilities who may already be emitting due to the nature of their industrial process. Waste heat recovery projects help drive energy efficiency to existing operations while also facilitating expedient project development because the facilities are already permitted and may not require further permitting (depending on the size of the project). Our firm is familiar with several industrial facilities who could develop a waste heat recovery project under LT2 (further details could be provided to the IESO subject to confidentiality agreements).</p> <p><u>No Minimum Project Size</u> We believe that the LT2 program should not have a minimum project size threshold. Eliminating any project size limits may drive innovation and creativity in project development while also respecting the economic constraints of the procurement.</p>
If the potential of repowering an existing facility applies to you, would you be interested in exploring this option further?	<p>There are many biogas facilities throughout Ontario who are currently contracted under a FIT contract. In line with the timelines of LT2, these projects could consider repowering to participate in LT2. These projects could consider repowering with a strategy of operating the biogas plant continuously (as they do now) while storing biogas during off-peak hours and generating ~12 hours a day during on-peak or higher priced hours.</p>

Topic	Feedback
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?	Further to the example above, biogas facilities would likely not need to repower the biogas generation facility (material handling, anaerobic digester, biogas handling) but they would likely need to repower the power generation portion of the facility (larger gas engine, potentially new electrical interconnection). We would suggest that this should be considered a partial repowering given that only half of the facility would be affected.
What considerations should be taken into account for new-build DERs?	Similar to what existed under LT1, new-build DERs who can come on line ahead of the LT2 targeted timelines should be eligible to receive an Early COD bonus.
Please express any interest and opportunities for uprates and/or expansions at any of your existing facilities.	The biogas repowering facility described prior would likely be considered an uprate of a facility coming off of an existing contract.

LT2 RFP Design Considerations – System Congestion and Deliverability Approach

Topic	Feedback
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?	Proponents who are developing projects for LT2 need to know that the power they plan to generate can be exported into the IESO grid or they need to know the hours/periods when the power cannot be exported. This information is critical to site selection and should be made available as early as possible within the procurement cycle. All of the development activity will centre around locations where the projects can be successful in deliverability tests.
Do you have any general suggestions for how to approach deliverability evaluation in the LT2 RFP?	The IESO could consider using capacity factor as a tie-breaker when assessing deliverability. In other words, projects which can deliver electricity for more hours throughout the year should get priority in a deliverability assessment.

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?	No comments.
Do you have any comments regarding what evaluation criteria can be utilized to evaluate project readiness, given tight timelines and reliability needs?	In the absence of a Pre-qualification requirements for LT2, Qualified Applicants and Proponents of LT1 could be considered pre-qualified for LT2 and thereby able to avoid the submission of supplementary information to qualify as part of the LT2. This would streamline a portion of the bid evaluation process for the IESO.
Do you have input on the proposed mechanism for valuing Indigenous participation?	No comments.
Are there any other rated criteria that should be considered?	The IESO should consider using the Carbon Intensity (CI) Factor of the proposed projects as a Rated Criteria. The IESO could select an industry accepted life cycle assessment tool (ie. Fuel Life Cycle Assessment Model by Environment and Climate Change Canada) for assessing the CI Score for projects and could incentive projects with lower CI scores using rated criteria. This would allow the LT2 procurement to evaluate projects based on other environmental benefits such as a lower CI score.

Long Lead Time Resources

Topic	Feedback
Does the proposed approach to enabling long-lead time resources enable meaningful participation or sufficient certainty?	No Comments
What additional considerations should the IESO contemplate for enabling broader participation from long-lead time resources?	No Comments.

Revenue Model

Topic	Feedback
<p>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>	<p>Based on the information which has been presented so far, we are generally supported of the proposed Enhanced PPA revenue model.</p> <p>The IESO could consider undertaken sensitivity analysis on the Enhanced PPA revenue model for different fuel sources (ie. wind vs. solar vs. hydroelectric vs. biomass vs. biogas) to evaluate whether separate procurement tranches are required. In other words, if one common model is used for all resources and the lowest price bids will win, are specific fuels deemed unable to be competitive due strictly to the nature of the technology.</p>

General Comments/Feedback

The technology landscape is continually changing and new technologies are continually emerging which can provide clean, reliable energy in a decarbonized energy industry. The IESO should consider providing flexibility to include future fuels (ie. hydrogen, syngas) or future technology (ie. carbon capture, exothermic methanation) which may not be commercially available but which could provide electrical energy into the LT2 program at an efficient price in time for the LT2 schedule expectations.