Feedback Form

Long-Term 2 RFP – December 13, 2023

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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
Do you have any comments or concerns regarding the cadenced nature between upcoming LT and MT RFPs?	OPGC is pleased to see this approach as it will help to reestablish credibility with developers. OPGC is also pleased with the proposed bifurcated approach which will effectively result in waterpower being evaluated separately.
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?	Keeping these types of procurements separate, each with its own style of contract, is good. There should also be a contract/revenue model developed for hybrid projects. See below for specific comments regarding the proposed revenue model for LT2.
Do you have any concerns regarding the proposed target setting approach for upcoming MT RFPs?	No comment
Do you have any comments regarding how best to employ bridging and extensions to contracts to facilitate the success of the Resource Adequacy Framework?	This is an efficient method to allow operating resources with expiring contracts to continue to operate. There should be little or no restrictions regarding recontacting of resources that have expiring contracts, i.e. no need to increase capacity, which may not be possible for many resources such as roof-top solar that already utilizes the entire area of a roof, or high capacity-factor hydro projects

LT2 RFP Resource Eligibility and Timelines

Topic	Feedback
Do you have any general feedback on resource eligibility and timelines?	OPGC agrees with the broad requirements, i.e. non-emitting; energy producing; and in-service by 2030, (with long lead time resources having later in-service dates). Crown land access policies will need to be in place very quickly to allow the RFP process to proceed on schedule.

Topic	Feedback
If the potential of repowering an existing facility applies to you, would you be interested in exploring this option further?	Yes, but it will be difficult if not impossible to increase contract capacity by any significant amount for rooftop solar installations that already maximize roof area. A small increase in the order of 10% may be possible if degradation of existing panels can be taken into consideration. For example, a 500-kW installation after 20 years may only be producing 450 kW due to panel degradation. With new panels it could increase back to 500 kW representing a 10% capacity increase. New panels may be more efficient, so a minor increase above 500 kW would be possible.
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?	There should be an option to repower at the present capacity, so that no major investment needs to occur. This could be recognized by perhaps providing one price for existing energy and another price for additional energy, as the HESOP waterpower contracts now provide
What considerations should be taken into account for new-build DERs?	DER's should be eligible. There should be an option to allow these facilities not to become a Market Participant. Aggregating DERs sounds complicated and expensive.
Please express any interest and opportunities for uprates and/or expansions at any of your existing facilities.	There are minor opportunities at most of our six waterpower facilities for expansions.

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?	The systems that were in place through Hydro One worked well for earlier procurements (FIT, LRP, etc.)
Do you have any general suggestions for how to approach deliverability evaluation in the LT2 RFP?	This is a concern especially for long lead time projects. More information is required to properly evaluate this.

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 comment
Do you have any comments regarding what evaluation criteria can be utilized to evaluate project readiness, given tight timelines and reliability needs?	Since there will be no RFQ, it needs to be made very clear what qualifications will be required. There have been very few new non-emitting projects developed in Ontario in the past 5 years, so required experience should extend back at least 10 years. Proponents that operate non-emitting resources should not be excluded if they have not developed a project for some time if they include consultants and others on their team with more recent experience. Some waterpower projects may be able to be in service by the 2030 deadline, however the Rules should allow these projects to compete in the "Long lead time" category. Project readiness could include factors such as completion of previous environmental studies and approvals, maturity of indigenous consultation, level of municipal/provincial/federal approvals, and clear land tenure for duration of contract.
Do you have input on the proposed mechanism for valuing Indigenous participation?	OPGC supports Indigenous participation as presented. Similar consideration should also be given to municipally owned projects where all profits would ultimately be returned to taxpayers.
Are there any other rated criteria that should be considered?	OPGC suggests that municipal ownership be heavily valued in recognition of the social benefits of public ownership. While municipal support is a requirement, participation and economic interest should be encouraged in terms of criteria points with 100% ownership being heavily weighted.

Long Lead Time Resources

Topic	Feedback
Does the proposed approach to enabling long-lead time resources enable meaningful participation or sufficient certainty?	OPGC strongly supports this initiative. Care will need to be taken as to what type of project qualifies. It will be difficult to do this without defining the technologies. Waterpower and some large storage projects are likely the only technologies that fall into this category, and since LT2 is an energy only procurement, that leaves waterpower. OPGC advises that this procurement be defined as waterpower-specific
What additional considerations should the IESO contemplate for enabling broader participation from long-lead time resources?	Length of contract 40 years or more. Provisions related to ancillary system benefits of waterpower (ability to produce/absorb VARS, high capacity factors, reliability, etc.).

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?	The model as presented does not appear to OPGC to be "bankable" due to several new uncertainties not present in other types of contracts. We appreciate that IESO has designed the model to provide a "Grid Reliability Payment", however if a proponent cannot meet its "Deemed Energy Revenue" (DER) there is downside risk that cannot be properly evaluated. Particularly for waterpower projects, the use of an annual "Energy Production Factor" (EPF) to calculate DER will penalize waterpower projects every summer when monthly EPFs are always lower. This could be rectified by using seasonal rather than annual EPFs to calculate DER. Even with this change there remains undefinable risks associated with curtailment and lack of data related to Day Ahead Market average prices and actual hourly market prices. This is because the Market Renewal Program is not in place yet. Keep in mind that lenders are extremely risk adverse. They will need to see an energy model that proves certainty that a proponent can meet monthly payment requirements.

	One solution may be to protect proponents from this market downside risk by guaranteeing that the monthly "Revenue Requirement" is always met. Although IESO is trying to encourage generators to respond to market signals, this is not really possible for a run-of-river waterpower plant. Realistically it is very unlikely that there will be any waterpower projects responding to this RFP that have reservoir capacity. This is mainly due to lack of sites, and significant environmental effects of operating a reservoir. What is possible is that some sites with larger natural head ponds, and availability to vary water levels 150 mm or so, may be able to do some daily peaking in the summer months when flows are low and water may be able to be stored overnight. In this case a project could decide to operate only during the day for the summer period (3 of 4 months maximum) and maybe be able to take advantage of the market's natural tendency to provide higher pricing during the day and lower pricing at night. However, a lender will continue to point to the lack of firm data under the new market to support this. Further, with the advent of EV's charging generally at night could these day/night prices smooth out over time? These are difficult conversations to have with lenders. In summary, it is our opinion that significant refinements need to be made to de-risk the revenue model, and consideration should be given to the use of other existing revenue models that the IESO has already developed and implemented. This would be particularly true for run-of-river waterpower projects less than about 20 MW that are connected under 50KV and not dispatched by the IESO. Simply establishing an on-peak and off-peak rate for small projects would achieve the IESO's objective of incenting what little peaking/ponding operations are available to the generator. The more complex PPA, as proposed, could be applied to larger >20MW BES transmission connected assets that would be dispatched by the IESO.

General Comments/Feedback