

Feedback Form

Long-Term RFP – February 8, 2022

Feedback Provided by:

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Following the February 8th public webinar on the Long-Term RFP, the Independent Electricity System Operator (IESO) is seeking feedback from participants on a variety of elements to help further inform the draft RFP and Contract, including: potential revenue streams, contracting mechanisms, term length and forward period, ability of resources to meet mandatory requirements and rated criteria, as well as the general approach to the RFQ including the proposed method to evaluate finances and experience.

The referenced presentation can be found on the [Long-Term RFP webpage](#).

Please provide feedback by February 18, 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.

Revenue Streams

Topic	Feedback
<p>Please provide feedback on the revenue stream options that the IESO proposed.</p> <p>Are there additional revenue streams that proponents see that can be monetized?</p>	<p>Credits around location and in the case of variable generation (if energy is to be included), The tendency of the resource to produce energy around the times its needed.</p>
<p>Other jurisdictions have procured new-build resources under long-term agreements through a variety of contract types (power purchase agreements, capacity only contracts, capacity contracts with energy components, etc.). What lessons do stakeholders have from their experience with these other contracting mechanisms?</p>	<p>Allow new resources to enter the market if they are lower cost and carbon intensity than existing ones. Ultimately they may drive legacy resources out of the market</p>
<p>What opportunities do stakeholders see in the future to monetize environmental attributes ?</p>	<p>I discuss carbon pricing below.</p>

Term Length and Forward Period

Topic	Feedback
<p>Please provide feedback on the options for additional term-length that the IESO proposed.</p>	<p>A suggesting to get proponents to bid based on either 10 years and a longer duration and see how this influences value to the system</p>
<p>Do stakeholders feel that the options presented provide proponents with some certainty from an investment and/or financing perspective?</p>	
<p>What are some options for additional term that the IESO should consider?</p>	
<p>Are stakeholders aware of any resources (new-build and/or expansions to existing resources) that able to come into service as early as 2025?</p> <p>What challenges would resources face with being fully operational by 2025?</p> <p>Please provide any additional information that may help inform the IESO of potential projects and their development timelines, in order to help guide discussions around LT I RFP forward periods.</p>	<p>I have to think that battery storage could easily happen that quickly. Even battery storage charged by solar could likely happen at this speed.</p> <p>Availability of equipment might be a limitation given the logistical and supply problems that are occurring</p>

Mandatory Requirements and Rated Criteria

Topic	Feedback
Please provide feedback on the mandatory requirements the IESO proposed.	
The IESO presented a number of technical characteristics that are desirable from a system value perspective, that may form rated criteria in LT I RFP. Please provide feedback on the characteristics proposed and their applicability as rated criteria.	

RFQ

Topic	Feedback
Do stakeholders feel that the high level approach proposed for the RFQ satisfies the IESO's goal of ensuring that interested parties have the capability to undertake project development for the LT I RFP, while also enabling competition?	

General Comments/Feedback

The city of Ottawa (hereafter Ottawa) is Canada's fourth largest municipality consisting of rural and urban areas. In the fall of 2020 Ottawa City Council unanimously approved Energy Evolution, a plan to reduce Ottawa's greenhouse gas emissions in line with global ambitions to ensure that catastrophic global heating above 1.5 degrees Celsius does not occur. Integral to this plan, is a requirement for scope two greenhouse gas emissions from the electricity sector to steadily migrate to zero between now and 2050. As Ottawa relies on the Ontario bulk electricity system for over 90% of its electricity supply, ensuring reduced emissions in the Ontario bulk electricity system can assist Ottawa in achieving its greenhouse gas reduction targets.

The city is interested in the long-term RFP being planned by the IESO. Relative to the consultation of February 8th, we make the following comments which we believe align with both the stated objectives of the RFP in questions as environmental and economic interests of Ottawa.

1. Behind the Meter Capacity:

The IESO suggested that behind the meter resources would not be considered in this RFP offering. This is disappointing as behind the meter capacity could assist net metering renewable installations in achieving better economies of scale. Currently net metered installations must use outstanding export credits within a 12 month beyond which the credits are forfeited. Allowing some behind the meter energy to go into storage which could then be exported to the grid in line with the four-hour minimum criterion of the Long-Range RFP, could potentially allow behind the meter systems to be larger while ensuring that they do not have any unused credits foregoing an opportunity to earn revenue. Ottawa therefore suggests that the IESO consider behind the meter resources as being in scope for this RFP as it will create further economic and environmental opportunities.

2. Working with LDC's:

Ottawa works closely with Hydro Ottawa with regards to Energy Evolution. We note that the transformational nature of Energy Evolution will have significant impacts on the local distribution infrastructure. Placing some of the capacity infrastructure in areas of the distribution grid designated by an LDC has the potential to mitigate some of the demand impacts forecasted on the local distribution grid as a result of the electrification Energy Evolution requires. Such cooperation has the potential to extend the benefits of this RFP to the local level. Further, it would address some of the issues related to aligning needs between distribution grids and the bulk transmission system as identified in the IESO's recent white paper series.

3. Carbon Pricing:

Currently carbon pricing for natural gas generation in Ontario is based on a benchmarking system whereby the lowest emission generators set the floor from which higher emission generators are charged incrementally for their higher production of emissions. Ottawa recommends a similar approach for this RFP.

The lowest emission capacity resource (for example battery storage recharged by a solar array) would set the benchmark as the lowest emission resource above which higher emission resources would be required to pay carbon levies which would incrementally increase with their emissions levels. By further explanation, capacity in the form of storage would pay carbon levies based on the energy source which recharges it.

Capacity in the form of storage which is recharged from the grid would pay carbon levies in line with the carbon intensity of the Ontario grid. The IESO should carefully consider how the carbon intensity of the Ontario grid could be estimated for the purpose of recharging storage capacity. Ideally carbon intensity of recharging operations would be based on a real time calculation of carbon emissions at the time a storage device is recharged. Ottawa acknowledges that such an approach may be

difficult to administer, but any efforts to ensure that carbon intensity estimates are accurate as possible stands to enhance the environmental performance of storage capacity which recharges from the Ontario grid.

I'm at the IESO's disposal to discuss these ideas further.

Regards, Mike.