



**JULY 21, 2022**

# LT1 RFP and Additional Mechanisms Webinar: Questions & Answers session

# Agenda

- LT1 RFP and Expedited Process Updates
  - Rated Criteria – Municipal and Band Council Support Resolutions
  - Contract Design
- LT1 RFP and Expedited Process Updated Schedules
- Deliverability Test Process and Sequencing
- Q and A

# Purpose

- The purpose of this session is to:
  1. Make ourselves available for any questions stakeholders have on the procurement processes
  2. Provide stakeholders with some updates regarding the procurements
  3. Answer questions that stakeholders may have on the Deliverability Guidance Document posted on Friday, July 15<sup>th</sup> and any of the materials presented today

## Rated Criteria: Proposed Support Resolutions

- The IESO continues to meet with municipalities and Indigenous communities to discuss the procurement processes
- Most recently, the IESO held a more focused discussion on the proposed mandatory requirement to obtain a Municipal Council Support Resolutions under the LT1 RFP prior to proposal submission and post-contract award under the Expedited Process
- While there was some support for the concept, concerns were raised about the impacts on municipalities and linkages to their permitting processes
- Given that feedback and internal analysis, the IESO proposes that Municipal Council Support Resolutions be treated as a rated criteria for both the Expedited and the LT1 RFP process

# Contract Design 1/2

- The IESO recognizes the challenges that the transition to a technology-agnostic, services based contract brings
- The feedback that the IESO has received has a common theme of wanting more resource-specific commercial structures
- However, the RFQ submissions reinforced the innovative and creative perspectives that developers have to help solve Ontario's capacity needs
- With the overwhelming interest in standalone storage, the IESO is considering including some more storage specific considerations into the proposed capacity-based model
- For non-storage resources, the IESO is considering offering a capacity style contract in order to foster the innovative thinking reflected in the RFQ submissions

## Contract Design 2/2

- The IESO is currently working on the LT1 and Expedited Process contract design
- One consideration is to include indexing provisions as a means to provide developers with a hedge against inflation and commodity price hikes
- For example, raw materials could be indexed against Materials Cost Index or other industry accepted index between the signing of the contract and Commercial Operation Date
- The IESO is seeking proponent feedback on the notion of indexing and what indices are the most appropriate to consider

# LT1 RFQ Update

- Evaluation of Qualification Submissions ongoing and will establish qualified applicants for both the LT1 RFP and the Expedited Process
- The IESO received submissions from more than 70 applicants who identified over 900 potential projects
- Based on this high volume of interest, the IESO requires additional time to conclude its RFQ evaluation beyond the originally indicated milestones
- A high level proposal for an updated schedule follows in the subsequent slides

# Expedited Process Schedule

| <b>Expedited Process Milestones</b>                           | <b>Initial Date</b> | <b>Revised Date</b>  |
|---|---------------------|--|
| <b>Expedited Process Qualified Applicants Announced</b>       | July 20, 2022       | <b>August 23, 2022</b>   |
| <b>Draft Expedited and LT1 RFP Posted</b>                     | August 1, 2022      | <b>August 25, 2022</b>   |
| <b>Expedited Process Deliverability Assessment Submission</b> | July 27, 2022       | <b>August 30, 2022</b>   |
| <b>Final Expedited Process RFP Posted</b>                     | October 1, 2022     | <b>November 1, 2022</b>  |
| <b>Expedited Process Deliverability Test Results</b>          | September 23, 2022  | <b>November 30, 2022</b><br><br>(additional time required due to volume of Expedited Process applicants) |
| <b>Expedited Process Proposal Submission</b>                  | November 1, 2022    | <b>December 20, 2022</b>   |
| <b>Expedited Process Contract Award</b>                       | December 31, 2022   | <b>February 28, 2023</b>   |



# LT1 RFP Schedule

| LT1 RFP Milestones                     | Initial Date      | Revised Date   |
|--|-------------------|--|
| LT1 RFP Qualified Applicants Announced | August 15, 2022   | <b>August 23, 2022</b>   |
| Draft Expedited and LT1 RFP Posted     | August 1, 2022    | <b>August 25, 2022</b>   |
| LT1 RFP Deliverability Test Submission | October 1, 2022   | <b>January 4, 2023</b>   |
| Final LT1 RFP and Contract Posted      | December 15, 2022 | <b>January 30, 2023</b>  |
| LT1 RFP Deliverability Test Results    | December 29, 2022 | <b>[April 14, 2023]</b><br><br>(Additional time may be required depending on volume of applicants) |
| LT1 RFP Proposal Submission            | July 2023         | <b>[July 2023]</b>   |
| LT1 RFP Contract Execution             | October 23        | <b>[October 2022]</b>  |

# Deliverability Test Process and Sequencing

|                          | <b>Aug. 2022 to<br/>Nov. 2022</b>   | <b>Nov. 2022 to<br/>Feb. 2023</b>   | <b>Jan. 2023 to [Apr. 2023]</b>  | <b>[Jul. 2023] to<br/>[Oct. 2023]</b>   |
|--------------------------|---|---|--|---|
|                          | Deliverability Test 1 (a)   | Deliverability Test 1 (b)   | Deliverability Test 2 (a)  | Deliverability Test 2 (b)   |
| <b>Expansions</b>        | Aug 30: Deadline to submit Expansions and Expedited projects<br>Nov 30: Expansions & Expedited Deliverability Test Complete | Nov/Dec: Expansions will receive priority; expansions deemed 'deliverable but competing' will be re-tested as part of that procurement process  | Procurement Results from Expansions and all submitted Expedited Proposals included as inputs into LT1 RFP Deliverability Test  | Results from Expansions and Expedited Process included in the LT1 RFP deliverability test                 |
| <b>Expedited Process</b> | Results: (1) Deliverable, (2) Not Deliverable or (3) Deliverable but Competing  | Jan/Feb: Expedited Process Projects deemed Deliverable but Competing are re-tested as part of Expedited Process Proposal Evaluation; the test will consider the results of the expansions procurement process |  |   |
| <b>LT1 RFP</b>           |   | LT1 RFP Deliverability Test information provided to IESO prior to Jan 4.  | Jan 4: Deadline to submit LT1 projects<br>[Apr.14]: LT1 RFP Deliverability Test Complete<br>Results: (1) Deliverable, (2) Not Deliverable or (3) Deliverable but Competing | LT1 RFP Projects deemed 'Deliverable but Competing' are re-tested as part of LT1 RFP Proposal Evaluation. |

# Stakeholder Feedback

- The IESO is seeking written feedback to [engagement@ieso.ca](mailto:engagement@ieso.ca) on the following items discussed today by August 4, 2022
  1. The IESO's proposal to change the Municipal Council Support Resolution from a mandatory requirement to a rated criteria
  2. The potential use of indexing in the contracts and indices that may be best suited for these procurements
  3. The revised timelines and whether these seem appropriate
  4. The IESO also invites for stakeholder feedback on the Deliverability Test Guidance Document and associated form