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1600-120 Adelaide Street West
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September 30, 2022

Dear Barb,

This submission responds to the Independent Electricity System Operator's (IESO's) release of the draft E-LT 1 RFP ("the RFP") and draft E-LT 1 Contract ("the Contract").¹

We would like to thank the IESO for releasing the RFP and Contract in draft form for comment. We appreciate the effort the IESO has taken throughout the engagement process related to the development of these draft documents. We recognize that the success of the IESO's E-LT1 RFP is of utmost importance for Ontario to ensure that there is reliable electricity supply available during the mid-2020's as the supply-demand balance tightens. We also acknowledge that the upcoming procurement reflects a significant opportunity to broadly deploy battery energy storage resources across the province.

In addition to the above, EDF Renewables would like to emphasize the regional and global context that is setting the backdrop to the IESO's procurements process. As other jurisdictions around the world plan for their future energy needs, energy companies are weighing opportunities and risks in various markets due to factors such as accelerating electrification, technological innovation, decarbonization targets, rising inflation and lending costs, supply chain constraints, among others. The approach the IESO takes with

¹ See <https://www.ieso.ca/en/Sector-Participants/Resource-Acquisition-and-Contracts/Long-Term-RFP-and-Expedited-Process>

these procurements and its responsiveness to stakeholder feedback, especially given its unique market history and design will play a major role in the level of interest, bid prices, and resulting system reliability by avoiding attrition and minimizing development risk.

With this context, we offer the following recommendations for improvements and clarifications.

General Comments on E-LT1 RFP and Contract

<p>Absence of Contractual Offramps</p>	<p>Unlike previous power contracts in Ontario, there appear to be no contractual offramps for Suppliers.</p> <p>EDF Renewables understands the IESO wants reasonable risk to be born by the Proponent. At the same time, ensuring that each contract awarded will be delivered at lowest cost, on time and on budget, with low attrition of the selected resources, is critical to reliability.</p> <p>We also note the high bid security requirements and EDF Renewables favours high security and qualifications to ensure projects can and will be delivered on time.</p> <p>However, in various instances throughout the contract, EDF Renewables is very concerned that risks being placed onto bidders are significant and potentially prohibitive, and many are outside of the proponent’s control i.e., perceived uncapped liability, limited market rule protections, Indexation, interconnection timelines (LDCs, approval authorities), Community Support Resolutions as an Event of Default, etc.</p> <p>In this final review of the RFP and Contract, we encourage the IESO to consider how the Contract can reasonably balance a reasonable amount of development risk, while also allowing reasonable off ramp for situations that are not in the full control of the project developer, including but not limited to, macroeconomic issues like inflation, global supply chain constraints, political approval (or revocation) of permits, interconnection costs, or upcoming market rule changes that may damage project economics.</p>
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<p>Treatment of subsidy and grants</p>	<p>EDF Renewables has been consistent in all our submission that we must clearly understand how the IESO procurement process will balance any federal funding into the competition. With the potential for significant financial support for non-emitting projects, (i.e. Federal funding from Smart Renewables and Electrification Pathways program – expected to relaunch in the coming weeks), the IESO should consider how this will impact the competitive balance of the E-LT1 procurement, but preserve the benefits of any grant or subsidy for Ontario ratepayers. For example, will the IESO sweep these funds / share them with all bidders, or ask proponents to bid as if the grant does not exist? Other jurisdictions can serve as an example for possible approaches.</p>
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Prescribed Forms

Section	Key Text	Comment
<p>Prescribed Form – Community Engagement Requirements</p>	<p>EXHIBIT C: MINUTES OF THE PUBLIC COMMUNITY MEETING <i>Note: Insert a copy of the minutes of the public community meeting.</i></p>	<p>EDF Renewables would suggest seeking out “minutes” is impractical as, in our experience working with communities and hosting many public meetings in Ontario and across Canada, they are best run an ‘open house’ style meeting. Such a meeting is difficult to represent in minutes, since an “open house” public meeting does not have a single point of focus – multiple conversations happen simultaneously, and detailed information is shared in a one-on-one setting.</p> <p>We would like to replace the requirement for “minutes” with a “Public Meeting Summary” document that would then be posted to the project website.</p>

Draft E-LT1 RFP Comments

Section	Key Text	Comment
<p>1.2 – d) Procurement Target</p>	<p><i>The E-LT1 RFP is intended to competitively procure up to [1000] MW of year-round capacity services (the "Total Target Capacity"), on a Maximum Contracted Capacity basis, of which [] MW are targeted to be procured from Electricity Storage Facilities (the "Storage Target Capacity") and [] MW from resources other than Electricity Storage Facilities (the "Non-Storage Target Capacity")</i></p>	<p>On the September 15 webinar, IESO noted that the ERF capacity target of 1GW could increase. This increase would be welcome, especially given the decision of the IESO to include natural gas expansions as eligible (and prioritized) technologies in the procurement. Increasing the procurement would ensure that the same capacity target of non emitting resources could still be procured.</p> <p>EDF Renewables strongly supports a "Storage Target Capacity" in both the E-RFP and LT 1 RFP. While we understand that the target is dependent on a government policy decision via a pending Interim Report re: <i>Gas Phase-Out Impact Assessment</i> for October 7, 2022, we must encourage the IESO to share the target for both E-RFP and LT1 RFP as soon as possible. The global renewable energy investment market is increasingly competitive, especially in the wake of the <i>Inflation Reduction Act</i>. If a Buyer can be as specific as possible on how much, and of what type of technology it is seeking to buy, it goes a long way to helping build this procurement into our internal product (i.e. battery supplies) procurement procedures. Also, it allows Bidders to better understand the competition analysis and optimize our project portfolio to the point where we can be selective in which projects are most competitive, and work more closely with communities.</p>
<p>2.1 – e) iii) Deliverability Test Results</p>	<p><i>The proposed Contract Capacity, location and connection point information in respect of the Long-Term Reliability Project must be consistent with that which is reflected</i></p>	<p>EDF Renewables understand that the IESO wants to ensure that Projects are Bid Ready, and limit shifting project details like Location, Connection Point within the neighbouring project area, and local community.</p>

	<p><i>in the results of the Deliverability Test (and in respect of Contract Capacity, may not be in excess of the capacity assessed and documented in the Deliverability Test results.</i></p>	<p>It is highly probable that even a mature Project may need to shift Location, Connection Point due to the regular course of development via permitting, community and Indigenous engagement and feedback from Hydro One etc. We would request the IESO allow for 'reasonable changes' to Project Details from RFQ to right up to the Start of Construction, this will avoid requests for contract changes later and put the project in jeopardy.</p> <p>The IESO has been consistent in its assertion that the RFQ was to qualify proponents rather than projects, and that the deliverability assessment is intended to eliminate bids from undeliverable projects. However, unnecessary restrictions on factors like location and capacity (i.e projects should be able to reduce project capacity in their bid) should be allowed. This should avoid unnecessarily eliminating otherwise competitive projects from the process.</p> <p>We also request that the IESO do whatever is necessary to expedite the Deliverability Testing so that potential Proponents have these results as soon as possible. Given the current procurement schedule the Deliverability results will not be released until the end of November. With the Proposal Submission Date of December 20, 2022, this leaves less than three weeks for potential Proponents to prepare their Proposals. This means that potential Proponents could be wasting effort and money on sites that are not Deliverable and consequently ineligible for the Expedited Process.</p>
<p>2.2 – f) Materials Cost Index Adjustment</p>	<p><i>(i) The Materials Cost Index Adjustment shall be calculated as follows:</i></p> $MCIA = (MCPm / MCPb) \times FCP \times [0.5]$ <p><i>where:</i></p>	<p>It is clear to EDF Renewables that the IESO will be procuring a majority of capacity from Battery Energy Storage Solution (BESS), and, in particular, lithium-ion (Li-ion) batteries, which are currently the foremost technology within this category. To this end, we propose to index the contract price (CP) to the indices listed below, and in the following manner:</p>

	<ul style="list-style-type: none"> • <i>MCIA is the Materials Cost Index Adjustment (in Canadian Dollars).</i> • <i>MCPm is the market major product group price for primary ferrous metal products (identified as subcategory [P61]) plus the market major product group price for primary non-ferrous metal products (identified as subcategory [P62]) set out in the IPPI (collectively "Reference Products") [averaged over the three consecutive calendar months ending with the calendar month during which first (1st) anniversary of the Contract Date occurs].</i> • <i>MCPb is the baseline market major product group price for the Reference Products set out in the IPPI for the [calendar month immediately prior to</i> 	<ul style="list-style-type: none"> - Lithium carbonate: China lithium carbonate 99.5% DEL, Shanghai Metals Market (SMM) <ul style="list-style-type: none"> o https://www.metal.com/Chemical-Compound/201102250059 o Chinese Renminbi / US Dollar Exchange rate (RMB:USD) will also be accounted for as described in the formula below - Ocean Transportation: Freightos Baltic Index (FBX) <ul style="list-style-type: none"> o https://fbx.freightos.com/ - EPC Costs: Consumer Price Index (CPI) <ul style="list-style-type: none"> o https://www.statcan.gc.ca/en/subjects-start/prices_and_price_indexes/consumer_price_indexes <p>EDF Renewables is in close contact with major Li-ion BESS equipment suppliers and EPC contractors. We are very confident that the indices listed above are being used by those entities and will ensure alignment from Supplier to Buyers and can help to mitigate the cost risk along the supply chain.</p> <p>EDF Renewables is proposing the Material Cost Index Adjustment formula presented below:</p> <ul style="list-style-type: none"> - The Adjustment Factor (AF) is used to convert from the CapEx Adjustment (\$USD/kWh) to the contract price adjustment (\$CAD/kW-mo) - The CapEx Adjustment (\$/kWh) is the calculated adder/subtractor resulting from the difference in the indices listed above between the base and adjustment dates <ul style="list-style-type: none"> o The Conversion Factors (CF) used in the formula below are project-specific and will be provided at the time of the bid submission
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	<p><i>the Proposal Submission Deadline].</i></p> <ul style="list-style-type: none"> <i>FCP is the Fixed Capacity Payment as set out in Exhibit B of the E-LT1 Contract as at the Contract Date.</i> <p><i>[NTD: Reference Products, IPPI and other potential representative indices under ongoing consideration by IESO.]</i></p>	<ul style="list-style-type: none"> ○ It is the intention that the <i>CF</i> values account for the expected weighted cost of the respective components of the overall CapEx - It is suggested that that the Adjustment Date be 12 months prior to COD and that the adjusted index values are averaged over the three consecutive months prior to the Adjustment Date - Finally, it is proposed that the indexation formula and ultimately the Final CP price is only valid within a range for which the ceiling and floor are to be specified at bid submission <p><u>Material Cost Index Adjustment Formula</u></p> <p>Final CP (\$CAD/kW-mo) = Base CP (\$CAD/kW-mo) + CapEx Adjustment (\$USD/kWh) × AF</p> <p>Where:</p> <p>AF = Adjustment factor to convert CapEx (\$USD/kWh) to CP price (\$CAD/kW-mo)</p> <p>CapEx Adjustment (\$/kWh) = LC Adjustment + Transportation Adjustment + EPC Adjustment</p> <p>Where:</p> <p>LC Adjustment (\$/kWh) = CFL × (LCAdj - LCBase) × FX CFL = Conversion factor for lithium carbonate (RMB/tonne) to BESS CapEx (\$/kWh) LCBase = Lithium carbonate price stated at bid submission</p>
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<p>2.2 – m) Municipal Support Confirmation</p>	<p><i>(i) If the Proposal did not include a Municipal Support Resolution at the time of its submission under the E-LT1 RFP, the Supplier shall, by no later than sixty (60) days after the first (1st) anniversary of the Contract Date,</i></p>	<p>We think that not being able to obtain a Municipal Support Resolution or a letter from a Land Use Planner should not be a Supplier Event of Default.</p> <p>Section 2.9 Compliance with Laws and Regulations, subsection (a) obligates the Supplier to comply with all Laws and Regulations, which includes “municipal or provincial laws, orders-in-council, by-laws, codes, rules, policies, regulations and</p>

	<p><i>provide the IESO with a written notice including: (A) a Municipal Support Resolution dated after the Proposal Submission Deadline, or (B) a letter signed by a Land Use Planner confirming that all permits and approvals that are required to be issued by or on behalf of a Municipality for the construction, operation and maintenance of the Facility have been received or issued.</i></p> <p><i>(ii) If the Supplier fails to meet the requirements described in Section 2.2(m)(i), such failure shall constitute a Supplier Event of Default under the E-LT1 Contract. If the IESO elects to terminate the E-LT1 Contract as a result of such Supplier Event of Default, such termination shall be without any costs or payments of any kind to either Party and all Completion and Performance Security shall be returned to the Supplier.</i></p>	<p><i>statutes.” Compliance with municipal permits and approvals would be captured by this covenant in the Contract.</i></p> <p>Section 2.5(a)(i)(F) of the draft Contract document stipulates that in order for a site to be deemed to have achieved commercial operation, the Buyer must have received confirmation directly from an independent engineer that:</p> <p style="text-align: center;"><i>“the Facility or the Supplier (as applicable) has all permits and approvals issued by Governmental Authorities which are required to construct, operate and maintain the Facility in accordance with Laws and Regulations, including the Registration Approval Notification (RAN) issued by the System Operator.”</i></p> <p>In effect, this clearly establishes all relevant government approvals (presumably including both municipal and Indigenous governments) as a mandatory requirement for a project to have achieved COD. It is therefore not at all clear what benefit there would to the requirement that a Supplier obtain a Municipal Support Resolution either in advance of or within 425 days of the proposal submission deadline. CanREA would recommend amending 2.1 m) of the RFP document to reconcile it with Section 2.5(a)(i)(F) of the Contract.</p> <p>EDF Renewables would also recommend that, if all permits are revoked and denied by the municipality, that the contract provide a reasonable off ramp to the Supplier (i.e. clear ‘walk away rights’). While there should be concerns around ‘veto’ power, we want to avoid unnecessarily pushing a project forward that is not supported by the community.</p>
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<p>4.3 – Rated Criteria d) Local Governing Body Resolution</p>	<p><i>Rated Criteria Points available:</i> <i>Local Governing Body Resolution</i> <i>[3] Points, If the Proposal includes either:</i> <i>(i) a Municipal Support Resolution; or</i> <i>(ii) an Indigenous Support Resolution if the Long-Term Reliability Project is located in whole or in part on Indigenous Lands.</i></p> <p><i>[0] Points, If the Proposal does not include:</i> <i>(i) a Municipal Support Resolution; or</i> <i>(ii) an Indigenous Support Resolution if the Long-Term Reliability Project is located in whole or in part on Indigenous Lands.</i></p>	<p>Notwithstanding our comments above, EDF Renewables recognizes the importance municipal consultation and support in the future build-out of our energy infrastructure and places a high value on consulting municipalities early and often on their perspectives on project development and siting.</p> <p>We believe the IESO could further recognize the importance of municipal support without raising the risk of default post-contract. This can be done by increasing the number of priority points awarded for municipal support resolutions from 3 to 6 points, thereby making it highly improbable for projects to be approved without first obtaining this consent. This structure is made possible as a result of the delayed bid submission date (thereby giving marginally more time to receive this support post municipal election).</p> <p>Should the IESO want further options with respect to municipal support, it could also consider the creation of a new category, and award 3 points for a letter signed by a Land Use Planner confirming that a Project Plan has been submitted, reviewed and no immediate concerns have been raised on the Project Plan and all subsequent permits and approvals appear reasonable.</p>
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Draft E-LT1 Contract

Section	Key Text	Comment
<p>1.6 – IESO Market Rules and Statutes</p>		<p>EDF Renewables understand that the IESO Market Rule protection in Section 1.6 of the Contract read much more narrow than in previous IESO contracts.</p>

		<p>In our initial review and consideration of this section, the IESO Market Rule protection only protects a Supplier from incurring increased costs associated with Must-Offer Obligation compliance because of an IESO Market Rule amendment, whereas prior contracts generally protected the project from economic harm from market rules changes.</p> <p>Furthermore, under Section 1.6, the Supplier’s relief is an amendment to the Must-Offer Obligation such that additional costs are not incurred. In other OPA/IESO contracts, if there were ever to be an amendment to the IESO Market Rules that materially impacted a Supplier’s economics, either party to the contract had a right to contract amendments to restore the Supplier’s economics to what they were prior to the implementation of the rule amendment. This protection is completely missing from the Contract.</p> <p>There are no provisions dealing with how the Contract will be amended because of the implementation of the DAM or locational marginal prices (“LMP”) under the Market Renewal Program (“MRP”). The definition of DAM includes the existing DACP process as well as the DAM under MRP and the definition of HOEP includes any successor LMP.</p> <p>Given the vast market changes about to be implemented by the IESO via the to be implemented Market Renewal, as well as Ontario’s unique market structure with a higher level of governance risk compared to other markets, we strongly recommend the IESO maintain historic protections against disruptive market changes that would erode project economics.</p>
2.3 Milestone Date for Commercial Operation (“MCO”) (“MCO”)	<i>2.3 d) - The maximum time period that liquidated damages shall be calculated and payable under Section 2.3(c) by the Supplier for failure to meet the</i>	<p>We note that the contract appears to clarify that failing to achieve COD at the MCO date is not an event of default.</p>

	<i>Milestone Date for Commercial Operation of the Facility, shall be [five hundred and forty-five (545) days].</i>	<p>However, there remains some level of ambiguity about these provisions, specifically under section 2.3(c) relating to the obligations to hit MCOD and to make commercially reasonable efforts to do so under section 16.1.</p> <p>To this end we recommend that the IESO state that, notwithstanding anything to the contrary in the Contract, the Delay in Liquidated Damages are the IESO's sole and exclusive remedy, if Commercial Operation is not achieved by MCOD.</p> <p>-</p>
2.10 Environmental Attributes	<i>"The Buyer shall have no interest hereunder in any Environmental Attributes arising from the operation of the Facility or, except in respect of the Supplier's performance requirements under this Agreement, other products or services associated with the generation of Electricity by the Facility." (Emphasis added)</i>	<p>The disposition of Environmental Attributes ("EA") in Section 2.10 is unclear. We had understood from IESO consultation sessions that the IESO intends to leave EAs under the ownership of the Supplier and not take any assignment of them. However, the clause in the contract appears to indicate that some category of attributes may in fact transfer to the IESO.</p> <p>We therefore request that the IESO revise this section to make clear to proponents that the IESO will not hold any interest in any of the Environmental Attributes of the Facility.</p> <p>It would be much more preferable that, if there are any EAs in a BESS project the IESO retain control of the EAs. As a stakeholder, awaiting the design and activation of Ontario Clean Energy Credit (CEC) Registry in Q1 2020 – withholding this clause for the next RFP (LT1) would make sense, and allow times for applications to better understand the impact of CECs on the LT1 projects.</p>
Section 3.7(a) (iv) - Proposal Security	<i>Should any Selected Proponent fail to deliver the Completion and Performance Security or fail to execute and deliver the E-LT1 Contract and all related closing documents required by the IESO within the required</i>	<p>EDF Renewables must stress that this section is of utmost importance to EDF Renewables.</p> <p>We request that the IESO clarify its position in this Section 3.7(a)(iv) where the contract states that if a Selected Proponent were to "... fail to execute and deliver the E-LT 1 Contract and all related closing documents required by the IESO Such</p>

	<p><i>timeframes in respect of any Selected Proposals, such Selected Proponents will be in breach of this E-LT1 RFP with respect to such Proposals and the IESO may, in its Discretion and without limiting its rights under this E-LT1 RFP, disqualify such Selected Proposals, draw upon the Proposal Security, and/or disqualify any or all other Selected Proposals submitted by the same Selected Proponent.</i></p>	<p>Selected Proponents will be in breach of this E-LT 1 RFP and the IESO may draw upon the Proposal Security ...” We believe that this is the IESO’s sole and exclusive remedy for failing to execute and deliver the Contract, but we request that <u>the IESO expressly state that this is its sole and exclusive remedy</u>. Potential Proponents will be deterred from submitting Proposals if their pre-selection liability is essentially unlimited.</p> <p>Moreover, EDF Renewables strongly recommends that the IESO’s remedy for a pre-COD Supplier Event of Default be limited to termination of the Contract and forfeiture of the Supplier’s Completion and Performance Security only. We propose the following line be added, in some form, to the end of Section 3.7 (a) (iv): “For greater certainty, drawing on the Proposal Security shall be the IESO sole and exclusive remedy.”</p>
<p>6.1 Completion and Performance Security</p>	<p><i>(a) The Parties acknowledge that the Supplier has, as of the Contract Date, provided to the Buyer security in the form described in Section 6.2(a) for the performance of the Supplier’s obligations under this Agreement (the “Completion and Performance Security”) in an amount equal to \$[X]. [NTD: \$60,000/ MW of Maximum Contract Capacity for Large-Scale LT1 Projects and \$45,000/MW of Maximum Contract Capacity for Small-Scale LT1 Projects.]</i></p>	<p>EDF Renewables supports a high bar to bid in any procurement of this nature and tenor. Ontario needs good projects that will deliver energy when Ontario energy consumers need it.</p> <p>However, EDF Renewables does not understand the differentiation between the \$/MW for a large-scale project and a small-scale project.</p> <p>We would encourage the IESO to align the \$/MW to \$45,000/MW for any project bid into the E-LT1 RFP, as a MW is a MW regardless of the size of the project and \$45,000/MW for a 100 MW BESS to \$4.5M and significant to garner good bids and competitive projects.</p>
<p>11.3 i) Unanticipated maintenance or Outage</p>	<p><i>Exhibits E-1 and E-2 the Planned Outage Capacity Reduction Factor (“POCRF”)</i></p>	<p>We note that in Exhibits E-1 and E-2 the Planned Outage Capacity Reduction Factor (“POCRF”) can be no less than 0.95 in calculating the Adjusted Monthly Contract Capacity.</p>

		<p>We believe that this is unrealistic since it effectively equates to about 1 Business Day per month, which will often be insufficient to conduct proper maintenance. It is very reasonable to allow more time to safely repair a facility and not rush against a 24-hr clock.</p> <p>EDF Renewables notes that we have seen more realistic, and congruent with operating models, is to have maintenance outages scheduled quarterly/annually - not on a month-to-month basis, which complicates a monthly benchmark.</p> <p>EDF Renewables also supports the concept that the cap on the POCRF should be lowered to 0.80 or alternatively, Suppliers should be allowed to nominate a month during which they can conduct a Planned Outage without any penalty. This was the approach used recently in Medium-Term Contract.</p>
<p>16.1 Informal Dispute Resolution</p>	<p><i>If either Party considers that a dispute has arisen under or in connection with this Agreement that the Parties cannot resolve, then such Party may deliver a notice to the other Party describing the nature and the particulars of such dispute. Within ten (10) Business Days following delivery of such notice to the other Party, a senior executive (Vice-President or higher) from each Party shall meet, either in person or by telephone (the "Senior Conference"), to attempt to resolve the dispute. The Parties shall use Commercially Reasonably Efforts to cause their respective senior executives attending</i></p>	<p>The imposition of a Commercially Reasonable Efforts standard for any Force Majeure dealing with permits and approvals is an unwelcome addition to the Contract and should be removed. Since the Force Majeure clause is a type of exclusion clause, this places a heavier burden on the Supplier to demonstrate that the event is a valid Force Majeure.</p> <p>Also, considering current supply chain bottlenecks, which are entirely beyond a Supplier's control and do impact on its ability to perform its obligations under the Contract, the Force Majeure provisions should be expanded to include such occurrences. Also, delays incurred because of distribution or transmission system build out and outages should be express Force Majeure – Suppliers have no control over such occurrences.</p> <p>Subsection 11.1(a) states that "an event of Force Majeure shall not, in any circumstances, extend the Term." We think that the Term should be extended in the event of a post-COD event of Force Majeure. By definition, Force Majeure is an event</p>

	<p><i>a Senior Conference to be informed with all relevant background information in respect of the dispute and to be prepared to propose a resolution to the dispute. If, following the Senior Conference, the dispute is not resolved, the dispute may be settled by arbitration pursuant to Section 16.2, if agreed to by both Parties.</i></p>	<p>beyond the Supplier's control and Suppliers should not be penalized for something that is beyond their control.</p>
<p>Monthly Capacity Payment Mechanism - Exhibits J, E-1/E-2, F, M, and S -</p>	<p>We agree with both CanREA and Renewable Consortium submission, and we share the following comments on the payment mechanism described in Exhibits J, E-1/E-2, F, M, and S, below</p> <ul style="list-style-type: none"> • The design would be highly susceptible to "all or nothing" scenarios in which a \$0.01+/- difference in the energy price would or would not trigger the full top-up/claw-back amount. • Proponents would be required to estimate and lock in nominal LSAF and HSAF factors based on their predictions of energy market price movements over a 20+ year period - the very risk the MPSAF is ostensibly intended to hedge against. • It is not indexed to inflation. Assuming 3% inflation, \$50 nominally becomes worth \$27.68 in 20 years, and \$10 will be worth \$5.54 (in 2022 dollars). • No provision to adjust the collar when MRP is implemented • Greatly reduces the incentive for energy storage to offer into the market as compared to a capacity-only contract by capping energy market revenues. • Adds significant complexity as compared to a capacity-only contract and would impose a high degree of administrative overhead as compared to a capacity-only contract • The MPSAF adds significant complexity and administrative burden for no clear benefit either to Proponents or ratepayers. • There is no provision to adjust collar when MRP is implemented. The effect of LMP with a \$10/MWh and \$50/MWh collar could be completely different than that of HOEP, jeopardizing Supplier revenues. 	

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| | <ul style="list-style-type: none">• The ANPC are very onerous and allowing for only 5% of the Qualifying Hours to be credited for Planned Outage Hours in calculating the AMCC increases the likelihood of a Supplier attracting ANPC• There is no incentive, beyond market prices, to provide energy. If the spread is not sufficient to cover charging costs and demand charges associated with charging the battery after discharge, there is no incentive to provide energy. Ontario will need energy in the very near future. |
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