



September 30, 2022

Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON
M5H 1T1

RE: Feedback on the Draft E-LT1 RFP and Draft E-LT1 Contract

SWEB Development LP is submitting this written feedback to the IESO in response to their request for feedback on the draft E-LT1 RFP and draft E-LT1 Contract. SWEB would first like to acknowledge the effort the IESO team has put into drafting the documents and commends the IESO on its engagement with the public and Qualified Applicants. Please note, capitalized terms refer to the related terms in the draft E-LT1 documents discussed herein.

Security Fees

SWEB has reviewed the Proposal Security and Completion and Performance Security costs and would urge the IESO to review the values. While SWEB understand the need for both forms of security, it would be more in line with project development to have a reduced Proposal Security, then upon project selection, post an increased Completion and Performance Security. It is after project selection that the risk to the developer and to the IESO increases. As such, SWEB believes the security values should follow this logic, and furthermore lead to more diverse proposals being submitted for the IESO's evaluation.

SWEB understands the need to maintain the Completion and Performance Security but believes this value should be lowered. Currently, the Security sits at \$25,000 per MW, but SWEB recommends a lower value of \$10,000 per MW. This is because project owners and operators want to be operating at the highest performance levels possible to gain potential revenues. Additionally, many project owners and operators have minimum operational targets that must be met for financing or other purposes. These targets will likely be more stringent than what the IESO would assume. As such, the higher Security amount is not necessary.

Under Appendix A – Glossary of Terms, SWEB requests that the definition of Proposal Security be expanded to also include the Security format of a parent company guarantee.

Proposal Fees

SWEB requests clarity on the Proposal Fees. Is it possible for Qualified Applicants to submit 1 lump sum Proposal Fee for all submitted projects or do separate fees per project need to be submitted? Additionally, there is no language around Proposal Fee refunds in the event a project is not awarded due to losing out in a random draw situation as noted in Section 4.4(d)(iv). SWEB requests that the IESO insert language outlining what happens to the Proposal Fee in this event. Furthermore, SWEB requests that the IESO add language that in the event of RFP cancellation, as noted in Section 5.10(i), all Proposal Fees would be refunded.

Letter of Credit

In order to obtain letters of credit from the IESO's prescribed financial institutions, SWEB recommends the following language insertions under Appendix D – Form of Irrevocable and Unconditional Standby Letter of Credit (proposed text in red below):

This Credit is transferable **in its entirety** at the written request of the Beneficiary, without the consent of the Applicant, but subject **to compliance with applicable law and** consent of the issuing financial institution, acting reasonably. All fees incurred by the issuing financial institution in relation to such transfer shall be at the Applicant's expense, but failure of the Applicant to pay such fees shall not restrict the ability of the Beneficiary to transfer the Credit.

Additionally, to be consistent with other markets, SWEB recommends that the IESO changes the language in the Irrevocable and Unconditional Standby Letter of Credit such that the Beneficiary shall cover costs of transfers for the Letter of Credit.

Cure Period

SWEB recommends adding a cure period for 20 Business Days after the Contract Receipt Date. While the IESO and project owners/operations are often diligent with regard to contracts, there are also errors, omissions, etc. that arise during contract review and signing. SWEB recommends a 10 Business Day cure period to fix contract errors which would place a hold on the 20 Business Day period after the Contract Receipt Date until the cure has been achieved.

Timeline

As per section 3.1(a), the time between IESO's deadline for communicating the Deliverability Test results [November 30, 2022] and the Proposal submission deadline [December 20, 2022] is insufficient. Without other means of determining deliverability, the three-week period leaves minimal time to digest such a material project component and produce a technically sound and binding proposal. SWEB recommends a minimum of two-month separation between Deliverability Test results and Proposal submission deadline, which would allow for appropriate technical design, financial analysis and board approvals.

SWEB understands this is an expected procurement. However, SWEB also understands that the IESO is using these document templates and ideas in planning for the future LT1 procurement. In the subsequent LT1 RFP, SWEB recommends a minimum of a three-month separation between Deliverability Test results and Proposal submission deadline.

Consecutive Hours Discrepancies

As per section 1.2(e), four consecutive hours is noted as a minimum threshold, while in section 4.3(b) six consecutive hours is noted as the minimum threshold. SWEB asks that the IESO confirm the minimum threshold for consecutive hours and address the discrepancies between the sections.

Proposal Completeness Review

SWEB recommends that the IESO allow Proponents to fix any missed requirements in a 5 Business Day cure period, and not simply disqualify Proponents. Allowing flexibility in the Completeness Review Stage will allow for a more competitive process and is done in other jurisdictions.

Force Majeure

Having currently developed project through a global pandemic, SWEB understand supply chain issues and delays. The Force Majeure provision that the IESO uses should include supply chain issues and delayed which are entirely out of the Proponents control. Furthermore, SWEB recommends that the IESO expand its Force Majeure provision to also include delays from the transmission or distribution system build out. These delays are again not within the control of the Proponent.

Contractual Offramp

SWEB recommends that the IESO insert language around a form of contractual offramp for projects which face unforeseen costs increases, especially around interconnection costs which are not accounted for in the Materials Cost Index. While the Deliverability Testing is a positive step towards interconnection understanding, it does not include potential costs that projects may face. It is all too possible that a project may move forward into more detailed studies with local utilities to find that its Network Upgrade Costs are higher than anticipated.

If there are any questions, please do not hesitate to contact Sarah Rosenblat at [REDACTED] or via email at [REDACTED].

Sincerely,

A handwritten signature in blue ink that reads "S. Rosenblat".

Sarah Rosenblat
Development Manager
SWEB Development LP