

JANUARY 27, 2023

E-LT1 RFP Update from the IESO and Canada Infrastructure Bank (CIB)

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Rules for Today

- IESO's Fairness Advisor, internal and External legal counsel are in attendance
- Today's webinar will be recorded and posted to the IESO's Long-Term RFP Engagement Webpage, alongside a PDF version of the presentation
- Copies of the letters from the CIB and Minister of Energy will be posted to the LT-RFP Webpage
- The IESO will be issuing an Addendum to the E-LT1 RFP (Addendum no. 2) prior to end of day
- Attendees are encouraged to ask questions by raising their virtual hand; there is no chat function available today
- Proponents will also be able to submit written comments and questions to LT.RFP@ieso.ca inbox, as part of the standard Question and Comment period, which has been extended to February 2, 2023

Agenda

- CIB: Introduction and Revised Financing Package
- IESO: Proposal Evaluation and Addendum no. 2 Overview
- IESO: Addendum no. 2 Additional Content
- CIB: Financial Offer Overview

CIB Introduction and Context Setting

- The Canada Infrastructure Bank (CIB) submitted a letter to the IESO to inform that the CIB would be revising its proposed financing package for Electricity Storage Facilities in the E-LT1 RFP
- The CIB offer will no longer be provided to Proponents ahead of the E-LT1 RFP Proposal Submission Deadline
- The CIB will be offering funding to submitted proposals that are above a threshold price
- This revised approach is supported by a letter from the Minister of Energy to the IESO on January 24, 2023



IESO: Proposal Evaluation and Addendum no. 2 Overview

E-LT1 Process Overview (1)

- The revised E-LT1 RFP Evaluation Process outlined in subsequent slides has three key components: (1) establishing a threshold price, (2) providing an opportunity to obtain financing from the CIB and (3) re-submit a revised proposal price
- A threshold price only for Electricity Storage projects (“Storage Threshold Price”) will be established by the IESO
- The Storage Threshold Price will be confidential, with Proponents unaware of its value
- It will, however, be provided to the IESO’s independent Fairness Advisor ahead of the Proposal Submission deadline and then utilized for the purposes of establishing a list of E-LT1 RFP Proponents eligible to re-submit their Proposal prices and if eligible, to receive the CIB offer

E-LT1 Process Overview (2)

- The CIB will offer a uniform financing package to eligible Proposals for Electricity Storage Facilities with Proposal Prices higher than or equal to the Storage Threshold Price
- All Electricity Storage Facilities with Proposal Prices above the Storage Threshold Price will be able to revise their Proposal Prices at the Conclusion of the CIB Investment Offer Period, which has to be re-submitted twenty (20) Business Days after the IESO's Storage Category 2 Notice, even if they do not receive an offer from the CIB

E-LT1 Process Overview (3)

- The determination of Proposals that are eligible to work with the CIB will be made only after Stages 1, 2 and 3 of the Proposal Evaluation process are conducted for all Proposals
- At the conclusion of Stages 1-3, the IESO will continue with the Proposal Evaluation process for the Non-Storage Category and for Electricity Storage Proposals that are below the Storage Threshold Price
- The Evaluation of Proposals with Revised Proposal Prices (at the conclusion of the CIB Investment Offer Period) will be conducted only if the totality of the Storage Target Capacity has not been allocated to Proposals below the Storage Threshold Price

All Proposals: E-LT1 RFP Proposal Evaluation

- After the Proposal Submission Deadline, the IESO will conduct Proposal Evaluation Stages 1-3 (completeness requirements, mandatory requirements and Rated Criteria) per Section 4 of the E-LT1 RFP for all Proposals submitted
- Proposals unable to meet the completeness and mandatory requirements in Stage 1 (Section 4.1) and Stage 2 (4.2) based on the information provided in their completed Prescribed Forms and Proposal will fail and will not be evaluated further
- Non-Storage Proposals and Electricity Storage Proposals below the Storage Threshold Price that meet the requirements in Stages 1 and 2 shall have their Rated Criteria evaluated by the IESO and Rated Criteria Points assigned by the IESO

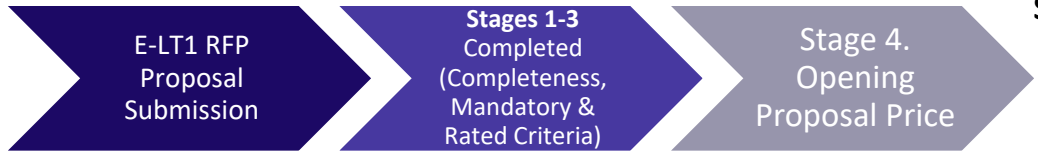
E-LT1 Procurement Process Illustrative Overview

Process complete for Non-Storage Category

Selected Proponents



Storage and Non-Storage



Non-Storage

Stage 4. Evaluated Proposal Prices Determined

Stage 5. Non-Storage Deliverability Tests Results Assessment

Storage

Price under threshold?



Yes

No

Storage Category 1 Proposals

Storage Category 2 Proposals

Non-Storage Category: E-LT1 RFP Proposal Evaluation

- Proposals in the Non-Storage Category that pass Stage 2 and have Rated Criteria assessed under Stage 3 will have their Proposal Price submission opened as part of Stage 4 and will be assessed against the outlier bid threshold of 50% (Section 4.4)
- Proposals that satisfy the 50% threshold will have their Proposal Price evaluated to Calculate their Evaluated Proposal Price to form the Non-Storage Preliminary List and will advance to Stage 5
- At Stage 5, subsequent Deliverability Tests will be conducted where applicable and the Non-Storage Offer List formed
- Selected Proponents from the Non-Storage Category will be considered as a firm input in the subsequent Deliverability Tests for the Storage Category

Storage Category: E-LT1 RFP Proposal Evaluation

- With respect to the Storage proposals, the IESO will assign Proposals in the Storage Category into one of the two subcategories:
 - **Storage Category 1:** If the Proposal Price is below the Storage Threshold Price
 - **Storage Category 2:** If the Proposal Price is equal to or above the Storage Threshold Price
- For greater clarity, should the price restatement process set out in Section 4.6 **not be implemented**, Proposals in the Storage Category that passed Stage 2 will be evaluated as originally contemplated, meaning that their Proposal Price will be assessed against the outlier bid threshold of 40% and those Proposals that would otherwise have been in Storage Category 2, shall be deemed to be Proposals in Storage Category 1 for purposes of the subsequent stages of Proposal evaluation

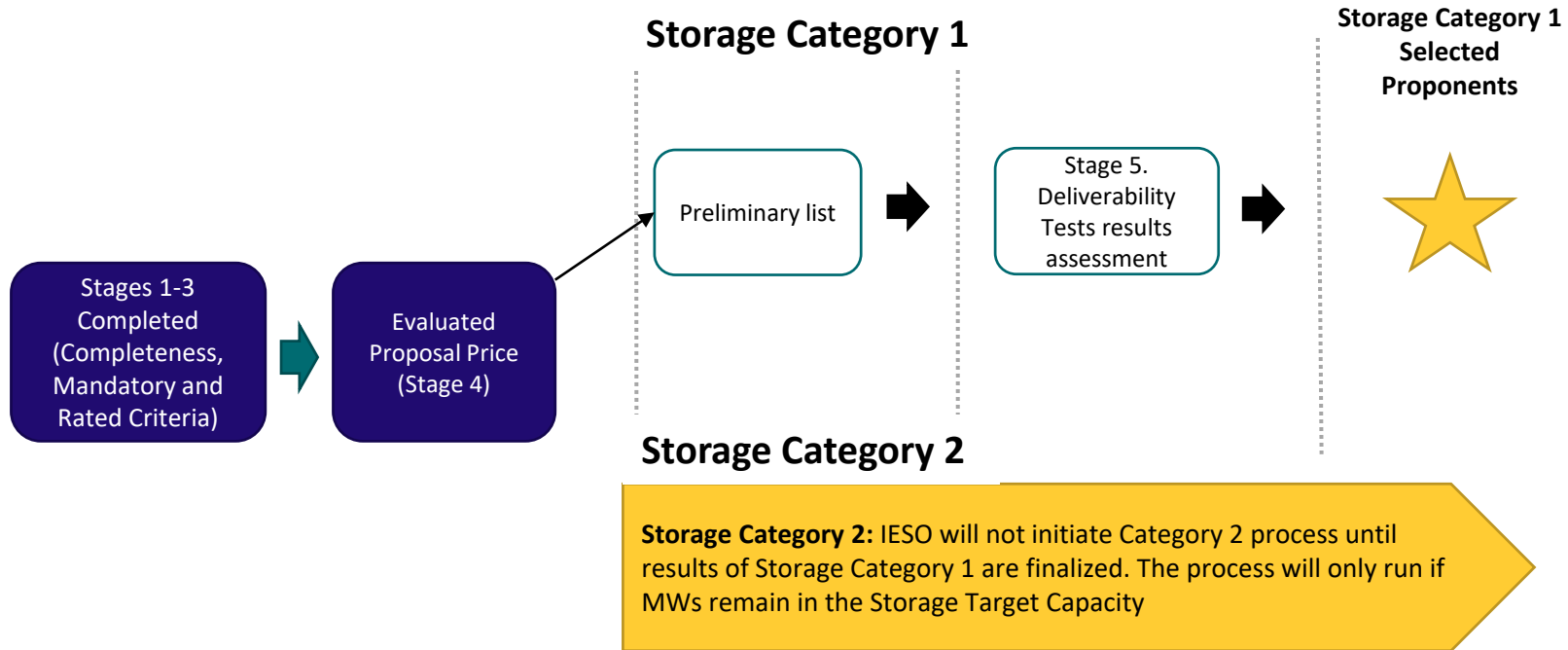
Storage Category 1: E-LT1 RFP Proposal Evaluation (1)

- All Proposals included as part of Storage Category 1 will be adjusted by Rated Criteria points attained in Stage 3 to establish an Evaluated Proposal Price
- Proposals will be ranked within Storage Category 1 in order of their Evaluated Proposal Price, with the lowest Evaluated Proposal Price receiving the highest priority
- The outcome of this ranking will create a preliminary list for Proposals in the Storage Category 1 (the “Storage Category 1 Preliminary List”)
- For clarity, the outlier bid process will not be applied to Category 1 proposals

Storage Category 1: E-LT1 RFP Proposal Evaluation (2)

- Proposals in the Storage Category 1 Preliminary List will move into Stage 5 - Deliverability Test Results Assessment
- If the Deliverability Test result for a Proposal on the Storage Category 1 Preliminary List is “Deliverable”, the Proposal will be processed and added to the Storage Category 1 Offer List
- Proposal evaluation for the Storage Category will be concluded if the Maximum Contract Capacity exceeds the Storage Target Capacity
- If the target capacity is not met, the Storage Category 1 Proposals will be considered as a firm input in the subsequent Deliverability Tests for the Stage 2 Storage Category

Storage Category 1: E-LT1 RFP Proposal Evaluation (3)



Storage Category 2: E-LT1 RFP Proposal Evaluation (1)

- If the aggregate Maximum Contract Capacity of the Proposals on the Storage Category 1 Offer List does not exceed the Storage Target Capacity, the IESO will notify all Proposals in Storage Category 2 (the “Storage Category 2 Notice”) indicating that the Proposal is in Storage Category 2 and providing information regarding the opportunity to receive a financing offer from the CIB (if eligible)
- Note that at this time, the IESO may confirm Proposal Prices with the CIB, in order to ensure consistency with the information they will be provided

Storage Category 2: E-LT1 RFP Proposal Evaluation (2)

- All Proposals in Storage Category that satisfy the CIB terms and conditions will be eligible to obtain the CIB offer and have the opportunity to submit a Revised Proposal Price to the IESO no later than the Revised Proposal Price Submission Deadline (3:00 pm on the 20th Business Day commencing after the date of the Storage Category 2 Notice)
- Contact information for the CIB for purposes of the CIB Investment Offer Period and confirmation of the Revised Proposal Price Submission Deadline will be included in the Storage Category 2 Notice

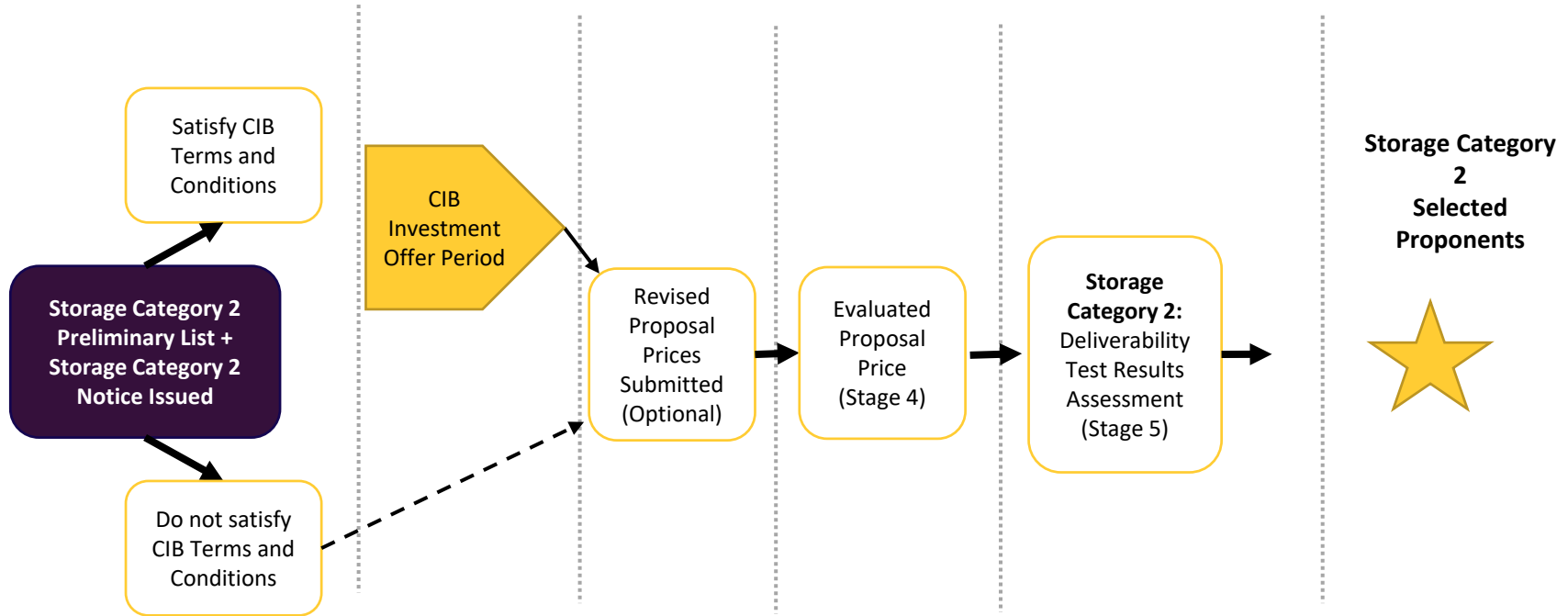
Storage Category 2: E-LT1 RFP Proposal Evaluation (3)

- All Proposals in Storage Category 2 that do not meet the requirements outlined by the CIB and are thus not eligible to obtain the CIB offer as contemplated in Section 4.6(b) may still submit a Revised Proposal Price to the IESO no later than the 20th Business Day
- Once the IESO receives the revised proposal prices, the evaluation process will proceed (Proposals that do not re-submit a revised proposal price will proceed into the evaluation process with their original proposal price)
- After the Revised Proposal Price Submission Deadline, Proposals that satisfy the 40% “outlier bid” threshold will have their Revised Proposal Price (original Proposal Price if Revised Proposal Price is not submitted) evaluated to calculate their Evaluated Revised Proposal Price to form the Storage Category 2 Secondary List and advance to Stage 5

Storage Category 2: E-LT1 RFP Proposal Evaluation (4)

- Deliverability Test results for Proposals on the Storage Category 2 Secondary List will be reviewed by the IESO in order, as required, based on their ranking on the Storage Category 2 Secondary List
- If the Deliverability Test result for a Proposal on Storage Category 2 Secondary List is "Deliverable", such Proposal will be processed and added to the "Storage Category 2 Offer List"

Storage Category 2: E-LT1 RFP Proposal Evaluation (5)



Addendum no. 2 Additional Content

- In addition to the process highlighted via the previous slides, Addendum no. 2 will contain an additional amendment to the E-LT1 RFP that is reflective of stakeholder feedback received via the first batch of questions and comments
- Addendum no. 2 will allow for a change of no more than two kilometers in location of the Project Site, provided that connection point information remains consistent with the connection point reflected in the results of the Deliverability Test and provided that the Maximum Contract Capacity does not exceed the capacity assessed and documented in the Deliverability Test results
- This amendment addresses feedback received as part of Batch 1 of the Question and Comment period, which outlined concerns by a number of Proponents regarding challenges with site selection and permitting, while maintaining the integrity of the Deliverability Testing process

Prescribed Form: Community Engagement Requirements

- In response to stakeholder feedback received on the Prescribed Form: Community Engagement Requirements, the IESO has amended the form to say “Yes, a screenshot or other documentation of the posting of such notice of public community meeting is attached as Exhibit A to this Prescribed Form.”
- Other documentation besides a screenshot that confirms the notice of public community meeting posting on the Project Website will be accepted



CIB: Financial Offer Overview