

Feedback Form

Long-Term RFP – June 29, 2023

Feedback Provided by:

Name: Denise Heckbert

Title: Supervisor, Strategy & Markets Policy, Power

Organization: Enbridge Inc.

Email: [REDACTED]

Date: July 13, 2023

Following the June 29th public webinar on the Long-Term RFP (LT1 RFP), the Independent Electricity System Operator (IESO) is seeking feedback from participants on design of the LT1 RFP and LT1 Contract.

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

Please provide feedback by July 13, 2023 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.

Revised COD of May 1, 2028

| Topic | Feedback |
|---|--|
| Are Proponents supportive of the revised COD date and the introduction of Capacity payment multipliers for early operation? | <p data-bbox="841 226 1510 340">Yes, Enbridge is supportive of the revised COD date and the introduction of Capacity payment multipliers for early operation.</p> <p data-bbox="841 390 1487 777">IESO stated in the June 29, 2023 webinar that it anticipated some Suppliers would endeavour to enter operation prior to May 31, 2027 due to the payment multipliers for early operation. However, there is currently no incentive to enter operation earlier than May 31, 2027 (i.e., the last date to receive the largest payment multiplier). If IESO would like Suppliers to enter operation in summer 2026, we recommend that IESO provide a further multiplier above 1.5 to cover that period as well.</p> <p data-bbox="841 827 1510 1176">We further note that, as the COD date has been pushed back to 2028, there is no clear reason for the extremely tight window between when Proponents will receive Deliverability Test results (September 18) and the proposed RFP bid date (December 12). Every additional month IESO provides for this window significantly aids development and enables Proponents to further de-risk projects, supporting a more competitive RFP.</p> <p data-bbox="841 1226 1510 1730">As a result, we strongly recommend that IESO push the bid date to no earlier than the end of February 2024. IESO has proven that it can deliver Contract Awards between February and the end of June, as it did under ELT1, and there is little risk to meeting even the early incentive COD under LT1 with a couple months' delay in Contract Award, insofar as the revised date is published prior to bid date. So, IESO's proposed LT1 schedule would not be impacted. In any case, a couple months' delay past H1 2024 for Contract Awards would not be as problematic now, considering the revised COD Date.</p> |

Revised procurement targets

| Topic | Feedback |
|---|--|
| <p>Are Proponents supportive of the revised LT1 procurement targets on slide 15, which has increased the overall procurement target from 2,200MW to 2,505MW? This enables unused MWs in the Non-Storage Category from the E-LT1 RFP to the Non-Storage Category in the LT1 RFP. The IESO continues to reserve the right to accept the marginal bid above the Storage Category procurement target.</p> | <p>Yes, Enridge supports the updated procurement targets of 905 MW for non-storage and 1,600 MW for storage under LT1. We recommend that, in the event IESO is unable to procure 905 MW of non-storage because of lack of interest or high prices, that IESO have the flexibility to move that capacity over to the storage category and procure additional storage under LT1.</p> |

Changes to Rated Criteria

| Topic | Feedback |
|---|---|
| <p>Are Proponents supportive of the revised Rated Criteria approach as laid out on slides 20 and 21? This includes the removal of the duration of service as a Rated Criteria and setting minimum duration requirements as a Mandatory Criteria for Storage Category and Non-Storage Category resources.</p> <p>Remaining Rated Criteria include: Local Governing Body Support, and Indigenous Participation.</p> | <p><u>Duration</u></p> <p>Enbridge is generally supportive of the revised approach to the duration criteria for this RFP.</p> <p>We reiterate previous concerns that any continuous hour duration excludes wind and solar – the lowest cost forms of energy – from participating in the RFP, but we understand that this RFP is focused on capacity and that future mid- and long-term RFPs will be more focused on energy and may not have such requirements.</p> <p><u>Municipal Support</u></p> <p>We are also generally supportive of IESO’s decision to maintain Municipal Support as a rated criteria, to be mandatory only after Contract Award.</p> <p>However, we oppose IESO’s proposal to have all Municipal Support resolutions and letters received prior to February 17, 2023 be invalid, as per the updated Prescribed Form. The two-staged approach to the Long-term 1 RFP (i.e., the Expedited process due in February and the current process) was intended to allow Proponents time to secure Municipal Support and complete other development work over a longer period of time. IESO’s proposed approach would require Proponents to redo significant consultation and local government work over again in a very short period of time.</p> <p>IESO’s proposal would require this duplicative work, even where Proponents were clear throughout the original consultations that they would bid the projects into LT1 if they were unsuccessful in ELT1, which Enbridge clarified in all our public meetings. Furthermore, in many cases, Municipal Support letters were provided as recently as January 2023.</p> <p>We strongly recommend that IESO accept all Municipal Support resolutions and/or letters granted after the date of notice that the Proponent</p> |

| Topic | Feedback |
|-------|--|
| | <p>was qualified under the LT1 process, August 22, 2022, insofar as the project location remains the same as approved by the resolution and the size has not increased.</p> <p>If further comfort is required as to the quality of the consultation work and clarity of communications, IESO could limit this acceptance of earlier Municipal Support resolutions and consultation work to cases where the Proponent can prove they advertised at least one public meeting, can prove that they were clear that any project not successful under ELT1 would be bid under LT1, and, in the case of Municipal Support, where the resolution itself was broadly supportive of the project(s) and did not specifically limit its support to only the first phase of the LT1 process.</p> <p><u>Indigenous Rated Criteria</u></p> <p>Enbridge is very supportive of IESO's intent to incentivize Indigenous economic participation. However, IESO's proposed approach could be improved to ensure that incremental participation is not discouraged.</p> <p>Specifically:</p> <ol style="list-style-type: none"> 1. There should be three rated criteria points available for Indigenous Economic Participation. We recommend IESO use the same approach as under ELT1, e.g., 1 point for 10% or more, 2 points for over 25% or more, and 3 points for 50% or more. This incentivizes larger equity stakes for Indigenous partners, e.g., larger than 10%, where the Proponent may not be able or willing to give up ownership control of the project and/or where the Indigenous partner(s) are not Qualified Bidders. To do otherwise, could undermine incentives to offer stakes above 10%. 2. IESO should modify the Prescribed Form for Indigenous Economic Participation to allow |

Topic**Feedback**

Proponents to submit a Letter of Intent setting out the Indigenous Partners and intended equity stake instead of requiring the Proponent to provide securities and registry info. This is more consistent with how other jurisdictions incentivize Indigenous participation and is necessary given the significant uncertainty surrounding the treatment of taxable entity-non-taxable entity partnerships under the ITC. If IESO is unwilling to make this change, we recommend IESO allow Proponents to alter the equity stake to as low as 0% between bid date and COD, insofar as it is increased back to the original level at COD. This would allow for restructuring to access the full ITC without undermining the Indigenous Economic Participation over the long-term.

3. Enbridge is unclear why IESO is incentivizing development on Indigenous lands specifically. This would seem to be prejudicial to Indigenous partners who want to be active participants in projects on lands over which they have treaty and historical relationships but do not want to and/or are unable to have the projects located within their specific land holdings.

However, we do agree with IESO's proposed additional rated criteria point for Proponents who partner with Indigenous groups with treaty rights and/or traditional relationship with the land upon which the projects will be built. It is appropriate that the Indigenous communities impacted by the projects should be those participating economically. Alternatively, we would support making this a mandatory requirement for Indigenous participation.

Topic**Feedback**Mandatory Criteria

We recommend that IESO establish a new Mandatory Criteria under LT1 regarding battery energy storage system (BESS) equipment.

IESO already requires, on a mandatory basis, that Proponents provide a letter of support from landowners confirming that the Proponent has access to the land to build the project. IESO also completes a Deliverability Assessment for each project to ensure it has access to the transmission system needed to deliver the power. IESO requires a Security to ensure that the project is built on time, and requires (after the fact with incentive for early evidence) Municipal Support that indicates that the project is likely to obtain the necessary permits.

However, there is no requirement for Proponents to engage in meaningful BESS supply or EPC discussions prior to bid and Proponents are not required to provide any evidence that they have access to BESS equipment from a reputable supplier prior to bid. This is significant risk that IESO and ratepayers are taking on under LT1.

As a result, Enbridge recommends that IESO require, as a Mandatory Criteria item, that Proponents provide a letter of support from a BESS vendor confirming that the BESS vendor will make available the necessary technical, financial, and human resources required for the project engineering, BESS equipment, and construction. It does not have to provide specific financial or supply details, but this would at least confirm that Proponents are reasonably close to a firm supply deal before bidding. This should be a simple criterion for most developers to satisfy and would help de-risk the RFP for IESO and ratepayers.

Inclusion of the MCIA in the LT1 RFP

| Topic | Feedback |
|---|--|
| Are Proponents supportive of continuing to include MCIA options in the LT1 RFP? | We are generally supportive of IESO’s proposal insofar as Proponents retain the right to opt-out of the MCIA completely. |

Changes to Proponent Group Award Limit

| Topic | Feedback |
|--|---|
| Are Proponents supportive of increasing the Group Award Limit for Storage Category resources from 600 MW to 900 MW? Additionally, the IESO invites Proponents to provide Group Award Limit feedback with regards to the Non-Storage Category. | Enbridge does not support the increase of the group award limit to 900 MW. Already, IESO has concentrated almost all of its awarded capacity in just a few developers, with their own specific market and technology forecasts and plans. To further concentrate the capacity Ontario needs to meet its energy demand in the coming years would undermine the reliability objective of the RFP. 600 MW of battery power storage is a significant investment and development undertaking for a single developer and is a sufficiently large to accommodate economies of scale. To increase the group award limit by 50% would create unnecessary concentration and development risk for IESO and ratepayers. |

Other or General Comments/Feedback:

General

Enbridge appreciates the opportunity to provide comments on IESO’s proposed changes to the LT1 RFP and Contract. We have several concerns about regulatory risk, which is largely within IESO’s control to mitigate, treatment of the ITC, and overly restrictive performance standards, and we agree with the positions and recommendations outlined in Power Advisory’s July 13, 2023 comments, as submitted to IESO.

Timelines

IESO has delayed the COD dates by one year but has maintained an impractically tight 2.5-month window between Deliverability Test results and bid date. We strongly recommend that the bid date be pushed back until no earlier than the end of February 2024. This will provide additional time to develop and de-risk the projects, and should allow for some additional certainty regarding the 30%

ITC (though there will still be some uncertainty regarding Indigenous partnerships), leading to a more competitive RFP. IESO should still be able to issue Contract Awards in the first half of 2024, or by the end of July 2024, as evidenced under LT1. In any case, as noted above, a delay of a month or two in Contract Award date under LT1 would be unlikely to jeopardize a May 31, 2027 COD, and even less likely to put at risk the new May 31, 2028 COD deadline, insofar as the revised Contract Award date is communicated prior to the Bid Due Date.

BESS supply

We recommend that IESO establish a new Mandatory Criteria under LT1 regarding battery energy storage system (BESS) equipment.

IESO already requires, on a mandatory basis, that Proponents provide a letter of support from landowners confirming that the Proponent has access to the land to build the project. IESO also completes a Deliverability Assessment for each project to ensure it has access to the transmission system needed to deliver the power. IESO requires a Security to ensure that the project is built on time, and requires after the fact (with incentive for early evidence) Municipal Support that indicates that the project is likely to obtain the necessary permits.

However, there is no requirement for Proponents to engage in meaningful BESS supply or EPC discussions prior to bid and Proponents are not required to provide any evidence that they have access to BESS equipment from a reputable supplier in the required project delivery timeframe prior to bid. This is a significant risk that IESO and ratepayers are taking on under LT1.

As a result, Enbridge recommends that IESO require, as a Mandatory Criteria item, that Proponents provide a letter of support from a BESS vendor confirming that the BESS vendor will make available the necessary technical, financial, and human resources required for the project engineering, BESS equipment, and construction. It does not have to provide specific financial or supply details, but this would at least confirm that Proponents are reasonably close to a firm supply deal before bidding. This should be a simple criterion for most developers to satisfy and would help de-risk the RFP for IESO and ratepayers.

Consultation

Enbridge fully supports a robust consultation process with Indigenous communities potentially impacted by the proposed projects. The process outlined in the June 29, 2023 webinar appears to be consistent with a typical Duty to Consult process, which Enbridge supports for these projects. Many Proponents may already be well down the path on this process for certain of the projects we may submit under LT1.

As a result, we strongly recommend that Proponents be able to reach out to the Ministry to start the process at any time, rather than waiting for Contract Execution. We note that IESO has several future procurements planned and projects not successful under LT1 may be resubmitted in future RFPs and/or via Corporate/Virtual PPA. It is conducive to an ongoing development process and IESO's

future RFPs being competitive for this process to proceed alongside IESO's procurements whether contracts have been awarded or not.

We further support robust community consultations and understand from IESO's comments on the June 29th webinar that certain proponents may not have been overly transparent or inclusive in their consultations. However, where Proponents can prove that they widely advertised and promoted public meetings, and where those meetings took place in 2023, those consultations should be sufficient to meet the mandatory requirements of this LT1 RFP.

Similarly, where Proponents can prove (e.g., via public meeting minutes) that they told communities and Council that any projects receiving Municipal Support that were unsuccessful in ELT1 would be bid into this second stage of the process, and where the Municipal Support resolutions were broadly supportive of the project(s) and not time or procurement-restricted, those Municipal Support resolutions should be valid for submission under this LT1 process (and the Prescribed Form should be updated accordingly). This will avoid unnecessary duplication of work where the Proponent was forthright with stakeholders about their intentions.

Project location

Section 2.1(b) of the LT1 Contract had included the provision below:

Notwithstanding the foregoing, where the Supplier requests a Facility Amendment within twelve (12) months after the Contract Date to change the location of the Project Site to a location that is no more than two (2) kilometres from any boundary of the Project Site described in Exhibit A at the time of such request, the Buyer will consent to such request, provided that the Connection Point does not change and provided that the provisions of Section 2.14 shall apply to any additional or substituted Local Municipality with authority over the revised Project Site.

We appreciated the flexibility required and supported the addition of this provision in the LT1 contract. IESO had indicated it would be comfortable with the POI also moving insofar as it did not impact the Deliverability assessment, e.g., insofar as the POI did not move to the other side of any existing load or generation tie-in on the line, which could impact deliverability (this could be a shorter distance than 2km but it could also be greater, depending on the location). We also supported this flexibility.

Now, the provision has been deleted from the Contract though we are not aware of the reason for this change. Enbridge recommends that the flexibility to make changes to project and POI location be maintained and that it cover the period from submission of Deliverability Test applications to one-year after the Contract Date. For example, the Contract could read,

Notwithstanding the foregoing, where the Supplier requests a Facility Amendment within twelve (12) months after the Contract Date to change the location of the Project Site to a location that is no more than two (2) kilometres from any boundary of the Project Site described in Exhibit A at the time of such request, the Buyer will consent to such request, provided that the provisions of Section 2.14 shall apply to any additional or substituted Local Municipality with authority over the revised Project

Site. Where the Supplier requests a Facility Amendment within twelve (12) months after the Contract Date to change the location of the Point of Interconnection (POI) to a location that is no more than 15 meters short of the total distance between the POI described in Exhibit A and the nearest existing generation/load tap on the line the Facility is connecting to, the Buyer will consent to such request.

The same flexibility should be provided in the RFP to cover the period from Deliverability Test submission to Contract Date.

Conclusion

We appreciate the opportunity to provide comments on IESO's proposed changes and to continuing to participate in this consultation process. We are available to discuss any of the foregoing.