

Feedback Form

Annual Acquisition Report

Public Information Session – April 8, 2022

Feedback Provided by:

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Following the April 8^h public information session on the Annual Acquisition Report (AAR), the Independent Electricity System Operator (IESO) is seeking feedback from participants on a variety of questions and details included in the report and session on April 8 to help further inform the path forward on meeting the needs identified in the AAR.

The referenced presentation can be found on the [AAR webpage](#).

Please provide feedback by **April, 27 2022 to engagement@ieso.ca**. Also, please feel free to send any questions or request for clarification on the AAR in advance of the April 20 engagement session. This will ensure the IESO is prepared to help inform stakeholder feedback before the April 27 deadline.

Same Technology Expansions

Topic	Feedback
<p>What procurement/negotiation timelines (i.e., contract execution) and forward period would be required to support a 2025 in-service date?</p>	<p>Bi-lateral negotiations would need to begin no later than Q3 2022 for same technology expansions to reach a 2025 in-service date.</p>
<p>Is there any other external support (e.g., from the IESO) that would be needed to help proponents meet expedited development timelines?</p>	
<p>What considerations should be given for community engagement and/or indigenous participation?</p>	<p>Engagement and community buy-in is critical to the success of all development projects. Unlike greenfield projects, existing resources have the benefit of longstanding relationships with host communities. These preexisting relationships, and the aggressive in-service date proposed by the IESO, suggest a more streamlined engagement approach – relative to say a greenfield project participating in the LT RFP – is warranted.</p>

Forward Capacity Auction

Topic	Feedback
<p>Expanded participation and eligibility for resources</p>	
<p>Demand curve parameters</p>	
<p>Interactions with the annual capacity auction including target capacities</p>	
<p>Input into the design of longer commitment periods</p>	
<p>Other business/engagement/participation considerations associated with longer forward periods</p>	

Expedited Procurement

What incentives are sufficient to encourage expedited project development to meet the 2025 needs (e.g., term length, pricing adders, reduced RFP requirements)?

Developers looking to meet the IESO's 2025 in-service date face many challenges beyond their control, including permitting, interconnection assessment, supply chain constraints, commodity market volatility, etc. These circumstances may construe to delay projects, despite developers' best efforts.

To incent developers to meet the May 1, 2025 COD deadline, the IESO referenced a "carrot and stick" approach. While certain remedial actions may be warranted to ensure developers meet reasonable milestones, overly punitive "sticks" may prove counter-productive in achieving the IESO's goal of bringing new capacity online as soon as possible. Put simply, incentives that promote project economics will be more successful than incentives that endanger them.

In terms of incentives, term length should commence from the in-service date and run to 2027 plus 15 years. Surpassing the May 1, 2025 in-service date should not endanger term beyond the in-service date (missing the in-service date by a week should not cost developers all 2025 term, or something to that effect). To incent resources to be in-service, the IESO could offer price adders, based on date "cliffs". If the project is in service by May 1, 2025, the contract adder will be \$X, if that date is missed, but some future date is made, say Nov 1, 2025, some lesser adder is awarded. These cliffs continue up until May 1, 2027, at which point no adder is available.

Supply chain constraints and commodity risk pose potentially intractable problems. Lithium prices – which have skyrocketed in recent months – serve as a cautionary tale for developers competing for materials in a

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	<p>global marketplace that is simultaneously moving towards decarbonization. Cancelled or delayed turbine and panel orders are increasingly frequent. While developers may be better situated to mitigate these risks relative to the IESO, developers are increasingly at the mercy of these global forces, with little recourse. To the extent the IESO designs an RFP that imposes the entirety of these risks on the developer, bid prices will necessarily reflect that significant risk. Furthermore, the procurement timelines sought by the IESO have left developers with little to no time to mitigate the aforementioned risks. Given the circumstances, it's appropriate to have the IESO share in the risks they've contributed to amplifying. The IESO should consider a contract design in which the developer and the IESO share in commodity risk via a partial pass-through mechanism.</p> <p>Additionally, Force Majeure events should be sufficiently broad enough to recognize the risks and challenges of developing and constructing on such a constrained timeline.</p> <p>Could the IESO please elaborate on what it may consider regarding "reducing RFP requirements" to incent meeting a 2025 in-service date.</p>

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<p>What procurement timelines (i.e., contract execution) and forward period would be required to support a 2025 in-service date?</p>	<p>The IESO has already proposed an extremely aggressive timeline for the expedited procurement process. These timelines will be hard enough for the IESO and developers to meet; further speeding up the process should not be on the table.</p> <p>Even with contracts awarded in Dec 2022 and executed sometime in Q1 2023, a two-year development and construction timeline will be extremely challenging. This further supports designing incentives, not penalties, for projects that strive to meet these deadlines.</p>
<p>Is there any other external support (e.g., from the IESO) that would be needed to help proponents meet expedited development timelines?</p>	<p>Projects that clear the expedited procurement process should be prioritized within all IESO processes (interconnection assessment, market registration, etc.). The IESO could undertake a more involved role with developers in shepherding them through these processes.</p> <p>To facilitate future development opportunities, the IESO should coordinate with Hydro One and Utilities to provide a detailed view of interconnection capacity availability across the province. This will significantly streamline siting considerations and help minimize the need for incremental transmission investment.</p>
<p>What considerations should be given for community engagement and/or Indigenous participation?</p>	<p>The IESO should provide clear guidelines for what's expected from developers. These guidelines should be made with due consideration for the in-service date the IESO is mandating.</p>

General Comments/Feedback

This section can include insight on the proposed additional mechanisms including:

- Whether these are the right mechanisms to support in-service dates of 2025/26?

- Are the proposed timelines for the expedited process achievable?

General Feedback (expand this text box as required):