

Feedback Form

Long-Term 2 RFP – December 13, 2023

Feedback Provided by:

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Date: January 15, 2024

To promote transparency, feedback submitted will be posted on the Long-Term RFP engagement page unless otherwise requested by the sender.

Following the LT2 RFP engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on specific items discussed during the webinar. The webinar presentation and recording can be accessed from the [engagement web page](#).

Please submit feedback to <mailto:engagement@ieso.ca> by January 15, 2024. If you wish to provide confidential feedback, please mark "Confidential". Feedback that is not marked "Confidential" will be posted on the engagement webpage.

Resource Adequacy Framework and Cadenced Procurement Approach

Topic	Feedback
Do you have any comments or concerns regarding the cadenced nature between upcoming LT and MT RFPs?	<p>APPrO has frequently noted that providing sufficient line of sight for planning and procurement direction and timing is critical in ensuring that developers continue to view Ontario as an attractive and active investment opportunity. We therefore support a regular cadence in association with regularly updated planning documents such as the APO/AAR. This cadenced approach also provides the IESO with the opportunity for better insight on zero-emitting resource potential over the course of the RFPs.</p> <p>However, further clarity is required on the timing of these procurement cycles and how individual procurements are intended to interact. Generally, existing operators and developers will need to make investment and other decisions that would extend past the term currently contemplated for MT RFP contracts. These decisions will greatly depend on the unique characteristics of each existing resource and how they fit with the details of each procurement.</p>

Topic	Feedback
<p>Do you have any comments or concerns regarding the proposed offering of both capacity style and new revenue model style of contracts, based on resource eligibility requirements and system needs?</p>	<p>APPrO is of the view that the proposed and untested revenue model will not provide the necessary incentive and certainty to invest in Ontario projects: the model introduces several risks for proponents that they cannot mitigate.</p> <p>This lack of revenue certainty together with other unknowable or unquantifiable market risks arising from an as yet untested market redesign will, in our view, be a serious impediment to project financing. Even if financing IS available, it will likely come with a significant risk premium thereby increasing the cost of the RFP, instead of reducing costs and risks for ratepayers. This would be unfortunate.</p> <p>The lack of revenue certainty and reliance on market outcomes to determine contract payments under the contract will be a serious impediment to obtaining non-recourse project financing for projects. Additionally, lenders are unlikely to be unable or want to take on the risk of further market design changes. As a result, projects that require debt are unlikely to go forward. Given the projected needs, this would be problematic, to say the least.</p> <p>We recommend that the IESO review other tried and tested models such as PPAs that do not depend on unknowable market outcomes, in order to ensure investment can take place. Once MRP goes live and MPs have some experience with it, other revenue models can be explored at that time.</p>

Topic	Feedback
<p>Do you have any concerns regarding the proposed target setting approach for upcoming MT RFPs?</p>	<p>APPrO believes that it is inappropriate to set arbitrary targets. Targets should be based on system and energy needs, not be arbitrarily set.</p> <p>Given the projected very large needs (~5TWh) it would appear to be unwise to restrict opportunities for new build resources, especially with an untested revenue model under consideration.</p> <p>Further, the IESO’s proposal to set MT RFP targets as a percentage of eligible, existing resources coming off contract risks the retirement and loss of affordable, already connected, and proven renewable facilities. Considering the energy need, the IESO should be considering ways to extract the maximum value and advantages of existing resources until the end of their useful life.</p>
<p>Do you have any comments regarding how best to employ bridging and extensions to contracts to facilitate the success of the Resource Adequacy Framework?</p>	<p>APPrO recommends that the IESO engage with owners of existing renewable assets whose contracts are set to expire prior to LT2 and negotiate extensions to the existing contracts to the end of these assets’ useful lives. This approach will allow these facilities to operate without interruption and allow the full life and value of these assets to be realized. It will also allow the IESO to immediately secure reliable and affordable energy that will be needed by Ontario over the next decade.</p>

LT2 RFP Resource Eligibility and Timelines

Topic	Feedback
<p>Do you have any general feedback on resource eligibility and timelines?</p>	<p>Fewer restrictions than more on eligibility should be the approach.</p> <p>Timelines to gain local support and to collect meteorological data are very tight, as recent experience proves. APPrO recommends that these timelines be expanded to be a minimum of 18 months.</p>

Topic	Feedback
<p>If the potential of repowering an existing facility applies to you, would you be interested in exploring this option further?</p>	<p>APPrO understands that a number of its members are interested in exploring repowering options for existing facilities.</p> <p>Their inclusion will be critical for the success of the RFP. Such assets minimize environmental and community impacts and provide the IESO many inherent advantages including known wind regimes, established interconnection points, and familiar deliverability. The IESO should leverage this cost-effective alternative to meet its energy needs.</p>
<p>How should the optimal threshold for what constitutes a partial or fully repowered facility be determined and what considerations should be taken into account regarding the repowering of different resource types?</p>	<p>APPrO is concerned that establishing investment, capacity increase, or any other thresholds to determine repowered asset eligibility does not add value to the procurement process and that such limitations could drastically impact the overall competitiveness of the LT procurements.</p> <p>All generating facilities are different and have their own unique properties and investment requirements that could impact the overall repowering potential for a site.</p> <p>Asset owners are in the best position to assess and manage the risks of possible paths towards repowering and site optimization. Overly prescriptive restrictions could inadvertently exclude otherwise good projects in supportive communities from offering cost-effective energy.</p> <p>APPrO recommends that the IESO work with prospective RFP proponents including existing asset owners who may be interested in repowering their facilities to establish simple requirements that are impartial as to new build or repowering. This will ensure owners make the appropriate level of investment to meet their contractual obligations and provide a reasonable level of confidence to the IESO that the facility will perform over the 20-year term.</p>
<p>What considerations should be taken into account for new-build DERs?</p>	<p>All resources participating in the RFP should be evaluated on a level playing field basis and the most competitive projects chosen for contracts.</p>

Topic	Feedback
Please express any interest and opportunities for uprates and/or expansions at any of your existing facilities.	N/a

LT2 RFP Design Considerations – System Congestion and Deliverability Approach

Topic	Feedback
What early system congestion information do proponents need to guide them in choosing the location of their projects and when is this needed by within the procurement cycle?	<p>Congestion and curtailment represent significant risks for energy projects. These risks, as noted earlier should not be placed solely on proponents who do not have line of sight into grid operations, events that leads to congestion or curtailments, or other transmission limitations.</p> <p>The IESO is responsible for awarding and locating projects that can contribute or alleviate congestion. The IESO is therefore in the best position to manage congestion risks during grid operation or over the long-term; therefore the risk of congestion and curtailment should remain with the IESO.</p>
Do you have any general suggestions for how to approach deliverability evaluation in the LT2 RFP?	A deliverability assessment in the LT2 RFP evaluation introduces significant risk to proponents who must make substantial resource commitments prior to an official determination. APPrO recommends a specific engagement session to consider how deliverability is evaluated.

LT2 RFP Design Considerations – General Feedback

Topic	Feedback
Do you have any comments regarding the impacts that agricultural land-use limitations may have on project development?	n/a

Topic	Feedback
Do you have any comments regarding what evaluation criteria can be utilized to evaluate project readiness, given tight timelines and reliability needs?	APPPrO's view is that committing to a project is already a strong incentive considering the upfront investment requirements that must be made, and further readiness criteria may not be necessary. It would helpful for the IESO to outline first what project readiness evaluation criteria it has in mind.
Do you have input on the proposed mechanism for valuing Indigenous participation?	n/a
Are there any other rated criteria that should be considered?	

Long Lead Time Resources

Topic	Feedback
Does the proposed approach to enabling long-lead time resources enable meaningful participation or sufficient certainty?	Generally, APPrO believes that the RFP should be fundamentally indifferent to technology types (i.e., projects should be evaluated based on similar if not the same criteria (e.g., costs, ability to meet the zero-emitting energy needs, and timelines, etc.)). However, it is appreciated that there may be a need for a bifurcated approach to the procurement of long lead time assets (for example, hydroelectricity).
What additional considerations should the IESO contemplate for enabling broader participation from long-lead time resources?	

Revenue Model

Topic	Feedback
As a potential proponent, are you generally supportive of the proposed Enhanced PPA revenue model? Are there any other considerations that the	See our previous comments on this aspect.

IESO should look into further with regards to the revenue model?

General Comments/Feedback