Feedback Form

Long-Term 2 RFP – December 13, 2023

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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?	We appreciate the cadenced approach as it can facilitate structured development and investment. However, it is imperative that the RFP the security framework of the RFPs and the PPA mechanisms are defined well ahead of time with utmost clarity to avoid any ambiguity that could lead to misinterpretation. Clear guidelines will ensure that all participants can prepare and submit their proposals with confidence, understanding exactly how the cadence will influence their project timelines and financial planning.
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?	Regarding the introduction of both capacity style and the new Enhanced PPA format, we acknowledge the effort to align with modern market mechanisms. However, there is a need for greater clarity on the operational nuances of the Enhanced PPA. This clarity will be crucial for developers to accurately assess the economic viability and risk profiles of their projects under this new revenue model. We suggest detailed examples and guidelines be provided well ahead of the proposal submission deadlines to ensure informed participation.
Do you have any concerns regarding the proposed target setting approach for upcoming MT RFPs?	We seek clarity on whether the Medium-Term (MT) RFP is designed to fill any remaining capacity from the previous Long-Term (LT) RFP in addition to adjustments for new capacity. Also, it's essential to understand if the eligibility and selection criteria are consistent across both MT and LT RFPs to ensure continuity and fairness in the procurement process. Ensuring transparency on these points will aid in the strategic planning and proposal development for interested parties.

Topic	Feedback
Do you have any comments regarding how best to employ bridging and extensions to contracts to facilitate the success of the Resource Adequacy Framework?	It appears from the provided document that bridging and extensions to contracts refer to extending existing contract terms to align with the start dates of other acquisition mechanisms where the proponent is successful. This strategy seems to be an integral part of the Resource Adequacy Framework, offering a seamless transition between different procurement cycles. We would like to understand better how this strategy applies to existing contracts—are these bridging extensions applicable to projects that are currently operational and looking to extend their agreements, or is this focused on expansions of existing projects? Clarity on this matter will help us to align our strategic planning with the LT2 RFP requirements and the overarching goals of the Resource Adequacy Framework.

LT2 RFP Resource Eligibility and Timelines

Topic	Feedback
Do you have any general feedback on resource eligibility and timelines?	With a view to give developers a clear and concise framework that generates security both for deploying capital at risk and resources it appears important that the resource eligibility framework and the proposed timelines for MT and LT RFPs will be confirmed and left unchanged up until a predefined review in late 2028 (last MT4 RFP).
If the potential of repowering an existing facility applies to you, would you be interested in exploring this option further?	Yes, we are interested in exploring the option of repowering an existing facility, particularly as we approach the end of our current project's lifecycle in 2036 at the Gunn's Hill windfarm in Oxford County. We would like to understand the process, including any specific requirements or conditions that apply to repowering projects within the LT RFP framework. Early guidance on this matter would be beneficial to align our long-term strategic planning with the objectives and timelines of the IESO's Resource Adequacy Framework.

Topic	Feedback
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?	The determination of what constitutes a partial or fully repowered facility should be guided by a combination of technical, economic, and environmental considerations. Technical aspects might include the percentage of equipment being replaced or the increase in capacity or efficiency. Economically, the threshold could consider the investment size relative to the original plant cost. Environmentally, the improvements in emissions or land use impact could be considered. It's important that the IESO provides clear guidelines on these thresholds to ensure uniform understanding and fairness in assessment. For different resource types, the unique operational characteristics and life expectancy should be considered.
What considerations should be taken into account for new-build DERs?	The determination of what constitutes a new build distributed energy resource (DER) should be guided by a combination of technical, economic, and environmental considerations, that clearly distinguish between an upgrade, uprate and repowering. Technical aspects might include the percentage of equipment being replaced or the increase in capacity or efficiency as well as the spatial distance to existing renewable energy facilities. Economically, the threshold could consider the investment size relative to the original plant cost. Environmentally, the improvements in emissions or land use impact could be considered. It's important that the IESO provides clear guidelines on these thresholds to ensure uniform understanding and fairness in assessment. For different resource types, the unique operational characteristics and life expectancy should be taken into account.

Topic	Feedback
Please express any interest and opportunities for uprates and/or expansions at any of your existing facilities.	We are very interested in exploring both the uprating and the expansion of our existing wind farm operation at Gunn's Hill windfarm in Oxford County. This aligns with our strategic goals to enhance our renewable energy portfolio and increase our contribution to sustainable energy generation. We believe that uprating / expanding our current wind farm not only offers a valuable opportunity to leverage existing infrastructure but also demonstrates our commitment to advancing renewable energy capacity in the region. We look forward to discussing potential paths and requirements to bring this uprating and/or expansion to fruition.

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?	To make informed decisions on project location, proponents require access to a transparent and continuously updated capacity map of the Ontario grid at the earliest stages of the procurement cycle. This map should clearly identify available capacity to enable developers to align their project planning and land procurement strategies effectively with the realities of the grid's capabilities. Developers often face the challenge of making significant investments in project planning and land procurement without secured capacity due to the constraints of the Long-Term (LT) RFP timelines. To mitigate this risk and ensure efficient use of resources, it is suggested that set-aside capacity be allocated early in the process. However, this allocation should be contingent upon a developer's proven ability and track record to carry projects through to completion. This approach will prevent capacity from being tied up in projects that do not materialize and will promote a more efficient and reliable development process within the RFP framework.

Topic	Feedback
Do you have any general suggestions for how to approach deliverability evaluation in the LT2 RFP?	Clarity early in the process is essential for deliverability evaluation. To facilitate this, the LT2 RFP should include clear, detailed criteria for deliverability that align with current grid capabilities and future expansion plans. These criteria should be communicated to developers well in advance of submission deadlines to allow for thorough and realistic project planning. We suggest the implementation of a pre-qualification system where developers can have their projects assessed for deliverability issues before full proposal submission. This system could include a preliminary grid impact assessment to identify potential congestion points or infrastructure upgrades needed. Moreover, the RFP process could benefit from a phased approach to deliverability, providing feedback at critical milestones, thereby enabling proponents to adjust their plans or address issues without incurring excessive costs. This approach would align developers' planning processes with the IESO's deliverability expectations, fostering a more effective and collaborative environment for project development.

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?	Wind projects, in particular have an exceptionally small footprint on agricultural land. Latest generation wind turbines utilize less than 0.2 acres per megawatt of installed, while solar utilizes about 4 to 6 acres per megawatt of installed capacity. Additionally, wind projects can often leverage existing infrastructure, such as farm laneways, for access roads, further minimizing their impact on the land, whilst improving accessibility of the farmland. Given the minimal land use and the ability to coexist with agricultural activities, it is critical to waive any land class restrictions on wind development in Southwestern Ontario. This exemption would acknowledge the low-impact nature of wind projects and support the strategic growth of wind energy in the region without significantly affecting the agricultural output or land use.

Topic	Feedback
Do you have any comments regarding what evaluation criteria can be utilized to evaluate project readiness, given tight timelines and reliability needs?	For evaluating project readiness, especially under tight timelines and reliability needs, the criteria should be both comprehensive and efficient. They should include but not be limited to: • Detailed project schedules with clear milestones and deliverables. • Evidence of site control and land agreements. • Availability of grid capacity and the progress of the interconnection process • Status of equipment procurement and supply chain arrangements. • Progress on necessary permits and approvals from local and regulatory bodies. • Demonstrated financial readiness, including funding sources and investment commitments. • Availability of experienced personnel and contractors to execute the project.
Do you have input on the proposed mechanism for valuing Indigenous participation?	We recognize and support the importance of First Nations participation in the development of energy projects. It is essential, however, to ensure that participation models respect the principle of true ownership and are not structured in a manner that places undue financial burden on developers. We believe that while developers can and should contribute to enabling First Nations participation, the requirement for developers to fund First Nations' project contributions may not be sustainable or equitable. There must be mechanisms in place to safeguard against such practices. Additionally, First Nations may have access to government-backed financing options, which we view positively, there should be transparent criteria to ensure that their ownership is substantive and not merely nominal. This would involve clear demonstration that First Nations are exercising control and receiving benefits commensurate with true ownership stakes.

Topic	Feedback
Are there any other rated criteria that should be considered?	Community participation has historically been a vital component of successful project development and should indeed be reintegrated as a rated criterion in the evaluation process. It is a dimension that is comparable in importance to First Nations participation, reflecting a project's local engagement and support. Criteria for community participation could include investment or ownership stakes held by individuals or entities within the same municipality or county where the project is located. Additionally, consideration should be given to broader participation from across the province, which can demonstrate wider community support and investment in renewable energy initiatives. This not only encourages local economic development but also fosters a sense of ownership and positive community relationships, which are essential for the long-term success and acceptance of energy projects. Including such criteria would ensure a comprehensive evaluation of a project's potential for social as well as technical and economic success. Incorporating community and First Nations investment into the evaluation criteria can be further optimized by aligning with the Clean Tech Investment Tax Credit (ITC) program. Establishing rules that enable these groups to benefit from the ITC program would not only strengthen the financial framework for local investment but also serve as an added incentive for community-centric renewable energy projects. This synergy between community investment and tax incentives would potentiate both economic and social dividends, reinforcing the project's foundational support and ensuring a more robust and holistic assessment of its potential for long-term viability.

Long Lead Time Resources

Topic	Feedback
Does the proposed approach to enabling long-lead time resources enable meaningful participation or sufficient certainty?	The proposed bifurcated approach to set aside a specific stream (stream 2) with a designated procurement target for long lead time resources such as waterpower to our view enables meaningful participation and sufficient certainty for long lead time resources while also ensuring that resources with shorter lead times will not get "crowded out".
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 IESO should look into further with regards to the revenue model?	We are open to the concept of the Enhanced PPA revenue model, recognizing its potential to align with evolving market conditions. However, to fully support this model, we require a deeper understanding of its mechanisms and implications, particularly how it compares to traditional models in terms of competitiveness and adaptability. We would benefit from more illustrative examples and case studies demonstrating its application and outcomes. Further, a comprehensive breakdown of how the model interacts with market dynamics and impacts project viability would be invaluable for informed decision-making.

General Comments/Feedback

Security deposit

The presentation from the December 13th, 2023 session highlighted a notable requirement for proposal security. We request detailed information on the following aspects to adequately prepare for the LT2 RFP process: the standard security amount, the possibility of an increased security requirement up to 1.5 times the standard (as was the case in the LT1 RFP), and the specific circumstances that might trigger such an increase. Additionally, clarity on the accepted forms of security, along with the expected timeframes these securities will impact our financial resources, is crucial for our financial planning and risk assessment. It's imperative that these details be communicated promptly to allow for thorough and strategic preparation by all prospective bidders.

Team member and entity qualification

The definition of 'Planning' in the LT1 RFQ, which encompasses 'designing' and 'engineering,' extends beyond the typical remit of energy project developers, generally reserved for manufacturers or suppliers. We advise revising this definition for the LT2 RFP to accurately represent the responsibilities of project developers, focusing on the managerial oversight aspects of planning without the need for direct involvement in design or engineering tasks. Additionally, for parity with 'Constructing,' we propose the inclusion of 'undertaking or overseeing' within the Planning, Developing, Financing, and Operating definitions to underscore the managerial oversight component inherent in these activities.

The current definition of "Qualifying Large-Scale Project" in the LT1 RFQ is limited to facilities in Canada or the USA. Considering the global nature of energy development and the valuable experience gained across international projects, we propose that the LT2 RFP should recognize facilities in European Union countries. This inclusion would allow for a broader demonstration of Team Member Experience and Entity Development Experience, reflecting the diverse and international expertise that is essential in today's energy market. It is a logical step that supports the integration of global best practices and expertise.

Carbon credits

Sharing carbon credits with landowners and municipalities hosting renewable energy projects could serve as a significant incentive and benefit in the push for cleaner energy solutions.

For landowners, the ability to earn carbon credits from hosting renewable projects on their property would create a tangible financial return beyond any lease or rental payments. This is especially pertinent for agricultural operations that may face future carbon tax liabilities. The carbon credits could be used to offset such taxes, effectively reducing the operational costs of their core business and promoting sustainable practices. It would also directly link the benefits of renewable energy development with local land stewardship, encouraging more landowners to participate.

Municipalities supporting renewable energy (RE) development within their jurisdictions could similarly benefit from a share in carbon credits. These credits could provide municipalities with a source of revenue that could be reinvested into local infrastructure, services, or further environmental initiatives. It could also offset any municipal carbon tax obligations, reducing the financial burden on local governments and their constituents. Furthermore, this could act as a reward mechanism for municipalities that facilitate RE development, potentially leading to more favorable zoning and faster permitting processes.

In both cases, distributing carbon credits can align economic incentives with environmental outcomes. It could serve as a model for collaborative climate action where the financial benefits of carbon trading support the communities directly involved in renewable energy generation. This system could promote broader acceptance and support for RE projects, as the economic and environmental benefits would be shared by all stakeholders involved.