

Feedback Form

Long-Term 2 (LT2) RFP – February 15, 2024

Feedback Provided by:

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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. If you wish to provide confidential feedback, please mark "Confidential".

Following the LT2 RFP February 1, 2024, 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 engagement@ieso.ca by February 15, 2024.

Revenue Model

Topic	Feedback
<p>Do you have any additional comments regarding the revenue model, particularly with regards to the following: Deeming energy market revenues based on real-time locational marginal prices (LMP), as opposed to the IESO's recommendation of basing this on the day-ahead LMP. (Slides 19-21)</p> <ul style="list-style-type: none"> The optionality of using either a simple average day-ahead price or weighted average LMP, with the latter including hours where the resource was scheduled day-ahead in a given month. (Slides 22-23) Including monthly production factors that on average equate to the annual production factor, in order to further account for seasonality. (Slides 24-26) 	<p>SWEB has concerns over the ability to finance projects which use the current revenue model that the IESO is proposing. SWEB recommends that the IESO confirm with financiers that this project revenue structure will be both <u>understood</u> and <u>approved</u>. There is an inherent concern that this revenue model will create difficulty from a financing perspective due to two key layers of risk: the first layer of risk is getting the production factor correct and the second layer of risk has two subsections – one involving the difference between the Day Ahead and the Real Time quantity and the other is the difference between the Day Ahead to Real Time price.</p> <p>Additionally, in using this form of revenue model the emphasis is no longer on the competitiveness of the proposal price reflecting the amount of renewable energy resources available (like what we would see in a fixed rate PPA structure). Instead, this revenue model emphasizes the allocation of risk and which proponents are willing to take on more risk. It is highly likely that changing the emphasis to allocation of risk will result in overall higher bid prices, and the IESO should be prepared for this.</p> <p>The IESO should provide more info on intraday trading or the ability to restate DAM offers in real time conditions (outages, low wind/solar resource) to limit developer market exposure due to unforeseeable events. If the current e-PPA structure is pursued, SWEB is in favour of the weighted average LMP methodology, as well as including and designating monthly production factors.</p>

DERs

Topic	Feedback
<p>Do you have any comments regarding eligibility requirements for DERs of other general comments?</p>	<p>No comment.</p>

Capacity Resources

Topic	Feedback
Do you have any comments regarding considerations for acquiring additional capacity resources, and utilizing a multi-stream approach (energy and capacity streams)?	No comment.

LT2 Deliverability

Topic	Feedback
Do you have any comments on early deliverability data and evaluation stage deliverability?	<p>SWEB requests that the IESO release as much system information as possible, and as soon as possible. The IESO should provide data and info on must run units, locations, and their capacity obligations to the extent permissible. The IESO should commit to providing and simplifying the process of obtaining system models (.raw files), contingency lists, and make available peak load, low load, and shoulder load system cases.</p> <p>SWEB also requests that the IESO produce a map of the province which outlines or indicates areas of priority. The earlier this information is provided in the procurement cycle, the more time is allotted for development work in the necessary locations to meet the proposed bid schedule.</p> <p>The deliverability evaluations need to occur as soon as possible in the procurement process. Once the deliverability results are received by proponents, there needs to be an adequate amount of time between results and bid submission. If there are project changes that need to be implemented based on the deliverability evaluation, a few months between results and bid submission (the timeline that was followed in the LT1 procurement) will not be sufficient.</p>

Repowering

Topic	Feedback
Do you have any comments around repowering participation?	SWEB believes that there should be additional added volume for reprocured or repowered projects. This is because repowered projects are fundamentally different to new generation. Many projects which are seeking to be reprocured or repowered have been grandfathered into

old regulations and approval processes that are no longer active (example: ECAs compared to REAs). This leaves the repowering projects in a different position compared to new generation and SWEB believes that due to this difference these project types should not be directly competing but rather have distinct procurement targets to meet.

Long Lead-Time Resources

Topic	Feedback
Do you have any comments on enabling long-lead time resources?	No comment.

General Comments/Feedback

SWEB would like to acknowledge the efforts the IESO team has put into drafting the engagement presentations and commends the IESO on its engagement with the public.