

Feedback Form

Long-Term 2 (LT2) RFP – May 23, 2024

Feedback Provided by:

Name: Shaheer Aziz

Title: Senior Director, Business Development

Organization: Hydrostor Inc.

Email: [REDACTED]

Date: June 7, 2024

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 May 23, 2024, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the 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 June 7, 2024.

LT2 RFP Energy + Capacity Streams

Topic	Feedback
Do you have any questions or comments regarding the clarifications the IESO provided regarding the targets, timing, eligibility or other details of the LT2 RFP Energy and Capacity streams?	

Long-Lead Time Resources Procurement

Do you have any questions or comments regarding the clarifications the IESO provided regarding the targets, timing, eligibility or other details of the Long Lead Time Resources Procurement?

Hydrostor commends the IESO for its long-term planning to meet expected future resource needs. Long-Lead Time (LLT) Resources can provide a low-cost mix of reliable supply to Ontario ratepayers over long operating lives. This will result in the lowest cost electricity system to meet reliability needs going forward.

To achieve these benefits for the system, the resources that will be developed require LLT-specific considerations to match their development timeline and operating life. Specifically, on:

- **Timing:** Hydrostor supports the IESO's proposed approach of running the LLT procurement in parallel with the LT2 RFP, with submissions due in Q3 2025
- **Eligibility:** Hydrostor agrees with the IESO's approach that the LLT procurement be targeted at: generating hydroelectric resources, and LDES resources with 8+ hours of storage duration that truly have long lead time characteristics (such as infrastructure-based resources that have a longer construction cycle) as well as long operating lives (40+ years). Hydrostor further agrees that it should be targeted at new-build resources
- **CODs:** Hydrostor understands the IESO's proposed target CODs of 2034/2035 for LLT projects, but strongly recommends the IESO allow for 2033 CODs so that LLT projects can capture the full 30% ITC (to the benefit of Ontario ratepayers)
- **Targets:** Hydrostor strongly recommends the LLT procurement target at least 1,000 MW of capacity (with the ability to contract for more if beneficial). The most competitive LLT LDES resources for example will be those that are built at scale. It is therefore critical that the ultimate RFP target be set such that both larger and smaller LLT resources are not limited in their participation due procurement size limitations
- **Bid Security:** LLT resources have a longer and higher-cost development cycle compared to intermittent renewables and short-duration storage, and a sizable development security at a relatively early point of their development cycle may hinder competitive participation in the RFP process. Hydrostor therefore recommends that the approach to setting a bid security due with RFP submissions be aligned with the development process for LLT resources, by using a stage-gated bid security approach. This stage-gated approach can be

Topic	Feedback
	<p>simplified as: 20% of the total bid security being posted with proposal submission, (e.g. 20% of \$40,000/MW), with the remaining 80% of bid security due once the LLT resource is at the NTP stage.</p> <p>Finally, Hydrostor notes that LLT projects require a specialized approach for evaluating Deliverability and Interconnection that is unlike the approach utilized in LT1 and LT2 to date. Using any traditional approaches to assess Deliverability from E-LT1, LT1 or LT2 does not consider the specific transmission and distribution benefits of LLT projects, their long development cycles or their long asset life (40+ years).</p> <p>LLT Long-duration storage projects provide significant benefits to the interconnection grid including the ability to offer non-wires alternatives to relieve congestion and curtailment and increase the use of the existing transmission infrastructure. Furthermore, the long life of these assets makes their increased duration more valuable as variable generation grows in the future to achieve Net-Zero.</p> <p>Considering these key benefits, the IESO should consider the deliverability of each LLT resource in a flexible manner. This approach should be holistic in including future IESO bulk system planning reports and network upgrades, along with the corresponding network benefits of the LLT resources. If network upgrades are identified for these LLT strategic assets, the long lead times of these resources provides ample time for the IESO to conduct the required upgrades.</p>

MT2 RFP

Topic	Feedback
<p>Do you have any questions or comments regarding the clarifications the IESO provided regarding the targets, timing, eligibility or other details of the MT2 RFP?</p>	

LT2 RFP Preliminary Connection Guidance Follow-Up

Topic	Feedback
Do you have recommendations for; addressing the previous feedback received; version 2 of the Guidance Document; and most specifically on the LT2 RFP capacity stream delivery approach the IESO is proposing.	

E-PPA Revenue Model and E-PPA Energy Market Settlement Examples

Topic	Feedback
Do you have any questions or comments regarding the modified, “protected” version of the Enhanced Power Purchase Agreement (E-PPA) that the IESO has proposed?	

General Comments/Feedback

Hydrostor welcomes the opportunity to comment on the IESO’s considerations around the LLT Resource procurement process. Hydrostor is a global leader in the development of utility-scale LDES solutions, using its proprietary Advanced Compressed Air Energy Storage technology (A-CAES). A-CAES is an emission free, cost-effective, reliable and commercially ready technology that is currently deployed in Canada with advanced development projects in Australia and in the United States.