

Feedback Form

Long-Term 2 RFP – July 4, 2024

Feedback Provided by:

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Date: July 19, 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 July 4, 2024, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation and recording can be accessed from the LT RFP [engagement web page](#).

Please submit feedback to engagement@ieso.ca by July 19, 2024.

MT2 RFP

Topic	Feedback
Do you have any feedback regarding resource eligibility under the MT2 RFP?	<p>Brookfield Renewable appreciates the opportunity to provide feedback.</p> <p>We support the bifurcation of the MT2-RFP into an energy-only stream and a capacity-only stream.</p>
Do you have any feedback regarding the IESO's proposed method of determining the procurement target for the MT2 RFP?	<p>The IESO indicated its desire to implement a pre-bid qualification process—in combination with a percentage threshold (now set at 80%)—to determine the MT2-RFP's initial clearing quantity. We also understand that a flexible mechanism to procure additional MWs beyond the 80% threshold would secure MWs below a certain price point. Moreover, the IESO would allow contracts ending in 2026/2027/2028/2029 and perhaps even Demand Energy Resources (DER) to participate in the MT2-RFP.</p> <p>We generally support these flexible approaches, and the inclusion of contracts ending in 2026-2029 and DER contracts in the MT2-RFP. However, we ask that the IESO immediately provide more clarity and certainty on the MT2-RFP's ultimate procurement target, and to incentivize existing assets to participate and remain on the grid.</p> <p>In short, the IESO should not risk existing energy resources exiting our system while it attempts to procure new energy supply via the LT2-RFP. We note that the MT2-RFP is less than six months away according to the IESO's updated schedule. Without clarity and certainty, it would be difficult for suppliers to determine their operational and financial requirements and receive the necessary internal approval to participate. As a result, the IESO could lose important energy supply from reliable, proven assets in the face of the pending 2030 energy deficit.</p> <p>In this context, we recommend that the IESO immediately establish a clearing threshold of 95% to provide certainty to suppliers and to encourage participation. Also, we ask that the over-procurement mechanism to be consulted extensively and immediately to provide clarity.</p>

Topic	Feedback
<p>Do you have any feedback regarding the contract structure or term length under the MT2 RFP?</p>	<p>Please confirm that all successful participants of the MT2-RFP would receive 5-year contracts <u>from the start of their original contract end date</u>. For example, an existing asset whose original contract ends in 2029 would receive a new contract from May 2029 to May 2034.</p> <p>Please confirm that MT2-RFP contract holders would be allowed to terminate their contract prematurely and without penalty if they were successful in obtaining a future Long-Term RFP contract for repowering.</p> <p>Please also confirm that in future Long Term-RFPs, proponents would be able to combine two or more Mid-Term-type contracts to offer a combined repowering project. For example, a proponent might have two MT2-RFP contracts with different end dates, which cover facilities adjacent to each other and of the same technology type. In the LT2-RFP, said proponent would be able to offer a single repowering project that combines the two facilities to take advantage of economies-of-scale; and if successful in the LT2-RFP, be allowed to terminate without penalty the two MT2-RFP contracts.</p>
<p>Do you have any feedback regarding capacity qualification for the MT2 RFP?</p>	
<p>Do you have any feedback regarding proposal submission fees and proposal security requirements for the MT2 RFP?</p>	

Topic	Feedback
Do you have any feedback to share regarding the IESO's proposed method of proposal evaluation under the MT2 RFP	<p>Given that eligible assets for the MT2-RFP are existing resources that have already obtained all necessary permitting (e.g., deliverability, environmental, municipal support...) to allow their construction and operation, we support the IESO's proposal that no rated criteria points be considered for the MT2-RFP.</p> <p>In addition, proponents should not be required to re-obtain any new permits: existing assets in good standing with regards to their permits should be automatically eligible to participate.</p> <p>MT2-RFP is anticipated to take place in Q4 2024. And to date, the IESO has yet to release any RFP and contract documents for review and consultation. As a result, any last-minute requirements to re-obtain permits or to seek new permits would not allow proponents enough time to prepare for the MT2-RFP and submit offers. In particular, it was unclear from the webinar whether the IESO is still awaiting a policy decision from Government on the requirement for a Municipal Support Resolution.</p> <p>We ask that the IESO confirm its MT2-RFP participation requirements and evaluation criteria as soon as possible to ensure a successful RFP.</p>

LT2 RFP Capacity Stream

Topic	Feedback
Do you have any feedback to share regarding the capacity stream under the LT2 RFP?	

LT2 RFP Proposal Evaluation

Topic	Feedback
Do you have any feedback to share regarding the IESO's proposed method of proposal evaluation under the LT2 RFP?	

LT2 RFP Proposal Security

Topic	Feedback
Do you have any feedback to share regarding the proposal security requirements under the LT2 RFP?	

General Comments/Feedback

We support the Ontario Waterpower Association’s suggestion regarding the indexation of contract price to inflation, both during the period between contract execution and Commercial Operation, and through the term of the contract. This is of particular importance for long lead time and long lifespan assets. For example, proponents will be expected to provide a bid price in 2025, for equipment that will not be ordered until 2030-2032, and with an in-service date of 2035 under a contract to 2075. We strongly encourage the IESO to include this topic in the forthcoming Long-Lead Time RFP engagement.

We do not support the proposal that environmental attributes of the MT2-RFP's winning bids would remain with the suppliers. To be clear, our company actively engages in the sale and marketing of environmental attributes across different jurisdictions. However, as mentioned in many of our past submissions, the lack of transparency and information regarding the Ontario Clean Energy Credit registry (e.g., the credits’ transaction volume, originating technology and vintage, and general clearing prices) makes it difficult for industry to assess their market value. The exclusion of these attributes in MT2-RFP contracts (i.e., for suppliers to retain them as proposed) would cause RFP participants to price in their environmental attributes’ value differently and without a clear industry benchmark. In doing, the RFP offer prices could be distorted in an inconsistent manner, as different companies would value their attributes differently. Consistent with the IESO’s proposal to adopt no-rated criteria for the MT2-RFP so that offers would compete purely on energy price, any distortions to the final clearing price—such as the environmental attributes’ value—should be removed. As such, we ask that the IESO retain the environmental attributes in the MT2-RFP. We can reconsider this proposal once the IESO releases more information about the Clean Energy Credit registry.

Finally, we ask that the IESO adopt the “split facility” principle across all its procurement venues. Under this principle, a single facility’s output would be allowed to be split up and sold to different buyers—as long as the facility’s total output is not double counted or sold multiple times. As the reliability and market coordinator, as well as the load-serving entity and main contract holder in Ontario, the IESO can easily design rules to ensure that double counting or selling does not occur. To wit, the IESO already accepts a single facility—albeit an external one from a neighbour market—to sell only a portion of its total output in Ontario’s capacity auctions. We simply ask that the IESO adopt this principle across the board. For example, a wind facility should be allowed to sell a part of its output in the MT2-RFP (or in the IESO’s capacity auction), and another part of its output to a

corporate buyer using the corporate PPA construct. This principle provides flexibility and choice to both suppliers and buyers, including the IESO, without compromising system reliability or resource adequacy. We are encouraged by discussions regarding this principle at the July 4 webinar and request that the IESO commit to this principle in all future procurements.