Feedback Form

Long-Term 2 RFP – July 4, 2024

Feedback Provided by:

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Date: July 17, 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?	No comments at this time
Do you have any feedback regarding the IESO's proposed method of determining the procurement target for the MT2 RFP?	No comments at this time
Do you have any feedback regarding the contract structure or term length under the MT2 RFP?	No comments at this time
Do you have any feedback regarding capacity qualification for the MT2 RFP?	No comments at this time
Do you have any feedback regarding proposal submission fees and proposal security requirements for the MT2 RFP?	No comments at this time
Do you have any feedback to share regarding the IESO's proposed method of proposal evaluation under the MT2 RFP	No comments at this time

LT2 RFP Capacity Stream

Topic	Feedback
Do you have any feedback to share regarding the capacity stream under the LT2 RFP?	As expanded upon in the General Comments we suggest derating compensated capacity for Capacity Stream projects that can inject for less than 8 hours, with a minimum allowable project at 4 hours, with rated criteria points available for projects of duration longer than 8 hours.

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?	As expanded upon in the General Comments we suggest not excluding Capacity Stream projects from circuits where Energy Stream projects are being added.

LT2 RFP Proposal Security

Topic	Feedback
Do you have any feedback to share regarding the proposal security requirements under the LT2 RFP?	No comments at this time

General Comments/Feedback

Duration

In response to *"The award of rated criteria points for long-duration assets with the number of points awarded to be based on the duration that a facility can provide continuous injection into the grid"* for the LT2 capacity stream: we would note that in the LT1 contract, Storage had a minimum duration (of injection) of 4 hours and Non-Storage had a minimum duration of 8 hours. It is also our understanding that the projected amount of 4-hour storage in the grid from the E/LT1 RFP will result in a level of saturation yielding roughly half the rated capacity vs. nameplate for incremental 4-hour (i.e. short-duration) storage capacity. We would thus recommend that in order to have a realistic evaluation of usable capacity that 4-hour projects be assessed at 50% the capacity of nameplate (i.e. derated to half of nameplate such that 4-hour projects can bid a capacity of no more than 50% of nameplate capacity), and 8 hour projects be assessed at 100% of nameplate capacity, with 5,6,7 hour projects prorated between 50% and 100% of nameplate. LT2 should still require a minimum of four hours duration for Storage and 8 hours for Non-Storage.

If derating capacity is overly complex in the context of the existing contract, negative rated criteria points could be applied so as to have a similar effect, in terms of doubling the evaluated cost of the capacity bid of 4-hour projects in line with the system value.

To further incent longer duration above 8 hours, we would recommend a significant additional level of rated criteria points at 16 hours duration (which coincides with the daily must-offer requirement) with some lesser levels of rated criteria points between 8 hours and 16 hours (perhaps at 10, 12, and 14 hours).

We further believe there may be some system value, and thus value in awarding additional rated criteria points, to projects that can deliver 16 hours of energy on consecutive days e.g. a 5-day week of 16-hour days (or alternatively 16 hours on two or three consecutive days), in keeping with the capacity must-offer requirement, and in the interest of providing the highest level of reliability to the system in extremely hot or cold weather – which, as experienced recently, can come in heat waves or cold spells lasting several consecutive days putting a high level of stress on the grid.

Interconnection Priority in LT2 – Energy and Capacity Streams, Storage and Non-Storage

In the LT1 RFP, the rationale of Non-Storage (i.e. dispatchable generation) providing higher system reliability value than 4-hour Storage was used to give priority access to 'deliverable but competing' interconnection points. In the July 4 webinar IESO indicated that Energy Stream LT2 projects would have priority access to interconnection over Capacity Stream LT2 projects on account of the system

needing energy for system reliability. We find this counter-intuitive and don't believe the interconnection of variable renewable generation should preclude or prevent the connection of capacity resources to these same circuits.

For example, solar and wind projects usually do not provide much energy during summer peaks (which tend to coincide with both low/no wind and sunset hours), and solar rarely provides energy during winter peaks which tend to occur at night. Thus capacity resources and variable generation complement each other on key circuits, as capacity resources will be called upon most often when variable generation is not injecting.

Furthermore, while energy is extremely important, it is dispatchable capacity that provides system reliability in key hours. In addition, storage projects will relieve congestion rather than increase it on circuits where Energy Stream projects are being connected. (There may be some variation from this theme in the case of more baseload-oriented waterpower and bioenergy projects, in which case baseload generation in the Energy Stream could be given priority over Capacity Stream projects).

As such we have two recommendations:

1) That IESO not exclude LT2 Capacity Stream projects from circuits that are adding LT2 Energy Stream projects.
2) That IESO continue to give priority to Non-Storage (i.e. generation) over Storage in the Capacity Stream, in continuity with the LT1 procurement.

Recognizing that IESO is not planning on conducting a pre-bid Deliverability Assessment, we would suggest that IESO carry out such analyses as may be necessary at the time of Evaluation. Circuits that are adding wind or solar Energy Stream projects could accommodate Capacity Stream projects. When Capacity Stream Storage and Non-Storage projects are competing at the same deliverable injection point or zone, similar to the LT1 RFP, the Non-Storage projects would be given priority. Given that these projects are competing on evaluated bid price in the same 'bucket' against each other, this may require assessing the deliverability of several of the highest-evaluated bids of each of Storage and Non-Storage projects (to the extent bids of both kinds are submitted) on each circuit or deliverability zone.