

Feedback Form

Long-Term 2 RFP – July 24, 2024

Feedback Provided by:

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Date: Aug 9 2024

Following the LT2 RFP July 24, 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](#).

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 "Yes" below:

- Yes – there is confidential information, do not post**
- No – comfortable to publish to the IESO web page**

Please submit feedback to engagement@ieso.ca by August 9, 2024.

Draft LT2 Energy Contract

Topic	Feedback
Do you have any comments regarding the calculation of the monthly payment information presented?	<p>Brookfield Renewable appreciates the opportunity to provide comments.</p> <p><u>Re: Monthly payment under E-PPA</u> We support the increase of the day-head to real-time adjustment factor to 85%. For technology-types that are intermittent and cannot control their output, an even higher protection factor would help to encourage participation and boost RFP supply.</p> <p><u>Re: Monthly Payment Structure</u> We request more details regarding the Imputed Production Factor’s calculation and this by technology type. In particular, hydro resources naturally experience low water years—their Imputed Production Factor needs to reflect this characteristic.</p>

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<p>Do you have any comments regarding the treatment of excess deemed revenues or analysis to share? Please attach any supporting information.</p>	<p><u>Re: Intervening Forced Derate Factor</u> We conceptually support the introduction of an Intervening Forced Derate Factor (IFDF) to avoid erroneous DA-RT adjustments due to forced outages. However, we ask that the IESO provide more information and examples on the IFDF to help better our understanding (e.g., how would forced outages due to transmitter side issues or SEAL instructions be addressed, and how would such exceptions be defined...).</p> <p><u>Re: Excess Deemed Revenue and optionality</u> We support allowing participants the option to opt out of the DARTA in exchange for keeping the totality of excess deemed revenue. To be clear, we do not believe that the decision to opt in and out of the DART should be a rated criteria in bid selection. Participants should be able to voluntarily take on both the risk and reward of DA-RT deviations outside of the contract structure. This market mechanism should not factor into the RFP bid selection and contract considerations. We agree with the IESO’s position that the RFP should clear on price alone.</p> <p><u>Re: Excess Deemed Revenue and DARTA</u> As mentioned earlier, we support the 85% DARTA (or higher) protection with an option to opt out. However, we note that suppliers who opt in to the DARTA protection should be able to keep a proportional amount of “Excess” Deemed Revenue in line with its DA-RT risk exposure. For example, an 85% DART protection means that the supplier would be exposed to 15% of its DA-RT risk. As such, suppliers should be allowed to keep at least 15% of the “Excess” Deemed Revenue, and not return 100% of the “Excess” Deemed Revenue as proposed by the IESO. This setup would result in the IESO and the supplier sharing the DA-RT risk on an equal basis. A proportional risk sharing mechanism is fairer, would increase RFP participation, and would provide a greater incentive for suppliers to familiarize themselves and participate in the DA and RT markets and make use for virtual trades.</p>

Topic	Feedback
Do you have any comments regarding the proposed approach to the performance obligations?	<p data-bbox="743 201 1230 233"><u>Re: Removal of negative priced hours</u></p> <p data-bbox="743 239 1503 474">We support the IESO’s proposal to remove negative priced hours from the evaluation of Non-Performance Charges. Certain technology types and assets might have ancillary contracts, commitments, or minimum operating limits with the IESO even when energy prices are negative. This proposal would protect the system against such situations.</p>

LT2 Capacity Contract - High-Level Design Details

Topic	Feedback
Do you have any comments or feedback regarding the design details presented for the Capacity Contract?	

LT2 RFP Community Engagement Requirements

Topic	Feedback
<p>Do you have any comments or suggestions regarding the approach for community engagement?</p>	<p><u>Re: Agricultural Impact Assessment</u> We understand that the IESO is a policy-taker on certain community engagement requirements. Nonetheless, the requirement to conduct Agricultural Impact Assessments could result in design changes, and thereby affect a project’s economics post-RFP award. We ask that IESO consult and communicate with stakeholders on this potential requirement to avoid affecting future RFPs’ success.</p> <p><u>Re: Facility Amendments</u> We support the proposal to allow proponents to change aspects of a facility’s design after contract date, such as the connection point and circuit. Community Engagement requirements are important for proponents and the IESO to receive a license to build and operate. However, engaging local communities requires flexibility and a willingness to respond to local needs. This proposal would help proponents obtain the best project locations and design in accordance with local preferences.</p> <p><u>Re: Environmental Attributes</u> We wish to reiterate our position that: for proponents to retain and properly monetize these environmental attributes, the IESO needs to release more market information related to the Ontario Clean Energy Credits (CECs) registry. Without such transparent market information regarding how CECs are currently trading in Ontario, proponents would be forced to price in their projects’ environmental attributes without publicly available market benchmarks. As a result, proponents might calculate their project bid price inconsistently and affect the RFP’s clearing price. In this context, the IESO should exclude environmental attributes from the LT2 RFP and retain them.</p>

General Comments/Feedback