Feedback Form

Long-Term 2 RFP – April 24, 2025

Feedback Provided by:

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Date: May 9, 2025

To promote transparency, feedback submitted will be posted on the LT RFP engagement page unless otherwise requested by the sender.

☐ **Yes – there is confidential information, do not post**

X **No – comfortable to publish to the IESO web page**

Following the LT2 RFP April 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 LT2 engagement web page.

Note: The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials please indicate if they are confidential.

Please submit feedback to engagement@ieso.ca **by May 9, 2025.**

Tariff Risk Mitigation

Do you have any comments related to the tariff risk mitigation concepts presented during the webinar?

EDF power solutions (EDF) appreciates the IESO's efforts to implement mechanisms that protect Proponents from potential tariffs on imported goods and the ongoing effects of inflation on renewable energy project costs. We understand that the IESO views the three proposed mechanisms as complementary rather than optional. Given the current uncertainties surrounding tariffs and inflation, we support all measures that enhance project viability and help achieve clean energy goals.

Two-Stage Submission
We view the two-stage submission process as a positive mechanism that can address price changes, such as tariffs, occurring between Proposal Submission and Proposal Price submission.

We recommend that the Annual Average Imputed Production Factor (derived from the monthly values) be submitted alongside the Proposal Price at the second stage of the submission deadline.

While the LT2e-1 RFP does not require commitments from major equipment vendors at the time of submission, variations in equipment and additional onsite data collection through this extended period will directly affect energy production estimates and Proposal Price. In the Enhanced PPA Structure, the Proposal Price and Annual Average Imputed Production Factors (derived from the monthly values) must be considered together.

100% Price Indexation Pre-COD
EDF welcomes the addition of 100% price indexation before the Commercial Operation Date (COD). This mechanism will provide essential protection against inflation, reducing risk premiums and ultimately enhancing project viability.

For context, contracts recently awarded under the BC Hydro 2024 Call for Power included the identical feature of full price indexation pre-COD. Compared to other price indexation alternatives, such as the MCIA in the IESO's LT1 procurement, CPI indexation is simpler and easier to implement.

Mechanism to Re-Bid Contract Price
We support the concept of re-bidding and have the following comments.

EDF strongly recommends the IESO host a focused working group session with the industry on this mechanism as soon as possible to refine some of the details of the mechanism.

- **Material Impact:** The defining "trigger" needs to be broadly defined as it is not feasible to provide a comprehensive list of goods for which imposition of tariffs would impact materially. The definition should also encompass the unavailability of ITC's and First Nation funding sources (e.g., the CIB) that were assumed to be available at the time of the bid.

- **Timebound:** The proposed period proposed of "after Proposal Submission but before major equipment purchase" is insufficient. Major equipment providers do not offer tariff protection in equipment supply contracts and imported equipment are at risk of new tariffs until imported. Additionally, the re-bid mechanism should allow for multiple uses, as potential Material Impact triggers could arise multiple times until Project COD.

- **Allow for Contract Price Re-submission:** The Re-Bid mechanism seems to adequately protect against potential material impacts before a Project's Notice to Proceed (NTP) or Final Investment Decision (FID). However, after NTP/FID, commitments for equipment purchase and financing have been made and reversing will strand a significant amount of costs. We propose that the re-bid process involves a dialogue in which Projects present incurred costs, financial commitments, and anticipated cost variances due to the defined material impact, along with a re-bid price. This would allow the IESO and Proponents to consider all relevant information and negotiate a suitable price given constraints.

- **Subject to IESO Approval:** We have no concerns in the pre-NTP/FID period. However, post-NTP/FID, if an open dialogue is occurring would the IESO consider sharing potential stranded costs resulting from Project/PPA termination? Proponents may be open to use of an arbitrator with the ability to share stranded costs.

- **Off-Ramp:**
    - **Pre NTP/FID:** If the IESO refuses a Project's Re-Bid due to a material impact, we expect 100% of Performance Security to be returned, and the contract be mutually terminated without fault, as the defined trigger is beyond both parties' control.
    - **Post NTP/FID:** If the IESO bears some stranded costs, Proponents may be willing to make their Performance Security non-refundable for unaccepted re-bids after NTP/FID.

LT2 RFP and Contract Updates

Do you have any comments related to the other RFP and Contract updates presented during the webinar?

EDF submits some comments for the IESO to consider with respect to the LT2e-1-Contract:

- **Production Guarantee** ***(Exhibit F, s. 3.1, s. 10.1 (j))***
    - EDF requests the calculation for Performance Factor Shortfall be calculated on a 3-year basis, consistent with the calculation of the Actual Performance Factor. Particularly as it relates to the Supplier Event of Default outlined in Section 10.1 (j), given variations in wind and solar resource – a 3-year calculation period would pose less risk for an Event of Default outside the Supplier's control. Specifically, we request the Actual Performance Factor used in the Performance Factor Shortfall calculation to be measured over the most recent three Contract Years.
    - EDF appreciates the production guarantee as it relates to Non-Performance Charges and Events of Default is calculated on a 3-year basis, however we request a grace period for at least the first Contract Year following COD. Such a grace

period is a customary recognition of the 'teething challenges' associated with the first year of operation of such projects.

- **Requirements for Commercial Operations/Facility Amendment** ***(s. 2.1)***
    - EDF requests that the contract be amended to allow Suppliers to declare Commercial Operations at a Contract Capacity of 90% or greater.
    - Given the uncertainties associated with renewable energy project development and the extended timeframe between power purchase agreements awards and milestone commercial operation dates, it is customary to allow revisions to Contract Capacity between 90% and 100% of the original values. For example:
        - IESO's Large Renewable Procurement I Contract (LRP Contract): Section 2.1(c) permits Projects to declare Commercial Operation prior to the Longstop Date at 90% or more, but less than 100% of the Contract Capacity. It also allows Suppliers to elect a one-time reduction to 80% of Contract Capacity.
        - Alberta Renewable Attribute Purchase Agreement: Section 2.6 allows for COD at 90% of Contract Capacity within the Alberta government's Renewable Energy Procurement (REP) program.
        - BC Hydro's Energy Purchase Agreement: In the recent 2024 Call for Power, this agreement requires consent for Facility Amendments, including changes to Contract Capacity prior to COD, but explicitly states it would consider added costs or risks to the Buyer when approving such amendments.
    - Increasing flexibility in the LT2e-1 Contract to allow for the declaration of Commercial Operations with a Contract Capacity of 90% or greater will provide Suppliers and potential lenders with greater certainty concerning the achievement of Commercial Operation and thus the assurance needed to invest in projects in these projects.
- **Outage/Grid Based Unavailability** ***(definition)***
    - The definition of Outage can be read and is generally used to refer to outages attributed to Supplier's equipment that interrupt the ability of the Facility to Deliver Electricity to the Connection Point. The definition of Grid-Based Unavailability establishes outages on the other side of the Connection Point that are outside of the control of the Supplier. That definition uses the defined term 'Outage' and it requires that such Outage was caused solely by the unavailability of a Transmission System not caused by the direct or indirect act or omission of the Supplier that 'prevents' physical Delivery of Electricity to the Connection Point, provided the Supplier has complied with Outage reporting requirements in the contract.
    - Is there a disconnect created by the use of 'Outage' in the Grid-Based Unavailability definition? The Supplier may not be experiencing any of the things in

the Outage definition (i.e. its equipment is fully functioning or capable of functioning) when a grid-based inability to accept the Delivery of Electricity occurs, and as such would not have anything to report in the context of an 'Outage' to that point. Is the IESO's view that a grid-based unavailability not caused by the Supplier 'imposes 'on the Facility one of the events described in the Outage definition and as such 'prevents' ((b) of Grid-Based Unavailability) the Facility from Delivering Electricity to the Connection Point? Is clarification warranted in the definition of Grid-Based Unavailability?

LT2 RFP Requirements for Crown Land Projects

Do you have any comments regarding the new Proposal Submission requirements for Crown Land Projects?

Crown Land Site Report

We understand that a Crown Land Site Report (CLSR) will be required, and upon its review, the MNR will generate a "confirming letter" that states the CLSR is "complete".

- What does "complete" mean in relation to the CLSR review?
- Does a CLSR that is judged "complete" ensure access to land?

Given this uncertainty, we recommend IESO work with MNR to clarify the meaning of a CLSR being complete.

LT2 RFP Deliverability Update

Do you have any comments regarding the deliverability guidance updates presented during the webinar?

Comments re: Deliverability Guidance

- It is currently not clear if a PQ Alternate is considered a single circuit connection if allocation to all circuits but one if 0MW.
- With regards to the recommendation to delay SIA applications until the results of the LT2 (w-1) RFP are announced and applying the IESO Overview of the Connection Process, it appears challenging for projects to obtain early COD multipliers. We encourage IESO to communicate flexibilities in the Connection Process (e.g. performing SIA and CIA in parallel, early engineering and procurement agreements, …) as soon as possible to optimize time schedules and allow for earliest possible CODs.

General Comments/Feedback

Change of Control

- EDF acknowledges and appreciates the revisions made by the IESO to re-introduce an option to change control pre-COD. However, EDF notes that the current drafted includes language that gives IESO sole and absolute discretion to provide the consent to Proponent. As a result, while the option is given, it does not give the Proponent any comfort due to the discretion by the IESO.
- EDF would like the IESO to consider language where a change of control as defined pre-COD be subject to consent, "not to be unreasonably withheld".

Proposal PQ Alternates

- The Proposal PQ Alternates require the same Monthly Imputed Production Factors as the Primary Proposal PQ, creating challenges for wind and solar projects, as follows:
    - **Re-Optimized Layouts**: Reducing the project MW nameplate capacity often requires a new turbine layout to optimize energy production, improving inter-turbine spacing and wind speed, which can significantly affect net capacity factors, especially in complex terrain.
    - **Equipment Selection:** Optimal equipment varies between larger and smaller MW sized projects. Larger project sizes may need larger-generator turbines, while smaller projects can use more efficient, smaller generator turbines, enhancing net capacity factors and economics. In solar, higher-efficiency panels are better suited for reduced capacity.
- We understand that Monthly Imputed Production Factors do not need to align with a project's net capacity factor. However, discrepancies between actual production and imputed production levels introduce risk, particularly regarding deemed vs actual revenues and production guarantee calculations outlined in Exhibit F.