

# Feedback Form

## Long-Term 2 RFP – May 21, 2025

### Feedback Provided by:

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Date: May 29, 2025

To promote transparency, feedback submitted will be posted on the LT2 RFP engagement page unless otherwise requested by the sender.

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

Following the LT2 RFP May 21, 2025, 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](mailto:engagement@ieso.ca) by May 29, 2025.**

## Post-Proposal Applicable Tariffs

Do you have any comments related to the approach to mitigating the risk of Post-Proposal Applicable Tariffs presented during the webinar?

The addition of Post-Proposal Applicable Tariff mitigations is appreciated by EDF and we echo the responses of CanREA and Energy Storage Canada in providing further comments to the mechanism:

- a) **Definition of Post-Proposal Applicable Tariffs:** The current definition accounts only for tariffs imposed by Canadian authorities. Tariffs imposed in other jurisdictions that will also affect Capital Costs should also trigger the Fixed Price resubmission process. EDF recommends expanding this definition to include broader tariff risks.
- b) **Capital Cost Increase Threshold:** The 10% increase threshold for triggering the Fixed Price resubmission process is unnecessary. Requiring projects to absorb 10% of Capital Cost increases may increase bid prices as project contingencies will need to be increased.
- c) **Fixed Price Resubmission Deadline:** The twelve-month deadline for triggering the Fixed Price resubmission creates uncertainty. Projects with 3<sup>rd</sup> party lender/financiers will evaluate debt coverage abilities prior to proceeding to construction or final investment decisions. Limiting the time frame of resubmission by arbitrary deadlines may not facilitate optimal financing decisions.
- d) **Completion and Performance Security:** If the IESO rejects a re-submitted Fixed Price, returning only 50% of the Completion and Performance Security is inequitable. Post-Proposal Applicable Tariffs are out of Suppliers' control and thus should not be penalized for the IESO's determination to reject its revised Fixed Price. The IESO may consider the draft Indexed Storage Credit contract from NYSERDA, which proposes returning 90% of contract security under similar circumstances.
- e) **Timeline Concerns:** The timeline in subsection 2.14(d) and (e) is prolonged and would delay projects. Given limited availability of the adjustment mechanism in Section 2.14, Projects presumably could be trying to close financing and make final investment decisions as the Tariff Adjustment Notice is being delivered. EDF advises completing the process up to the delivery of the Buyer TAE Price Notice in 60 days to reflect that time is of the essence.
- f) **Standard of Review:** We recommend that the IESO's standard of review for subsection 2.14 (f) be "acting reasonably." The current clause granting the IESO sole discretion complicates financing and makes it more challenging for Suppliers to dispute determinations.
- g) **Option to Terminate:** If the IESO rejects the Supplier's Proposed TAE Price Notice, would the IESO allow the Supplier to retain the contract with revised Milestone and

Longstop Commercial Operation Dates? Granting additional time to complete the project may encourage some developers to stay committed and strive to meet an extended COD.

## Gas Turbine Delivery Delay Provisions

Do you have any comments related to the approach to handling potential delays in the delivery of gas turbines presented during the webinar?

## Crown Land Site Report and MNR Confirmation Letter

Do you have any comments related to the CLSR and MNR Confirmation Letter requirements presented during the webinar?

## LT2 RFP Deliverability Update

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

## General Comments/Feedback

### **Investment Tax Credit Risk Mechanism**

EDF appreciates the work being done to provide mitigations for the potential of tariffs being implemented on goods used in the construction of electricity generating equipment for which the LT2 procurement is seeking. Perhaps a larger issue that has not received the same level of attention from the IESO is scenario where the federal Investment Tax Credit is no longer offered to projects in Canada. This would have material and direct impact on project economics for fixed bid prices for wind/solar/energy storage projects participating in the LT2, W1 procurement.

EDF would suggest that a similar mechanism relating to Post-Proposal Applicable Tariffs would be utilized to account for risks relating to the Investment Tax Credit being removed and no longer available. In our opinion, most of the comments above would relate to a price resubmission in this case and would stress that IESO would need to return the majority of Completion and Performance Security under these circumstances as it is the IESO's discretion to refuse the resubmitted price.

### **'Canadian Company' Procurement Criteria**

EDF's feedback is directed towards the proposed 'Canadian-company' provisions that were referenced verbally by the IESO in its May 21<sup>st</sup> LT2 stakeholder engagement webinar.

EDF requests the opportunity to provide comment, in greater detail, once a definition has been drafted.

However, despite the absence of a definition, EDF recommends that this definition and rated criteria be excluded from the LT2 W1 evaluation process entirely. We believe that such an incentive risks introducing, at a very late stage of a procurement, unintended and counterproductive consequences that could diminish the effectiveness and fairness of this

RFP, and future RFPs. Prioritizing corporate nationality would undermine the IESO's long-standing emphasis on competitive, transparent, and cost-effective procurements. The optimal outcomes for Ontario's electricity system, both economically and operationally, would be best achieved by selecting projects based on objective criteria such as experience, cost, deliverability, and partnerships with local Indigenous partners rather than on the jurisdiction of a proponent's parent company.

However, if the IESO and Ontario Government are set on criteria that consider the corporate nationality of the entity bidding in the procurement, we recommend that the IESO consider the following:

**i. That the definition of "*Canadian Company*" consider the existing and ongoing investment of the corporate entities in Canada and in Ontario.**

EDF power solutions continues to play a pivotal role in advancing renewable energy infrastructure across Canada and should not be penalized based on corporate nationality. The evaluation of projects should better reflect an entities long-term commitment to Ontario's energy future, such as:

- Demonstrated investment in Canada's electricity sector,
- Proven track record in past IESO procurements,
- Active partnerships with Indigenous groups and positive relationships with municipalities,
- Ongoing presence and employment in the country.

This approach would preserve a level playing field, attract best-in-class developers, and ensure Ontario continues to benefit from a diverse pool of capable and experienced energy providers aligned with the province's vision of a reliability electricity grid providing value to ratepayers.

**ii. The "*incentive mechanism*" should have a minimal impact on project evaluation.**

Any criteria developed by the IESO should have a limited or minimal impact on the overall evaluation of projects. EDF would encourage the IESO to consider utilizing the incentive mechanism in limited situations i.e, used in a "price tie break" mechanism, perhaps.

We appreciate the IESO's continued openness to feedback and look forward to further engagement as the LT2 RFP design evolves.