

Stakeholder Feedback and IESO Response

Long-Term 2 RFP (LT2 RFP) – October 11, 2024

Following the July 24, 2024, LT2 RFP stakeholder engagement webinar, the Independent Electricity System Operator (IESO) invited stakeholders to provide feedback on the Draft LT2 Energy Contract, the LT2 Capacity Contract High-Level Design and the LT2 RFP Community Engagement Requirements. The IESO is currently in the design stage of the LT2 RFP. Feedback is posted on the [Long-Term RFP engagement webpage](#). Please reference the feedback forms for specific feedback as the information below is provided in summary.

Note on Feedback Summary and IESO Response

The IESO appreciates the feedback received from stakeholders and communities. The tables set out below respond to the feedback received and are organized by topic.

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A) Draft LT2 Energy Contract

Stakeholders were generally supportive of the calculation of the monthly payment information presented but provided mixed feedback on the treatment of excess deemed revenues and the proposed approach to performance obligations. Specific feedback is summarized below.

Feedback / Common Themes	IESO Response
<p>Two stakeholders questioned the use of the annual average imputed production factor (IPFaa) in the first bracket of the Monthly Payment Calculation (Revenue Requirement) citing variations in the monthly payments.</p> <p>Instead it was suggested to use the monthly imputed production factor (IPFm) for the calculation of both Revenue Requirement and Monthly Deemed Energy Market Revenue</p>	<p>The IESO acknowledges this feedback and will consider amending the Revenue Requirement portion of the Monthly Payment Calculation to use the IPFm value instead of the IPFaa value.</p>
<p>One stakeholder suggested the Total Facility Forecast Revenue for Settlement Month (TFFRm) should include negative intervals for intermittent resources, at least to a level equivalent to the value of Environmental Attributes.</p>	<p>Intermittent resources (wind and solar) should offer into the day-ahead market based on their marginal cost, and therefore should not be scheduled during negative priced hours (i.e., if marginal price is 0). As such, it does not make sense to artificially depress their TFFRm by including negative price intervals. The IESO does not see any connection between this issue and the value of Environmental Attributes retained by the Supplier.</p>

Stakeholders were ambivalent on the treatment of excess deemed revenues:

- Some stakeholders supported the IESO proposal to allow suppliers to keep a share of excess deemed revenues in exchange for opting out of the DARTA, with some proposing that suppliers should be entitled to the totality of excess deemed revenues
- Some stakeholders indicated that all excess deemed revenues should be retained by the supplier to cover the remaining day-ahead-to-real-time risk
- One stakeholder suggested that the entire E-PPA model presented by the IESO was based on risk/reward opportunity for developers, and thus requesting developers to pay back a fraction of the GRP in cases of excess deemed revenues doesn't align with the principle of rewarding risk-takers.
- One stakeholder suggested that the splitting of excess deemed revenues should not be offered in lieu of the DARTA as the two contract mechanisms address separate and distinct issues.

The IESO will be maintaining the proposed approach of retaining all excess deemed revenues while providing the supplier with protection from 85% of the day-ahead to real-time price risk through the DARTA mechanism in the draft LT2(e) contract. An option for the Supplier to opt out of the DARTA in exchange for a share of excess deemed revenue will be considered in future procurements using the E-PPA revenue model.

Stakeholders raised questions around the Imputed Production Factor, particularly:

One stakeholder asked whether suppliers should factor degradation into their Monthly Imputed Production Factors:

Requiring Suppliers to submit 12 averaged IPFm values over the 20- year contract will directly affect the calculation of deemed energy and, consequently, the monthly payments. A potential solution to mitigate the impact of standard averages on other contract terms could be to require Suppliers to submit all 240 (12x20) IPFm values for the entire contract term.

One stakeholder requested more details regarding the Imputed Production Factor's calculation by technology type. In particular, hydro resources naturally experience low water years—their Imputed Production Factor needs to reflect this characteristic.

The IESO will not be providing guidance to Proponents with respect to technology specific methodologies for setting Monthly Imputed Production Factors (IPFm). The onus is on the Proponent to determine 12 monthly values as part of their Proposal submission, taking into account historical resource availability, planned outage schedules, equipment degradation, and any other considerations the Proponent considers relevant to establishing a long-term revenue requirement.

However, for clarity, Proponents should **not** be attempting to factor IESO-directed curtailment into the IPFm values. The 12 IPFm values should represent what the project is **capable** of on average.

Feedback / Common Themes	IESO Response
<p>Most Suppliers expressed support for the Non-Performance Charge framework after the modification to exclude negative prices hours; two suppliers expressed the following concerns:</p> <ul style="list-style-type: none"> • The proposed Exhibit F, is problematic for wind & solar projects because it requires the seller to provide resource (wind/solar) guarantees until 2048 at the risk of reduced compensation and termination. • Production from wind and solar projects varies from year to year; this is normal and to be expected. Variations in production are not due to errors in estimating long term production. They are simply a result of variations in short and long-term weather patterns; variations that cannot be precisely and fully estimated. It does not benefit Ontario ratepayers to penalize project owners with performance LDs related to under-production, and conversely to not reward project owners for production above what was originally estimated. 	<p>The IESO will be maintaining the proposed Non-Performance Charge framework for the LT2(e) Contract.</p>

Feedback / Common Themes	IESO Response
<p>Two stakeholders flagged the formula in Exhibit F of the LT2(e) Contract for review:</p> <ul style="list-style-type: none"> The equation currently in Exhibit F is not dimensionally correct and the result of the mathematical operation does not bear any relation to a Facility’s Actual Production Factor. We think that the correct equation for the Actual Performance Factor should be: $APF_p = TDE_p / (CC \times (TH_p - Ehp))$ Given how Actual Performance Factor and Performance Factor Shortfall are used in subsequent formulae, we do not see a need to multiply these values by 100 as Exhibit F states We believe that $CC \times TH_p$ term in the NPC equation needs to be multiplied by Annual Average Imputed Production Factor since this will result in the term representing the expected production from the Facility. Multiplying CC by TH_p implies that the Facility generates every hour over the three-year period, which cannot be correct. 	<p>The IESO has acknowledged these errors and will be correcting them in the next revisions of the LT2(e) draft documents.</p>
<p>One stakeholder requested clarification on the calculation of the Actual Performance Factor</p> <p>The draft contract states that the Actual Performance Factor is calculated over the most recent three Contract Years and not a three-year rolling average basis as was presented at the June 13, 2024, IESO webinar (see slide #47 in the IESO presentation). We think this means the Non-Performance Charge (“NPC”) will remain constant for the entire year and doesn’t get adjusted due to improved performance until the Contract Year is completed and the next Contract Year begins.</p>	<p>The IESO’s intent was always for the NPC to be an annual calculation and charged on a one-time basis in the first Settlement Month of the next Contract Year. The “three-year rolling average basis” referred to the fact that the average of the three previous Contract Years would be considered for each annual NPC calculation so as not to penalize for anomalous weather conditions in a single year. Calculating the NPC on a monthly basis where the 3-year period shifts each month was not the intention and was never under consideration. Slide #48 from the IESO LT2 RFP presentation on June 13, 2024 provides an example of the intended approach to the NPC calculation on an annual basis.</p>

B) LT2 Capacity Contract – High-Level Design Details

Stakeholders were generally supportive of the IESO's high level design of the LT2 Capacity Contract, however some expressed concerns regarding the lack of inclusion of a Materials Cost Indexation Adjustment (MCIA) included in the E-LT1 and LT1 contracts. Specific feedback is summarized below.

Multiple stakeholders have requested modifications to the indexation approach presented in the draft contract. Some of the specific feedback received is included below:

- Given that settlement periods are monthly, the proposed inflation mechanism should be calculated/updated on a monthly basis to better align with the settlement mechanism.
- We recommend that the Contract Price be inflated, or a key commodities inflation indexing and inflation mechanism be built into the contract price to cover the period from the Contract Date to the Commercial Operation Date (COD). We feel that this takes into consideration the long lead time between the contract award and operations (~4-5 years) and the risk associated with the inflation of key capital expenditure items heavily dependent on commodity costs (turbines, solar panels, inverters, transformers, steel, concrete, etc.) over that period.
- The draft contract does not contain the Materials Cost Indexing Adjustment ("MCIA") that formed part of the E-LT1 and LT1 contracts. We request that some form of pre-COD indexing be reinstated to provide some protection for Suppliers from inflationary pressures that persist in the economy. EDFR would recommend 100% indexation to Consumer Price Index ("CPI") to COD.
- Since IESO is considering removing the MCIA, we strongly encourage the IESO to replace it with some form of pre-COD indexation in LT2.

The proposed approach to indexation aligns with the general approach used in all of the IESO's contracts (including E-LT1 and LT1), where a fixed portion (20%) of the Fixed Capacity Payment is adjusted annually based on the change in the Ontario Consumer Price Index (CPI) to account for increases in the cost of operation and maintenance (O&M). None of the IESO's contracts employ monthly indexation; as such the LT2(e) Contract will not be deviating from the standard approach to indexation.

The Material Cost Indexation Adjustment (MCIA) was introduced in the E-LT1 and LT1 to account for specific economic conditions (particularly relevant for energy storage, which those procurements targeted in a large scale) that were persisting following the COVID 19 pandemic (Lithium price spike, supply chain issues). The MCIA was included in response to stakeholder feedback in order to alleviate development risks for energy storage developers in unprecedented circumstances by increasing (or decreasing) the contract price in proportion to changes in lithium and general construction materials indices prior to commencement of construction. Ultimately, the results of the E-LT1 and LT1 RFPs showed that the vast majority of Proponents decided not to employ the MCIA. In light of this low uptake on the MCIA, the technology agnostic nature of the LT2 RFP and the fact that Lithium prices and supply chain conditions have largely stabilized, the IESO will not be including the MCIA as an option under the LT2(e) RFP or the LT2(c) RFP (nor any other form of pre-COD indexation).

The IESO believes that developers are best positioned to manage development risks and account for changes in economic conditions. As such, Proponents should build in any projected inflation between the contract date and COD into their fixed price.

Feedback / Common Themes	IESO Response
<p>One stakeholder asked for flexibility of Milestone Date for Commercial Operation (MCOD) when the transmitter or distributor requires more time to study, design, construct connection and/or network resources. Delays in the ability of transmitters and distributors to complete their required investments to allow a project to connect is outside of the control of the Supplier and is a risk that increases price and costs for the IESO. ESC recommends reviewing relevant sections of BC Hydro’s Call for Power that specifically address delays in connection process related to target in-service dates.</p>	<p>The draft LT2(e) contract currently includes Force Majeure provisions in Section 11.3(e) related to delays or disruptions in the construction of any Transmission System or Distribution System assets that are required for the facility to Deliver Electricity. It remains the obligation of the Supplier to arrange for connection with the applicable Transmitter or Distributor in accordance with applicable Laws and Regulations in a manner sufficient to enable COD by the required deadline.</p>

C) LT2 RFP Community Engagement Requirements

Stakeholders have expressed general confusion with respect to community engagement requirements, Municipal Support Resolutions (MSRs) and Agricultural Impact Assessments (AIAs). Specific feedback is summarized below.

Feedback / Common Themes	IESO Response
<p>Stakeholders have expressed the following general concerns regarding Agricultural Impact Assessments (AIAs):</p> <ul style="list-style-type: none"> • The IESO and Government should provide developers and municipalities more information on how AIA’s should be presented and accepted. And clarify whether there is flexibility in terms of facility amendment if AIA is not approved after contract award. • 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>The IESO appreciates this feedback and is currently working with the Ministry of Energy and Electrification and the Ontario Ministry of Agriculture, Food and Agribusiness (OMAFRA) to finalize the approach to implementing the policy direction related to AIAs that was outlined in the June 6 ministerial letter and affirmed in the August 28th ministerial letter.</p>

Feedback / Common Themes	IESO Response
<p>Two stakeholders have suggested the need for mutual termination rights related to Agricultural Impact Assessments: The draft contract states that the Supplier has an obligation to obtain an Agricultural Impact Assessment (“AIA”) no later than 18 months after the Contract Date (“AIA deadline”). Furthermore, if the Supplier cannot obtain its AIA by the AIA deadline, then the IESO may elect to terminate the contract and return the Supplier’s Completion and Performance Security. We think that this right needs to be mutual, i.e., if the Supplier cannot obtain its AIA by the AIA deadline or if the requirements or recommendations of the AIA itself render the project uneconomical, the Supplier needs to have the right to terminate the contract without forfeiting its security.</p>	<p>The draft LT2(e) Contract includes a Supplier Event of Default provision related to completing the AIA in Section 2.12(b).</p> <p>In the event the Supplier is unable to receive confirmation that the AIA was completed to the satisfaction of the municipality, the IESO can terminate the agreement without any costs or payments of any kind to either Party. Completion and Performance Security will also be returned. The IESO will not provide a discretionary termination right to Suppliers that are unable to successfully complete an AIA to the satisfaction of an applicable Local Municipality.</p>
<p>One stakeholder had concerns about OMAFA’s AIA draft guidelines: The March 2018 draft Agricultural Impact Assessment (AIA) Guidance Document published by OMAFA does not provide direction applicable to the assessment of the specific impacts encountered with wind turbine projects.</p>	<p>The IESO is currently working with the Ministry of Energy and Electrification and the Ontario Ministry of Agriculture, Food and Agribusiness (OMAFA) to finalize the approach to implementing the policy direction related to AIAs that was outlined in the June 6 ministerial letter and affirmed in the August 28th ministerial letter.</p>

Multiple stakeholders have expressed the following concerns regarding the rezoning of prime agricultural areas:

- To avoid overwhelming municipalities during the RFP process, proponents and the IESO should not be asking for rezoning of prime agricultural lands for ground mounted solar projects pre-bid. We suggest that successful proponents who are awarded a contract be given 18 months to go through zoning bylaw and official plan changes for their respective projects.
- Rezoning prior to RFP submission places a disproportionate amount of work on local governments and is not the preference of project landowners as their lands will have to be re-zoned again if the RFP proposal is not successful. A path forward would be to introduce a requirement into the MSR that the local government commits to re-zoning the applicable lands proposed for the project, if successful in LT2.

The IESO is proposing revisions to the definition of Prime Agricultural Area in the draft LT2 procurement documents to better align with the intent of the June 6, 2024 ministerial letter. The revised definition will reflect that while the Provincial Planning Statement, 2024 defines what could, in principle, constitute a Prime Agricultural Area, the boundaries of any particular Prime Agricultural Area will be as designated by the applicable Local Municipality or Northern planning board's Official Plan.

In accordance with the June 6, 2024 ministerial letter, Non-Rooftop Solar Projects may not be located in any areas designated as Prime Agricultural Areas as of the Proposal Submission Deadline. Any changes to the boundaries of a particular Prime Agricultural Area in order to accommodate a Non-Rooftop Solar Project must be completed by the applicable Local Municipality or Northern planning board's Official Plan as of the Proposal Submission Deadline. _

For further clarity, the IESO is not asking for rezoning of prime agricultural areas for ground mounted solar projects. Proponents are responsible for working with the applicable Local Municipality to choose an eligible site for their project; where re-zoning is required it is the sole responsibility of the Proponent.

Two stakeholders have asked the following about projects bordering multiple jurisdictions:

- There were multiple examples of BESS projects being located on the boundary between two or more municipalities. Support from a single municipality does not ensure the support required for the project. Rules are needed to define when more than one municipal resolution is required as part of the submission
- Additional clarity regarding MSR is also required for potential projects that are located on crown lands but fall within a municipality. It is not currently clear which entity the MSR needs to be issued from (the municipality, the crown, both, or neither). It is also not currently apparent which entity needs to issue an MSR if a potential project is located within a Lower and Single and Upper and District Municipal boundary.

A support confirmation is required from all local governing bodies with land-use authority over any Properties constituting the Project Site pursuant to applicable Laws and Regulations. As it relates to land-use authority, the definitions of terms "Municipal Project Lands", "Unorganized Lands", "Crown Lands" and "Indigenous Lands" are intended to reflect exclusive zones of land-use planning jurisdiction.

For example, if a Project Site is comprised exclusively of Crown Lands, regardless of proximity to or geographic alignment with the boundary of any Local Municipality or any Indigenous Lands, MNR's endorsement of a Proponent's Crown Land Site Report (pursuant to a process under development between the IESO and MNR) is the only form of local land-use support confirmation that is required for Proposal submission. If the Project Site includes any Municipal Project Lands, a Municipal Support Confirmation is required from each Local Municipality with land use authority over any of the Project Site. Where the Project Site spans multiple Local Municipalities, Municipal Support Confirmation is required from each Local Municipality. Where the Project Site spans Indigenous Lands as well as Municipal Project Lands and/or any Crown Lands, Proposal submission will require Indigenous Support Confirmation, Municipal Support confirmation and/or MNR endorsement of the Proponent's Crown Lands Site Report, each as applicable.

For further clarity:

- Municipal Support Confirmations are required from the lower tier or single tier municipality, each falling under the definition of "Local Municipality".
- To the extent a Project Site is comprised of Unorganized Lands, support confirmations are not required, however the Proponent is required to obtain an attestation from the Local Body

Feedback / Common Themes	IESO Response
	<p>Administrator that it issued the Pre-Engagement Confirmation Notice to the Local Body Administrator.</p>
<p>One stakeholder suggested that the RFP requirements require an executed Letter of Intent between the project developer and the indigenous group(s) and a Band Council Resolution from the Indigenous community rather than a fully executed partnership project agreement. Partnership project agreements place a heavy cost and resource burden on Indigenous groups and project developers in advance of knowing if their project has been successful in the RFP.</p>	<p>The LT2(e) RFP will maintain the Ontario Government’s longstanding policy of incentivizing certain Indigenous Participation Levels (through documented equity ownership) in the entities that will be competing for LT2(e) Contracts. Non-binding letters of intent are not sufficient to document any Indigenous Participation Level. The IESO is seeking those with established corporate or partnership structures as of the Proposal Submission Deadline.</p>
<p>One stakeholder requested that storage be exempt from requiring AIAs: Given the small land impact and difference in resource, we recommend that the IESO explores opportunities to exempt certain energy storage resource assets from the Agricultural Impact Assessment (AIA) process, particularly in regions where local grid conditions or capacity needs are particularly acute. In conjunction or alternatively, it would be appropriate to exempt energy storage projects below a threshold of 100 MW from the AIA process.</p>	<p>The IESO appreciates this feedback.</p> <p>The AIA requirement for any Facility (other than a Non-Rooftop Solar Project) that wishes to locate their Project Site in a Prime Agricultural Area is outlined in the June 6 ministerial letter. There are no exemptions contemplated for specific resource types at this time.</p>

D) General Comments

Specific feedback is summarized below.

Feedback / Common Themes	IESO Response
<p>One stakeholder requested an extension of the LT2 Contract Term Length: We suggest that the IESO consider lengthening the term of the contract beyond the existing 20 years. Most jurisdictions in Canada have moved to 25- and 30-year contract terms that will better match product warranty and deliver an overall lower cost to ratepayers over the contract term.</p>	<p>Contract term length is anticipated to be dictated by the terms of the Minister’s Directive as it was for the last several procurements under the IESO’s Resource Adequacy Framework.</p>
<p>Two stakeholders shared concerns regarding the LT2 contract language on Market Rule Protection: Section 1.6 deals with Supplier protection from changes in IESO market rules. Unlike other IESO PPAs, such as the Large Renewable Procurement (“LRP”), where a market rule amendment that materially affects the Supplier’s Economics, triggers the protection, the trigger in the draft contract is the inability of the Supplier to comply with its obligations under the contract without incurring material costs. We believe that the IESO ought to revert to the language in the LRP contract. There is a lot of uncertainty around the implication of the implementation of the IESO’s Market Renewal Program (“MRP”) to LT2 projects and we believe that LRP-like language affords Suppliers better protection considering this uncertainty. We also noted that Section 1.6 further states that “the amendments contemplated in this Section 1.6(b) shall not involve an increase in the Fixed Capacity Payment (sic) or a decrease in any Monthly Imputed Production Factor, unless otherwise agreed by the Parties”. This effectively removes an increase in the Fixed Price and reduction in the Monthly Imputed Production Factor from an arbitrator’s jurisdiction. An increase in Fixed Price or decrease in the Imputed Monthly Production Factor may be the only way to protect Suppliers from IESO market rules changes. We urge the IESO to strike this language from the draft contract.</p>	<p>The IESO appreciates this feedback. This language in Section 1.6 has been the subject of extensive stakeholder discussions and reflects the Ontario policy position on the appropriate balance of this risk for purposes of the LT2(e) Contract. The fundamental design of the E-PPA revenue model reflected in the LT2(e) Contract is to enable project developers to establish a revenue profile that they require based on the degree of market participation that they are comfortable committing to for their projects. The Supplier’s revenue requirement established via the Fixed Price and the Monthly Imputed Production Factors is the substance of the economic bargain of this form of contract, which is premised on participation in the Day Ahead Market.</p>

Some stakeholders expressed the following concerns regarding supplier retention of Environmental Attributes:

- We understand that the IESO is prepared to leave the ownership of the environmental attributes with Suppliers. There is an exception to this for Environmental Attributes associated with Future Capacity Related Products, and we were wondering why this exception is being made since it seems to conflict with the position of leaving Environmental attributes with Suppliers. *"The Buyer shall have no interest hereunder in any Environmental Attributes arising from the operation of the Facility or, except in respect of any Future Capacity Related Products, other products or services associated with the generation of Electricity by the Facility."*
- We wish to reiterate our position that: for proponents to retain and properly monetize 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.

The contract language "except in respect of any Future Capacity Related Products" applies to the succeeding part of the paragraph ("other products or services associated with the generation of Electricity by the Facility"), not the preceding part of the paragraph ("The Buyer shall have no interest hereunder in any Environmental Attributes arising from the operation of the Facility or,". Rights in respect of any Future Capacity Related Products are governed by Section 2.11 of the LT2(e) Contract.

The IESO will not be advising Proponents regarding the valuation of Environmental Attributes.

Feedback / Common Themes	IESO Response
<p>Some stakeholders asked for extended Force Majeure provisions:</p> <ul style="list-style-type: none"> The draft contract expressly excludes the inability to obtain an AIA from permitting and approvals related to Events of Force Majeure. We request that this exclusion be removed so that Suppliers can obtain relief, especially given the fact that there is an AIA deadline. 	<p>While there is no Force Majeure provision related to the AIA, the draft LT2(e) contract includes a Supplier Event of Default provision related to completing the AIA in Section 2.12(b).</p> <p>In the event the Supplier is unable to receive confirmation that the AIA was completed to the satisfaction of the Local Municipality, the IESO can terminate the agreement without any costs or payments of any kind to either Party. Completion and Performance Security will also be returned in the event of any such termination.</p>
<p>Some stakeholders asked for the reinstatement of the Early COD Bonus: The draft contract does not include the Early COD Payment Multiplier that was a feature of the E-LT1 and LT1 contracts. We request that the Early COD Payment Multiplier be reinstated to provide Suppliers with an incentive to bring new energy supply online as soon as possible.</p>	<p>The IESO is evaluating the timing of the LT2 RFP as it aligns with emerging system needs and will consider early operations incentives as the LT2 RFP is finalized.</p>
<p>One stakeholder requested that the IESO consider removing failure to achieve COD before the Longstop Date from the list of terminable events. Per 2.3(a) "Time is of the essence" language has been interpreted by the Ontario courts to permit the IESO to terminate a contract prior to the Longstop Date where Supplier has failed to achieve Commercial Operation by the Milestone COD.</p>	<p>This contract language has been added specifically as a result of the Ontario caselaw you reference to be explicit that the only delay threshold that can trigger a termination right by the Buyer is failure to achieve Commercial Operation by the Long-Stop Date and not, for clarity, by the earlier Milestone Date for Commercial Operation (following which delay liquidated damages apply).</p>
<p>One stakeholder requested that the Late Report Administrative Charge outlined in Section 2.4(b) should be removed. Such charge is a not a common market practice and seems punitive, not reasonable.</p>	<p>The IESO requires prompt progress reporting pursuant to Section 2.4 of the Contract and has experienced mixed compliance results in the absence of any consequence other than the prospective Supplier Event of Default for breach of covenant. The IESO believes this is an appropriate mechanism to address the IESO's legitimate interest in prompt progress reporting.</p>

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<p>One stakeholder requested that the contract should include a structure to allow Supplier to reach Commercial Operations with at least 90% of the Contract Capacity.</p>	<p>The IESO appreciates this feedback and will consider this as it finalizes the LT2 procurement documents.</p>
<p>One stakeholder suggested that liquidated damages should not be associated with delays of renewing or increasing an LOC. Such an issue should be an Event of Default with cure period.</p>	<p>Failure to maintain Completion and Performance Security in accordance with the requirements of Article 6 of the LT2(e) Contract would, following the applicable cure period, constitute a Supplier Event of Default pursuant to Section 10.1(b) of the LT2(e) Contract. In the event the IESO is required to draw on any Letter of Credit under Section 6.2(b)(iii) of the LT2(e) Contract, a 1% liquidated damages retention will be maintained.</p>
<p>One stakeholder suggested that providing representations at time of the Effective Date is common practice; repeating each representation every quarter is not typical.</p>	<p>The IESO requires that the representations be true on an ongoing basis. None of the representations set out in Section 7.1 should cease to be true and correct under any normal circumstances and the IESO expects notice of and prompt attention to any circumstance in which such representations are no longer accurate.</p>
<p>One stakeholder suggested that Supplier total liability prior to COD should be limited to the amount of the Completion and Performance Security.</p>	<p>That is in fact the case and is set out in Section 10.2(d)(i) of the LT2(e) Contract.</p>
<p>One stakeholder suggested that if the Buyer does not cure an Event of Default and Supplier terminates the agreement, Buyer's liability should not be limited to the accruing payments only up to the Termination Date.</p>	<p>Section 10.5 of the LT2(e) Contracts enables a Supplier to seek all damages available at law or in equity in relation to a Buyer Event of Default.</p>

Feedback / Common Themes	IESO Response
<p>One stakeholder suggested that the IESO should consider revising the language in section 15.3(c) from “All Outages” to “Planned Outages” because “Outages” also include forced outages that are outside of supplier’s control and notification ability</p> <p>For context, 15.3(c) states that “All Outages” shall take place in accordance with notices of Outages provided by the Supplier to the Buyer.</p>	<p>Section 15.3(b)(ii) of the draft LT2(e) Contract has reporting requirements that are specific to Planned Outages and distinct wording for reporting Outages other than Planned Outages. In the case of Outages other than Planned Outages, the provision requires the delivery of the Outage reporting form using Exhibit R, to be followed as soon as reasonably possible thereafter with a subsequent notice which shall include a statement of the cause of such Outage, the proposed corrective action and the Supplier’s estimate of the expected duration of such Outage.</p>
<p>Multiple stakeholders have expressed the following concerns regarding connection costs:</p> <ul style="list-style-type: none"> • The uncertainty surrounding Hydro One connection process is outside the control of the developer and should be acknowledged in the contract so that the developer does not have to take on that risk as it relates to achieving MCOB. This applies to both energy and capacity contracts. • Given the short period of time being provided to project developers to prepare projects for the RFP, and the lack of clarity pre-bid that developers will have on key cost inputs like interconnection costs and interconnection availability, we further recommend that the bid security amount be refundable in the event a project developer receives these results post bid and they materially impact the PPA price offered to the IESO. Some form of guarantee or price cap around interconnection costs not controlled by the proponent will increase competitiveness and result in lower bid prices. 	<p>The Force Majeure provisions in section 11.1 of the LT2(e) Contract provide relief in the event the Supplier is unable to achieve Commercial Operation by the Milestone Date for Commercial Operation due to an event of Force Majeure. Sections 11.3(e) and 11.3(i) speak to definitions of Force Majeure that could apply to Transmission System/Distribution System based delays to achieving MCOB.</p> <p>In terms of interconnection costs and potential impact on timelines, the IESO believes that it is incumbent on and is reasonably possible for the Supplier to manage this risk and does not contemplate providing any further relief in the LT2(e) Contract or LT2(c) Contract.</p>

Feedback / Common Themes	IESO Response
<p>One stakeholder recommended that rated criteria points for avoiding prime agricultural land be exempt from the LT2 capacity stream (or at the very least for projects below a threshold of 100 MW).</p>	<p>The rated criteria approach for the LT2 RFP comes from the June 6 ministerial letter. There are no exclusions of these rated criteria contemplated for specific resource types at this time.</p>