

Feedback Form

Long-Term RFP – February 8, 2022

Feedback Provided by:

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Following the February 8th public webinar on the Long-Term RFP, the Independent Electricity System Operator (IESO) is seeking feedback from participants on a variety of elements to help further inform the draft RFP and Contract, including: potential revenue streams, contracting mechanisms, term length and forward period, ability of resources to meet mandatory requirements and rated criteria, as well as the general approach to the RFQ including the proposed method to evaluate finances and experience.

The referenced presentation can be found on the [Long-Term RFP webpage](#).

Please provide feedback by February 18, 2022 to engagement@ieso.ca.

Please use subject header: **Long-Term RFP**. To promote transparency, this feedback will be posted on the [Long-Term RFP webpage](#) unless otherwise requested by the sender.

The IESO will work to consider and incorporate comments as appropriate and post responses on the webpage.

Thank you for your contribution.

Revenue Streams

Topic	Feedback
<p data-bbox="181 226 917 296">Please provide feedback on the revenue stream options that the IESO proposed.</p> <p data-bbox="181 331 917 401">Are there additional revenue streams that proponents see that can be monetized?</p>	<p data-bbox="917 226 1529 821">The OWA supports the further engagement of stakeholders to explore options to provide additional certainty to help support investment, but suggests that a “one size fits all” approach will be ineffective. At the session the IESO suggested that it would be challenging for the “Contract side of the House” to have different contract forms. This is actually the case today and should not be a barrier to developing a range of contract types that best achieve the objectives. It would be useful in a future engagement to have the IESO walk through examples of what has been proposed and alternatives brought forward by stakeholders.</p>
<p data-bbox="181 856 917 1094">Other jurisdictions have procured new-build resources under long-term agreements through a variety of contract types (power purchase agreements, capacity only contracts, capacity contracts with energy components, etc.). What lessons do stakeholders have from their experience with these other contracting mechanisms?</p>	<p data-bbox="917 856 1529 1241">Ontario has differentiated contracts across resource types. As early as the 1980s, waterpower was contracted under long term power purchase agreements. Previous OPA procurements (both for new and existing hydro) were differentiated in forward period, term, production incentives and regulatory requirements. Again, moving to a “one size fits all” approach will not attract investment in a “resource agnostic” manner.</p>

Topic	Feedback
What opportunities do stakeholders see in the future to monetize environmental attributes ?	This remains uncertain at this time, but policy trend appears to be toward increased value in the decades to come. Typically, however, the term “environmental attributes” is used synonymously with CO2 offsets in some way shape or form. As noted in the Minister’s recent Directive to the IESO, “Hydroelectric resources of all sizes play an important role in meeting Ontario’s electricity needs, as well as providing benefits such as recreational opportunities, flood control, irrigation, and tourism”. These beyond electricity benefits, achieved through water management, are not explicitly valued through procurements, rather are assumed to be inherent in the technology.

Term Length and Forward Period

Topic	Feedback
Please provide feedback on the options for additional term-length that the IESO proposed.	The OWA is supportive of the IESO’s willingness to work with stakeholders on options for providing longer term lengths. An initial ten (10) year term is insufficient to support investment in new hydro.
Do stakeholders feel that the options presented provide proponents with some certainty from an investment and/or financing perspective?	This question should read “sufficient certainty”. The answer for waterpower is “no”.
What are some options for additional term that the IESO should consider?	As suggested in our previous submission, the IESOP should be open to accepting proposals that include price and term, as determined by the proponent.

Topic	Feedback
<p>Please provide feedback on the options for additional term-length that the IESO proposed.</p>	<p>The OWA is supportive of the IESO's willingness to work with stakeholders on options for providing longer term lengths. An initial ten (10) year term is insufficient to support investment in new hydro.</p>
<p>Are stakeholders aware of any resources (new-build and/or expansions to existing resources) that able to come into service as early as 2025?</p> <p>What challenges would resources face with being fully operational by 2025?</p> <p>Please provide any additional information that may help inform the IESO of potential projects and their development timelines, in order to help guide discussions around LT I RFP forward periods.</p>	<p>Expansions to the majority of existing hydro facilities is premised on having investment confidence for the assets themselves in the long term. Notwithstanding the Minister's recent direction on the development of a "Program" approach to existing contracted hydro, until those assets have certainty well into the future, investment in expansion will not be supported.</p> <p>Moreover, many owners of these assets are precisely the proponents one would expect to attract for new hydro development in Ontario. The absence of a stable investment climate for their existing operating facilities certainly compromises the willingness to invest further in Ontario.</p>

Mandatory Requirements and Rated Criteria

Topic	Feedback
<p>Please provide feedback on the mandatory requirements the IESO proposed.</p>	<p>The 2021 Annual Planning Outlook identifies an early and growing need for energy in addition to capacity. Should the mandatory requirements address this need in LT 1?</p>
<p>The IESO presented a number of technical characteristics that are desirable from a system value perspective, that may form rated criteria in LT I RFP.</p> <p>Please provide feedback on the characteristics proposed and their applicability as rated criteria.</p>	<p>The rated criteria should include an assessment of community/Indigenous support and participation.</p>

RFQ

Topic	Feedback
Do stakeholders feel that the high level approach proposed for the RFQ satisfies the IESO’s goal of ensuring that interested parties have the capability to undertake project development for the LT I RFP, while also enabling competition?	It is helpful that the requirements are not focused on a “project”, rather on the proponent, though requiring applicants to provide “evidence of environmental and energy or electricity-sector permits or licenses, interconnection agreements and market participation or registration documentation from an owned and operated facility, as well as evidence of the facility’s achievement of commercial operation” is by definition a barrier to new entrants. This is likely to be more significant for proponents of smaller projects and/or emergent technologies.

General Comments/Feedback

Under the Heading of “Term and Forward Period”, there are actually no questions for feedback on Forward Period. As the IESO deck notes (Slide 35), feedback previously provided indicates that “A 2027 in-service date does not align with the development of new hydroelectric resources that require longer forward periods in order to satisfy siting and permitting requirements.” The IESO’s response fails to address this adequately “The IESO recognizes that an in-service date as early as 2026/2027 is unlikely to work for all resource types/technologies, however, it is critical to bring resources online in time to meet the province’s emerging system needs”. This means that, by design and as an outcome of short term planning, certain resource types (e.g. hydroelectricity) will be excluded, in direct conflict with the purported “resource agnostic” approach. The IESO must explicitly identify how all resources can contribute to future electricity requirements. If it is the IESO’s view that hydro can only participate through Programs and Policy, please say so. If not, please provide details of how long lead time, long life span assets are expected to participate.