

Feedback Form

Long-Term RFP – April 20, 2022

Feedback Provided by:

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Date: May 2, 2022

Following the April 20th public webinar on the Long-Term RFP, the Independent Electricity System Operator (IESO) is seeking feedback from participants on the additional procurement mechanisms, as well as on proposed revenue streams.

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

Please provide feedback by May 2, 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.

Additional Acquisition Mechanisms: Expedited Procurement

Topic	Feedback
Considering higher security amounts, what incentives are sufficient to encourage expedited project development to meet the 2025 needs (e.g., increased term length, price adders, reduced RFP requirements)?	
What evidence can proponents include in the proposal to show the advanced stages of project development?	
Is there any other external support (e.g., from the IESO) that would be needed to help proponents meet expedited development timelines?	
Are the proposed timelines acceptable to proponents? (slide 23 of April 20 presentation)	
Do the timelines for the Expedited procurement offer sufficient time for proposal preparation? (slide 23 of April 20 presentation)	
Any further general comments on the Expedited procurement?	

Additional Acquisition Mechanisms: Same Technology Expansions

Topic	Feedback
<p>What milestones (i.e., contract execution) and forward period would be required to support a 2025 in-service date?</p>	<p><i>Please note the comments associated with the Same Technology Expansions (STE) Procurement, are the same as in Atura’s April 27 submission on the AAR.</i></p> <p>Atura would encourage the IESO to develop a process that would provide proponents the assurance to proceed with commitments to upgrades by Q4 2022.</p> <p>In the case of uprates at existing CCGT facilities, the complexities arise around timing of the next scheduled major maintenance of the unit(s) and OEM lead time for parts. Certain OEMs require the upgrade part component to be ordered 2 years in advance of the outage when the upgrade work is to occur.</p> <p>CCGT units have major maintenance outage dates forecasted based on OEM requirements (i.e., factored fired starts). If, for example, units are expected to undergo maintenance in the spring of 2024, the order for parts would need to be placed with the OEM imminently. In short, certain facility owners may not have much time before decisions and financial commitments would need to be made.</p> <p>Alternatively, facility owners may require additional outages to install upgrades outside of existing planned maintenance events which would increase the cost to implement and, in addition, expose contract holders to increased commercial and financial risk. Furthermore, with the upcoming tight supply situation it may become more challenging to secure appropriate outage windows to carry out required planned maintenance work to ensure reliable facility operations.</p>

Topic	Feedback
<p>What considerations regarding the existing contracts does the IESO need to take into account in the design of the process?</p>	<p>Projects acquired under the STE procurement, should be integrated into existing contracts, as applying a new contract on top of an existing contract with differing contract end dates would prove difficult to administer. Furthermore, the existing CES contracts are financeable and have proven to have a reasonable risk allocation between the parties.</p> <p>The contract price for the incremental capacity will be dependent on the term commitment for said capacity. The longer the IESO can commit to these upgrades creates opportunities for suppliers to offer the lowest incremental price. The price for incremental capacity can then be blended into the existing contract revenue requirement.</p> <p>The existing base contract term needs to align with the term commitment for the incremental capacity. Based on expected useful life of prospective upgrades and public policy direction, Atura suggests that a minimum commitment to 2035 be considered.</p>
<p>Is there any other external support (i.e., from the IESO) that would be needed to help proponents meet expedited development timelines?</p>	<p>With respect to uprates, at a minimum facility owners will require the IESO's assistance with maneuvering through the IESO's connection assessment process (i.e., SIA) associated with the upgrade work in order to meet commitment start dates.</p>
<p>Any further general comments on the same technology expansions?</p>	<p>For uprates, community engagement should be the obligation of the supplier to manage within their existing stakeholder relations plans.</p>

Additional Acquisition Mechanisms: Forward Capacity Auction

Topic	Feedback
To what extent does a forward capacity auction with longer forward and commitment periods increase interest for prospective auction participants?	
Do stakeholders have any comments on expanded participation and eligibility for resources?	
Do stakeholders have any comments on demand curve parameters?	
Do stakeholders have any comments on interactions with the annual capacity auction including target capacities?	
Do stakeholders have any input to provide into the design of longer forward and commitment period?	
Do stakeholders have any further comments on other business/stakeholder considerations associated with longer forward periods?	
Any further general comments on the forward capacity auction?	

LT1 Design Considerations: Revenue Streams

Topic	Feedback
Are stakeholders supportive of the concept of a bundled CFD style approach?	Yes, a bundled CFD will provide investors with revenue certainty.
As per slide 54, is a bundled CFD contract preferred that is either: (1) linked to energy market prices, with a strike price set at a \$/MWh value beyond a capacity payment, or (2) linked to a total revenue requirement \$/MW-month that includes both capacity revenues and energy market revenues?	Option 2 is preferred – linked to a total revenue requirement \$/MW-month that includes both capacity revenues and energy market revenues.

Topic	Feedback
How can a bundled CFD be best designed in order to ensure resources adhere to energy market incentives, in exchange for investor certainty?	The IESO should consider the deemed dispatch structure from the IESO Phase II Energy Storage contract for energy storage resources.

LT1 Design Considerations: Mandatory requirements

Topic	Feedback
Do stakeholders have any feedback on the examples of mandatory requirements on slide 63?	
Are stakeholders supportive of the Indigenous and Municipal mandatory requirements proposed for the LT1 RFP and Expedited procurement on slide 64?	

LT1 Design Considerations: Rated criteria

Topic	Feedback
Are stakeholders supportive of the rated criteria approach that is proposed for the LT1 RFP and Expedited procurement?	
Are stakeholders supportive of the Indigenous participation rated criteria proposed on slide 66?	

General Comments/Feedback