

# Feedback Form

## Long-Term RFP – June 9, 2022

### Feedback Provided by:

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Following the June 9<sup>th</sup> 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 June 20, 2022 to [engagement@ieso.ca](mailto: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 Mechanisms: Overview and Linkages

Topic	Feedback
Please provide any feedback on the IESO's overview of the Additional Mechanisms (Expedited Process, Same-Technology Expansions, FCA) and the linkages between acquisition mechanism (e.g., Expedited Process and LT1 RFP, or LT1 RFP and LT2 RFP)	We are working on several projects, ranging from 2.5 to 20 MW, that could participate in the expedited process if the prior ownership requirement is lifted.

## LT1 RFP and Expedited Process: Mandatory Requirements and Rated Criteria

Topic	Feedback
Please provide any feedback on the Mandatory Requirements and Rated Criteria proposed for the LT1 RFP and Expedited Process.	We recommend against the prior ownership requirement as a necessary evaluation criteria. It has been demonstrated with dozens of projects that are successfully operating across Ontario that prior ownership experience is not required to successfully develop transmission or distribution connected projects. None of the 8 distribution connected projects (ranging from 2.5 -13.3 MW) we built (on time and on budget) had prior ownership experience.

## LT1 RFP and Expedited Process: Proposed Contract Design

Topic	Feedback
Please provide feedback on the proposed contract design for the LT1 RFP and Expedited Process. The IESO welcomes feedback on the proposed approach for qualifying capacity as well as the proposed Capacity Payment Adjustment Mechanism.	For natural gas fueled generators we strongly recommend a capacity payment adjustment mechanism that reflects the real time cost of natural gas, electricity, carbon charges and maintenance costs to determine the actual net revenues generated as measured against the heat rate stated by the proponent. This either based on deemed or actual running hours.

## LT1 RFP and Expedited Process: Proposed Term Lengths

Topic	Feedback
Please provide any feedback on the term length considerations proposed in addition to the incentive mechanism for the Expedited Process.	20-22 years is appropriate term.

## Deliverability Assessment

Topic	Feedback
Please provide feedback on the IESO's proposed process for deliverability testing and timelines.	We support the process and timelines

## Additional Acquisition Mechanisms: Same Technology Expansions

Topic	Feedback
Are the descriptions of the different kinds of upgrades/expansions clear and reflective of the options?	Descriptions are clear
What are the interdependencies between the existing contract, any upgrades and on-site expansions that need to be considered?	<p><b>Upgrading of Equipment/Installations</b> Recently built greenhouse CHP plants generally do not have the ability to upgrade equipment to increase the power output. To increase the power output, adding more engines will be required.</p> <p><b>Expansion</b> Best option to expand the power output of existing greenhouse CHP plants is by adding more engines to the site. For most sites this will also require additional transformer capacity and additional metering to accommodate the increased power output.</p> <p><b>In Service Date</b> Generally, the timeline from obtaining CIA approval, to reaching COD is a period of 16-18 months. Allowing for 3 months to obtain CIA/SIA approvals, to meet a May 2025 COD, contracts should be offered by no later than July of 2023.</p>

Topic	Feedback
<p>Are any interdependencies missing/not fully captured?</p>	<p><b>Dispatchability</b>  Existing projects are automatically dispatched in response to market price or VPP running hours. Installations can run uninterrupted for days or weeks, far exceeding the minimum 8 hour energy duration threshold.</p>
<p>What are the considerations for participating in the Expedited Process or LT1 RFP?</p>	<p><b>Participation in Expedited Process</b>  Greenhouse CHP plants are unique that they can provide the following operational flexibility:</p> <ul style="list-style-type: none"> <li>• Power can be produced when needed. It will take less than 10 minutes to go from standstill to full load operation.</li> <li>• Heat recovered, if not needed during hours when power is being produced, can be stored in large, existing thermal storage tanks for use during hours when heat is required. Even on hot summer days, significant amounts of heat are required in the early morning hours to drive moisture out of the greenhouse.</li> <li>• Should the installation be able to enjoy increased running hours, exhaust cleaning can be added to direct the exhaust stream into the greenhouse, where plants will consume the CO2 present in the exhaust</li> <li>• Resulting system efficiencies generally approach or even exceed 90%.</li> <li>• The CHPSOP2 program captured most of the above stated benefits. One option that was left out, was the opportunity to run the CHP plant for self-use. Allowing for self-generation during hours when installations are not required to export power into the grid, would create an opportunity extract incremental benefits from the installation which in turn could result in a lower bid price.</li> </ul>

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<p>What other key considerations/risks need to be included to help ensure this initiative is successful?</p>	<p><b>Key Considerations for Success:</b> Existing projects have operating experience under existing contracts. Highest probability for success of expansion projects is by maintaining a similar compensation structure for the expansion project as what is in place for the existing project. A significant departure from the existing compensation structure may make it difficult to assess the long-term potential and risk of a new contract, which in turn can cause reluctance in pursuing an expansion project.</p> <p><b>Contractual Considerations</b> Financial performance of existing projects generally has been in line with expectations. Expansion of existing projects could be contracted under similar terms. Recommended contract amendments:</p> <ul style="list-style-type: none"> <li>• Align term with expedited RFP (up to 22 years)</li> <li>• Provide inflation adjustment to monthly capacity charge based on COD of existing project and projected COD of expansion project</li> <li>• Remove UHO metering/reporting requirements. It is an unnecessary administrative burden that does not produce a meaningful result.</li> <li>• Allow for self-generation (powering grow lights) during non-dispatch hours</li> <li>• If VPP, or deemed running model is applied, increase maintenance cost allowance to be aligned with actual maintenance costs</li> <li>• If VPP deemed running model is applied, include recognition of gas distribution costs and carbon charges in facility operating costs</li> </ul>

## Additional Acquisition Mechanisms: Forward Capacity Auction

Topic	Feedback
<p>Is expanding eligibility to variable generation, self-scheduling and co-located hybrid facilities in the FCA and ACA a priority for stakeholders?</p> <p>(Refer to slide 99)</p>	
<p>Any feedback and suggestions on how the performance assessment framework may need to be modified to reflect the design differences?</p> <p>(Refer to slide 106)</p>	
<p>Any feedback on potential features that could be considered for the design of the FCA?</p> <p>(Refer to slide 108)</p>	
<p>Is expanding eligibility to variable generation, self-scheduling and co-located hybrid facilities in the FCA and ACA a priority for stakeholders?</p>	
<p>Any feedback and suggestions on how the performance assessment framework may need to be modified to reflect FCA design differences?</p>	
<p>What other design features should be considered to increase the attractiveness of a Forward Capacity Auction as part of IESO's suite of acquisition mechanisms?</p> <p>(Refer to slide 110)</p>	

## General Comments/Feedback