

Feedback Form

Long-Term RFP – June 9, 2022

Feedback Provided by:

Name: Aaron Cristine

Title: Manager of Science, Government Relations and Regulatory Affairs

Organization: Ontario Greenhouse Vegetable Growers

Email: [REDACTED]

Date: June 15, 2022

Following the June 9th 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.

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)	Our farm operators are in the position to provide projects ranging from 5 – 250 MWs. These could be live and ready to generate within the expedited process if the prior ownership requirements are lifted. As it stands, this would very much narrow the scope of eligibility, and would likely be more effective and have more feasible proposals submitted with a change of this requirement.

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 currently operating greenhouse vegetable farm producing projects had prior experience in generation, yet these projects have been very successful.

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.	20-30 years is an appropriate term.

Deliverability Assessment

Topic	Feedback
Please provide feedback on the IESO's proposed process for deliverability testing and timelines.	Supportive of this timeline.

Additional Acquisition Mechanisms: Same Technology Expansions

Topic	Feedback
Are the descriptions of the different kinds of upgrades/expansions clear and reflective of the options?	Yes, they are.

Topic	Feedback
<p>What are the interdependencies between the existing contract, any upgrades and on-site expansions that need to be considered?</p>	<p>Upgrading of Equipment/Installations 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. Retrofitting for higher-capacity engines will not be feasible for most operations deploying these units, and there will be a requirement for planning (i.e. Site Plans, Permit Issuance, Environmental Assessments) for increased numbers of units on currently existing, and newly built operations.</p> <p>Expansion 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. Identifying key areas where there are 230 KV lines as opposed to 500 KV lines would be efficient a to identify key areas where energy production could occur and more readily tie in.</p> <p>In Service Date 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>
<p>Are any interdependencies missing/not fully captured?</p>	<p>Dispatchability 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. It would be beneficial to</p>

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<p>What are the considerations for participating in the Expedited Process or LT1 RFP?</p>	<p>Key Considerations for Success: 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>Contractual Considerations 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"> • Align term with expedited RFP (up to 22 years) • Provide inflation adjustment to monthly capacity charge based on COD of existing project and projected COD of expansion project • Remove UHO metering/reporting requirements. It is an unnecessary administrative burden that does not produce a meaningful result. • Allow for self-generation (powering grow lights) during non-dispatch hours • If VPP, or deemed running model is applied, increase maintenance cost allowance to be aligned with actual maintenance costs • If VPP deemed running model is applied, include recognition of gas distribution costs and carbon charges in facility operating costs

Topic	Feedback
<p>What other key considerations/risks need to be included to help ensure this initiative is successful?</p>	<p>If natural gas cogeneration projects are supported, confirmation and commitment from all levels of government is necessary, and explicitly stated that they support further leveraging of NG resources. Although natural gas is the only feasible way to create this amount of energy in an agriculture setting, any awarded recipients should be responsible to provide a plan indicating steps taken to approach operating under net zero (or as close to).</p>

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>Leveraging current assets would always be beneficial so long as it is economic for both sides.</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>N/A</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>N/a</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>	

Topic	Feedback
Any feedback and suggestions on how the performance assessment framework may need to be modified to reflect FCA design differences?	N/A
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? (Refer to slide 110)	N/A

General Comments/Feedback

Ontario's greenhouse vegetable farms are poised to be a key leader in providing clean, sustainable, on-farm generation of electricity. Our ability to capture and purify CO₂ to feed to crop, store heat in either large hot water tanks or utilize to produce cold temperatures to operate chillers, as well as the overarching goal of electricity generation makes the sector poised for success on these projects. We effectively could produce sustainable, healthy food, as well as clean and efficient energy. Opportunities to further explore local markets at high demand, such as for high-density, lit crop areas, would be another interesting avenue to explore. The opportunity exists for large on-farm generation operations to fully large amounts of greenhouses without drawing from the grid, like that of a large island mode system. Regardless, the sector can either provide high load amounts, or operate as a self-sustainable entity and not draw from the grid. Energy pricing and the energy market would have to be feasible for either scenario if one were to move forward.