IESO Expedited, LT1 Procurement Q&A sent by Samsung Renewable Energy Inc

Question #	Section	Clause	Questions	Answer
1	Contract	1.1 Definitions	“Monthly Average Offered Quantity” or “MAOQ” means the quantity (in MW) determined by summing the MW quantity of all hourly price-quantity pairs (or future equivalent) offered by the Facility into the Day-Ahead Market for dispatch during Qualifying Hours in the Settlement Month, <u>divided by the number of Qualifying Hours</u> in such Settlement Month" According to the definition of MAOQ, denominator(the number of Qualifying Hours) needs to be replaced with "the sum of Offered hours during Qualifying Hours". The number of Qualifying Hours is 16 hours x 30 days(or 31) regardless of Facility's operation, not resulting average quantiy.	
2	RFP	RFP Section 2.2 k(ii)	Regarding Completing and Performance Security, do we have to pay $60,000/MW (for Large-Scale) and $45,000/MW (for Small-Scale) from the Contract Date until COD, and pay additional $25,000/MW (for Large-Sacle) and $25,000/MW (for Small-Scale) from COD until the end of the Term, which $85,000/MW (for Large-Scale) and $70,000/MW (for Small-Scale) in total?	

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3	Contract	the clause 2.6(d) Charging cost issue and revenue structure	"A Facility which is also a load facility under the IESO Market Rules or a consumer under the Distribution System Code, as applicable, <u>shall be solely responsible for</u> <u>all charges in relation to Electricity consumed by</u> it in order to operate the Facility in accordance with this Agreement." 1) Does this mean the Facility shall be reponsible for charing cos of battery? 2) Does the bidder own all discharging revenue? 3) if yes about above question, would you define expected revenue stream from IESO's side as well? We assume there are at least below two main revenue streams and are we understanding correctly?; (1) Capacity Payment under E-LT1 contract : Revenue from supplying conracted capacity to IESO, which will be paid based on Monthly Payment (EXHIBIT J) equation and other terms in the contract(this RFP bidding) (2) Arbitrage Revenue(Merchant revenue) from wholesale market participation according to IESO Market Rules: Revenue from charging/discharging energy through Day Ahead Market participation cause the bidder has to follow Must Offer Obligation requirement in the E-LT1 contract.	
4	Contract	3.1(a) "Must-Offer Obligation"	In each Settlement Month, the Supplier must offer electricity output. Does this mean Supplier can decide freely when to dispatch electricity into the market through participating Day-Ahead Market bidding during Qualifying Hours?	

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5	Contract	Exhibit M High Block Average Price	The definition of High Block Average Price "Is the average of the HOEP applicable to the Facility (including any future locational marginal price) for the four (4) highest-priced contiguous hours occurring during Qualifying Hours, such that the sum of the prices of such contiguous four (4) Qualifying Hours is maximized " 1) Please clarify the meaning of "applicable". 2) Is High Block Average Price the same one as the average settled price for the four highest-priced of Facility in Day Ahead Market? Or Is High Block Average Price as same as the aveage of four highest-priced contiguous hours during Qualifying Hours on that day, regardless of operation(discharging) time of Facility? For example, High Block Average Price is average vaue between 6pm ~ 10pm on that day, but Facility can discharge electricity between 5pm and 9pm.	
6	Contract	Exhibit M Low Block Average Price	The definition of Low Block Average Price "Is the average of the HOEP applicable to the Facility (including any future locational marginal price) for the four (4) lowest-priced contiguous hours occurring outside of Qualifying Hours, such that the sum of the prices of such contiguous four (4) hours that are not Qualifying Hours is minimized.." 1) Please clarify the meaning of "applicable". 2) Is Low Block Average Price as same as the average of four lowest-priced contiguous hours outside of Qualifying Hours on that day, regardless of operation(charging) time of Facility? For example, Low Block Average Price is average vaue between 2am ~ 6am on that day, but Facility can charge electricity between 1am and 5am.	

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8	Contract	16.7 chage of control	Can IESO confirm whether a change of control will be permitted after the first anniversary of COD without requiring IESO's written consent?	
9	RFP	2.1(a) Qualified Applicant 4.2 Stage2-Mandatory Requirement AppendixA. Definition of "Control"	Can IESO confirm that a Qualified Applicant retains its Qualifying status in the following corporate structure as described? Qualified Applicant establishes a Limited Partnership (LP) , has a Limited Partner interest in that LP, and holds at least 50% voting rights/ownership in the LP's General Partner corporation (GP) whereas Qualified Applicant maintains Control of GP and LP? In that GP, the other 50% of ownership/voting rights would be held by a joint venture partner. The JV partner would have a limited partner interest equal to the qualified applicant's. The LP may also have additional limited partner interests, including an indigenous group (as passive investors).	
10	Contract	1.1 Definition State of Charge Limited	"10 hour period immediately prior to the start of such Qualifying Hours" Please explain if the Supplier should keep the energy at SOC 100% 10hours before the start of Qualifying hours, not to be in State of Charge Limited condition. Qualifying Hours start at 7 am in the RFP. So it will mean 9 pm at the day before	

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11	RFP, Contract	2.13 Material Cost Index Adjustment	MCPm [averaged over the three consecutive calendar months ending with the calendar month during which first (1st) anniversary of the Contract Date occurs]. 1) Bidder may have to issue the NTP earlier than the 1st aniversary of the Contract Date. We suggest IESO gives flexibility to Bidder by saying the date whichever comes first between the 1st aniversary of the Contract Date and NTP date. It will help the bidder in fixing the pricing in EPC contract. 2) Mulitiplier 0.5 doesn't mean IESO takes 50% prcing volatility risk of CAPEX cause battery vendors don't fix the price at the time of issuing purchae order at NTP. They adjust raw material pricing at the time of delivery, which is about 2 years from NTP. So bidder should take the risk of price volatility 2 times. 1st pricing difference between bidding submission and NTP. 2nd pricing difference between NTP and delivery. We suggest to increase Mulitiplier more than 0.8, hoping 1 while bidder has to take the major price volatility between NTP and on site delivery of battery.	