

IESO Draft RFP NRStor Comments

1. Revenue Model

- We feel that introducing a new revenue model at this point in the process introduces new risks and will place significant challenges on suppliers regarding the time frames needed to properly digest, accurately model and reflect this change in bids. We suggest remaining with a straightforward capacity contract.

2. Materials Cost Index Adjustment

- We remain concerned with the MCIA formula as it continues to introduce significant risk as the formula does not align with technology supplier formulas. Indexing against benchmarks that projects are not exposed to introduces new, unnecessary risks to proponents.
- To better align with technology vendor agreements, the MCP general materials index and CPI terms should be deleted, and the lithium index weighting should remain at 25%:
 - $MCIA_{LI-ONLY} = [0.75 + 0.25 (LiCP_m / LiCP_b)] \times FCP$
- We suggest that the IESO use four options for the indexing:
 1. $MCIA_{LI-ONLY}$ – lithium only formula above,
 2. $MCIA_{LI}$ – lithium, metals and inflation formula already proposed,
 3. $MCIA_{NLI}$ – non-lithium adjustment already proposed, or
 4. No adjustment
- Regarding the adjustment time frame, we appreciate the optionality that was added to align the date of indexing with the timing of when pricing is locked in. That said, given vendors have differing approaches on when the lithium cost is locked in, we suggest extending the 18 month maximum to either 24 months or COD so that timing can be correctly aligned without unnecessary constraints.

3. Contract Capacity

- We appreciate the change that was made to allow for a one time adjustment in capacity in year 10. That said we continue to believe that ratepayer value will be maximized by allowing for degradation of the capacity contract. We suggest increasing the adjustment time period to every 5 years as the more granular the adjustment, the less exposure to ratepayers.

4. Capacity Check Test

- The Capacity Check Test described in Section 15.6 should be limited at 12 hours not 8 hours given that rated criteria points are being provided for projects with a duration of greater than 12 hours.

5. Investment Tax Credit

- The details of the ITC remain unknown and are not expected to be provided until next year. We believe it will be difficult for proponents to factor in and rely upon the expected benefits of the ITC prior to bidding.