



November 21, 2022

Submitted to [LT.RFP@ieso.ca](mailto:LT.RFP@ieso.ca) & [engagement@ieso.ca](mailto:engagement@ieso.ca)

**Subject: Feedback on the draft E-LT1 Contract**

Evolugen by Brookfield Renewable welcomes the opportunity to provide feedback on the draft E-LT1 Contract (dated Nov 8, 2022).

Our most critical feedback points are the following:

1. Off-ramping

- While we understand that the objective of the E-RFP is for advanced projects to participate, we believe that no projects have all permits, interconnection, firm commitment from CIB on funding, and municipal counsel support at this point in time. These requirements collectively impact the costs, timing, and feasibility of a project.
- As such, the E-RFP contract should include clear off-ramping language for critical path items outside of the control of project proponents, similar to protections offered in the contract for municipal support resolutions.
- Without reasonable off-ramping clauses for these items, the E-RFP is at risk of being undersubscribed, as project proponents may not be able to bear binary risks outside of their control.
- Also, we note that off-ramping should not only be construed as a mechanism for proponents to walk away from contracts. Off-ramping mechanisms can also include clauses that allow proponents to adjust project size, project cost (e.g., interconnection costs), project timeline, and other mechanisms to encourage a) proponents to offer projects and MWs with confidence, and b) proponents and the IESO to avoid project cancellation.
- For example, a mechanism to allow price adjustment due to elevated and unexpected interconnection fees, via a Change Order with a reasonable threshold, would be to the benefit of both the IESO and its proponents.

2. Interconnection

- Proponents have been advised to not engage in System Impact Assessments, and there are no assurances on the timing, requirements, and/or costs of any system upgrades.
- In addition, Hydro One has yet to clarify “set-backs” guidelines from transmission lines, which can impact project siting, permitting, and sizing.
- 2.2(c) of the draft contract suggests the Supplier is responsible for all expenses on the Supplier side of the Connection Point, though the draft contract appears silent on who bears the costs on the Buyer’s side (including Hydro One).
- As such, we reiterate that interconnection remains an uncontrollable risk for proponents. Proponents would either account for this risk through higher project prices, or be forced to walk away from an awarded contract should unexpected costs / hurdles arise.
- Moreover, the E-RFP and the LT-RFP likely share many proponents and potential projects, so the resolution of this risk is not just important for the E-RFP, but for the immediate LT-RFP as well. If the IESO has already determined solutions to address this risk in the LT-RFP, we ask that the IESO make it known immediately (e.g., allowing earlier SIA/CIA studies, Off-ramping clauses, or Technical Feasibility studies...), and implement the same solution for the E-RFP.
- Recommended actions
  - i. The IESO should clarify who is responsible for expenses on the Buyer’s side of the Connection Point. If the Supplier is responsible for the costs incurred on the Buyer’s side, the IESO will need to consider how to de-risk this cost for proponents.
  - ii. The IESO should consider additional provisions to protect Seller from material costing and/or delayed timelines as a result of interconnection related issues (e.g., ability to engage in good-faith negotiations to maintain economics and/or share costs).
  - iii. The IESO should allow proponents to reduce project sizing to reduce the interconnection fee.
  - iv. The IESO should add off-ramp mechanisms as detailed above.

### 3. Permitting

- At the moment, the path and requirements to obtain certain permits are unclear. One notable permitting risk is noise permitting, especially for hybrid projects, which may pose a great risk to an existing asset's operations.
- Recommended actions
  - i. We urge the IESO to coordinate meetings and workshops with other regulators and ministries to reduce uncertainty for developers on permitting matters.
  - ii. Again, add flexibility in the contact for an off-ramp, similar to that offered for municipal support resolutions given some aspects of permitting is beyond the proponent's control.

#### 4. External Funding - ITC

- Recommended action
  - i. We request that the IESO instruct developers to exclude the recently announced ITCs from their offers given insufficient details were provided in the Fall Economic Statement to underwrite (for example – no direction on scope of costs eligible for the ITC, time to fund, labour requirements, etc...). Final details from the Federal government would not be published in time to meet the E-RFP's submission deadline, and all projects should be compared by the same metrics.

#### 5. On Market Rule Protection:

- Regardless of whether the IESO offers a capacity-only or capacity-energy-bundled revenue model, market rule protection is critical to ensure the well-functioning and proper maintenance of a contracted facility for 22 years.
- Recommended actions
  - We urge the IESO to include sound Market Rule Evolution and Protection clauses in the contracts to protect both developers and the IESO.
  - The clause in 1.6(c) should be broadened to include material impact to project economics.
  - Given the expected increase in storage MWs on the grid, their emerging importance to reliability, as well as their unique feature as both generator and load, we suggest that the IESO immediately create



positions on the Stakeholder Advisory Committee and the Technical Panel for Storage technology representatives. On contract capacity

6. In Draft Contract Section 4.3: the IESO will allow an optional one-time reduction to contracted capacity.
  - Recommended actions
    - We recommend the IESO clarify whether proponents can bid up to the maximum deliverability test assessment, to allow for project optimization.
    - We recommend the IESO consider a similar mechanism for operators to optionally increase its contracted capacity (i.e., enable uprates) at contract pricing, to allow ratepayers to benefit from future project optimization and economies of scale.
  
7. On External Funding – CIB
  - Recommended actions
    - CIB documents should be posted with sufficient time for proponents to review to ensure all terms & conditions (items such as stacking of Government related funding) can be properly consulted and understood.
    - CIB funding's commitment should align with RFP award timing to ensure a successful and fair competition. In addition, an off-ramping mechanism and other mitigating mechanism—should CIB applications not be successful—would help prevent proponents walking away from contracts completely.
  
8. On Engagement Notices:
  - Please clarify what the IESO requires in terms of Indigenous community engagement if a project is not, in whole or in parts, located on Indigenous land.
  
9. On Insurance:
  - Recommended actions
    - We recommend the minor edits below (underlined) in provision 2.8(a):



The Supplier shall put in effect and maintain, or cause its contractors, where appropriate, to maintain, from the commencement of the construction of the Facility to the expiry of the Term, at its own cost and expense, all the necessary and appropriate insurance that a prudent Person in the business of developing, constructing, financing and operating the Facility would maintain including policies for "all-risk" property insurance covering not less than the full replacement value of the Facility, "all-risk" equipment breakdown insurance, "wrap-up" liability insurance to the extent applicable and "commercial general liability" insurance with a rider to extend coverage to include sudden and accidental Environmental Incidents.

10. On the interaction between the E-RFP and the LT-RFP:

- As the two RFPs take place extremely close to one another and likely share the same proponents and projects, we request that the IESO begin the LT-RFP consultation process as early as possible to avoid confusion and last-minute changes.
- In addition, for a project enrolled in the E-RFP process: please indicate what RFP requirements could be carried over from the E-RFP to the LT-RFP (e.g., deliverability testing), and what requirements would need to be repeated (e.g., community engagement).
- Please confirm when projects targeting the LT-RFP should begin their SIA/CIA process.
- In the event that supply to the E-RFP does not meet targeted demand: please confirm if the LT-RFP would absorb the missing MWs in its demand curve.

11. On the RFP's new timeline:

- Please confirm that the early project delivery bonus would be proportionally shifted (e.g., month for month) with the new RFP timeline and/or if delays occur in relation to contract awards.
- Please confirm when an awarded project should initiate its SIA/CIA process.

Thank you,



Julien Wu

