

Feedback Form

Long-Term RFP – March 28, 2023

Feedback Provided by:

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Following the March 28th public webinar on the Long-Term RFP (LT1 RFP), the Independent Electricity System Operator (IESO) is seeking feedback from participants on design of the LT1 RFP and LT1 Contract.

The referenced presentation can be found on the [Long-Term RFP webpage](#).

Please provide feedback by April 11, 2023 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.

LT1 RFP Design and Lessons Learned from E-LT1 RFP

Topic	Feedback
<p>E-LT1 RFP: Please provide any general feedback reflecting on your participation in the E-LT1 RFP as it relates to the upcoming LT1 RFP.</p>	<p>Accelerate deliverability test results by end of August 2023 and provide 3 to 4 months post deliverability to allow for municipal engagement and bid submission preparation. More time for bid preparation will allow for greater analysis and smaller contingency built into bids, resulting in lower bid prices.</p> <p>Create a carveout for Small Scale Distribution Connected Projects less than 10 MW. This will allow for providing capacity at the local level as well as provide additional benefits that small generation can provide, like avoided transmission losses and costs. Further, our experience in E-LT1 demonstrated that several municipalities are ready to support smaller scale projects vs. large scale projects that often require rezoning and have larger visual and siting impacts.</p>
<p>LT1 RFP design: Please provide any feedback on the proposed Mandatory Requirement for Municipal Support.</p>	<p>We believe Municipal Support is very important to a successful project, however, Municipal Support should not be mandatory at bid submission, but should remain a rated criteria pre-bid submission.</p> <p>Municipalities have an important role to play in siting critical infrastructure projects, however, the process for doing so largely already exists within the municipal zoning and permitting processes.</p> <p>Pre-contract award a municipal government or council doesn't know how many projects are going to be pursuing construction and operation in their municipality. Moving municipal approvals to post contract award reduces the burden on those municipalities where there is or will be significant interest in projects and allows those projects that are successful more time to work with municipalities in getting their support post contract award.</p>

Topic	Feedback
<p>LT1 RFP design: Please provide any feedback on the Rated Criteria Categories and Point Allocation.</p>	<p>We believe the E-LT1 rated criteria were valuable at differentiating projects and should be maintained with the exception of duration of service, where we recommend creating a separate carve out if the IESO wants to see longer duration storage as part of LT-1 submissions.</p> <p>E-LT1 was a capacity style procurement that provided only marginal revenue benefit of being a 6/8/12 hour system, as compared to the costs of a 4-hour duration. While the AC side of a BESS (for example) doesn't change significantly with longer duration, the battery units themselves (which represent the majority of BESS costs) do not demonstrate material economies of scale when going from a 4 to 6/8/12 hour system. Therefore, while there was some potential revenue benefit through the rated criteria points (i.e. about 2 to 6%), the incremental capital costs were too 45 to 280%, which resulted in higher capacity payment requirements.</p> <p>If the IESO does want to see longer duration storage, like that being contracted in California (https://www.energy-storage.news/california-utility-signs-ppa-with-nextera-for-eight-hour-energy-storage-project/), then it should create a carve out for 6/8/12 hour storage within the procurement. This will send a clear signal to the market and the market will provide competitive pricing for these incremental durations.</p> <p>HOWEVER, should the IESO create a carve out for longer duration of service, it should allow Qualified Applicants to provide alternative bids for the same single project with a subset of 4 /6/8 /12-hour durations. For clarity, if the bids are unsuccessful for longer durations they should still be evaluated for shorter durations. So the procurement target for longer durations would get filled first, followed by the remaining procurement target.</p>

Indigenous Community Participation

Topic	Feedback
<p>Please provide any feedback on the Rated Criteria for Indigenous Community Participation as contemplated in the E-LT1 RFP as it relates to the upcoming LT1 RFP.</p>	<p>Incorporating Indigenous Community Participation into the procurement created incentives for Qualified Applicants to seek out partners and create conditions to provide benefits to Indigenous Communities across the province for 20 + years.</p> <p>We want to express our strong support for maintaining Indigenous Community Participation and removing the ability to drop the Indigenous Community as an owner after 5 years, as this sends the wrong message about the sincerity of these partnerships.</p>

Proposed Contract Design: General Feedback

Topic	Feedback
<p>Please provide feedback on any contract provisions you wish to comment on.</p> <p><i>Note: the commercial structure/ revenue model for the LT1 Contract will not be modified from that which was used under the E-LT1 Contract.</i></p>	

General Comments/Feedback