



Chuck Farmer
Vice President, Planning, Conservation and Resource Adequacy
Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON M5H 1T1

April 14, 2023

Dear Chuck,

This submission responds to the Independent Electricity System Operator's (IESO's) March 28, 2023, webinar on the Long-Term 1 Request for Proposals (LT1 RFP) with reference to the presentation that was delivered during this session.¹ All capitalized terms in this submission have the meanings ascribed to them in the presentation unless defined otherwise.

Power Advisory has coordinated this submission on behalf of a consortium of renewable generators, energy storage providers, and the Canadian Renewable Energy Association ("CanREA") (the "Consortium").²

We would like to thank IESO for ongoing engagement of LT1 RFP and other electricity supply procurements. We think it is important for IESO to continue consulting with potential Proponents during this process. The following sections summarize our feedback on the LT1 RFP process and a few of its components.

LT1 Contract

During the webinar IESO indicated that the LT1 contract would look very similar to the E-LT1 contract. We recognize that IESO is procuring capacity and there is a desire to rely on previous IESO contracts in this regard. However, we note that we do have concerns about a number of aspects of this approach.

We do not believe that exchange rate and interest rate volatility are sufficiently addressed in the E-LT1 contract. Therefore, further stakeholder engagement on how Fixed Capacity Prices can be indexed is needed.

We also do not believe that protection regarding amendments to IESO Market Rules provided for in the E-LT1 contract is adequate, given uncertainties relating to implementation of the Market Renewal

¹ See <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/long-term-rfp/ltrfp-20230328-presentation.ashx>

²The members of the Consortium are: CanREA; Axiom Infrastructure; BluEarth Renewables; Boralex; Capstone Infrastructure; CarbonFree Technology; Connor, Clark & Lunn; Cordelio Power; EDF Renewables; EDP Renewables; Enbridge; ENGIE; Evolgen (by Brookfield Renewable); H2O Power; Kruger Energy; Liberty Power; Longyuan; NextEra Energy Canada; Pattern Energy; Potentia Renewables; and wpd Canada.



Project (MRP) (e.g., scheduling and dispatch uncertainties, move away from uniform prices to locational prices, etc.).

We believe that changes should be made within the LT1 contract to enable the participation of new-build hybrid resources (e.g., wind and/or solar plus storage) into the IESO-Administered Markets (IAM) both before and after implementation of MRP. We believe changes may be necessary relating to must-offer provisions, capacity check test protocol, etc. Our understanding is that hybrids including operating generators are ineligible in LT1 RFP (i.e., co-locating battery storage with renewable generators). If these hybrids were to be eligible, then the LT1 contract needs to work alongside whatever existing contract a renewable generator has in place to deliver energy. We recommend further stakeholder engagement on this matter.

Deliverability Testing

We recognize and support the need for Deliverability Testing. We note that on slide #10 of the March 28 presentation, a preliminary LT1 RFP schedule was presented. It shows that preliminary Deliverability Testing will conclude in September/October of this year, with proposal submissions due to IESO in the October/November timeframe. This is a far too compressed timeline. More time is required once a site is determined to be deliverable or deliverable but competing, to prepare and submit proposals to IESO. We note that with E-LT1 RFP that preliminary Deliverability Testing results were shared with prospective proponents on November 30, 2022, and the Proposal Submission Deadline for E-LT1 RFP was February 16, 2023 (i.e., about 10 weeks had elapsed). We request that there be a minimum of eight weeks between notification of the preliminary Deliverability Test results and the Proposal Submission Deadline.

Municipal Support Resolution

We support the requirement for projects to be hosted in communities that welcome their presence and the requirement to obtain a Municipal Support Resolution (MSR). We do not believe that obtaining an MSR should be a mandatory requirement in the LT1 RFP. Requiring it to be a mandatory requirement makes the development process more complicated, potentially lengthier, and places a heavy administrative burden on municipalities. Given the compressed timeline for this procurement, we believe that it would be best to use the same treatment for the MSR that was in the E-LT1 RFP and maintain it as a rated criterion. Accordingly, we believe that proponents ought to be given flexibility to obtain an MSR after they have been awarded a contract, as it is now with the E-LT1 Contract. We think that the timeline for obtaining an MSR post contract award could be shortened to 12 months from 18 months.

Locational Priority Points

It will be very helpful to prospective proponents in selecting sites if IESO makes available locational priority points as soon as possible. There is a lot of work required to identify and select sites and the sooner prospective proponents know where IESO requires projects to be built, the better.



Evaluation of Non-Emitting Resources

We believe that the rated criteria in LT1 RFP should favour non-emitting resources – especially considering IESO's has Pathways to Decarbonization³ report that was released in December 2022. We think that LT1 RFP evaluation criteria should recognize the contribution that non-emitting resources can make to decarbonizing Ontario's power system.

The Consortium thanks IESO for on-going stakeholder engagement meetings regarding LT1 RFP and other related engagement meetings relating to electricity supply procurements and resource adequacy.

We will be pleased to meet with IESO about this submission at a mutually convenient time.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Chee-Aloy", enclosed in a thin black rectangular border.

Jason Chee-Aloy
Managing Director
Power Advisory

cc:

Barbara Ellard (IESO)
Brandy Giannetta (Canadian Renewable Energy Association)
Elio Gatto (Axiom Infrastructure)
Roslyn McMann (BluEarth Renewables)
Adam Rosso (Boralex)
David Oxtoby (CarbonFree Technology)
Patrick Leitch (Capstone Infrastructure)
Jason Woods (Connor, Clark & Lunn)
Paul Rapp (Cordelio Power)
David Thornton (EDF Renewables)
Nathan Roscoe (EDP Renewables)
Lenin Vadlamudi (Enbridge)
Michelle Dueitt (ENGIE)
Julien Wu (Evolugen by Brookfield Renewable)

³ <https://www.ieso.ca/-/media/Files/IESO/Document-Library/gas-phase-out/Pathways-to-Decarbonization.ashx>



Stephen Somerville (H2O Power)
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Jeff Hammond (Longyuan)
Michelle Gardner (NextEra Energy)
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