



JUNE 29, 2023

Long-Term Request for Proposals (LT1 RFP) Procurement Update

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Agenda

- Expedited Long-Term RFP Final Results
- Draft LT1 RFP/Contract – Key Design Aspects
 - Closed Design Items
 - Open Issues – IESO Proposals
 - Ministry of Energy – Indigenous Participation and Consultation
 - Outstanding Items
- Stakeholder feedback and next steps



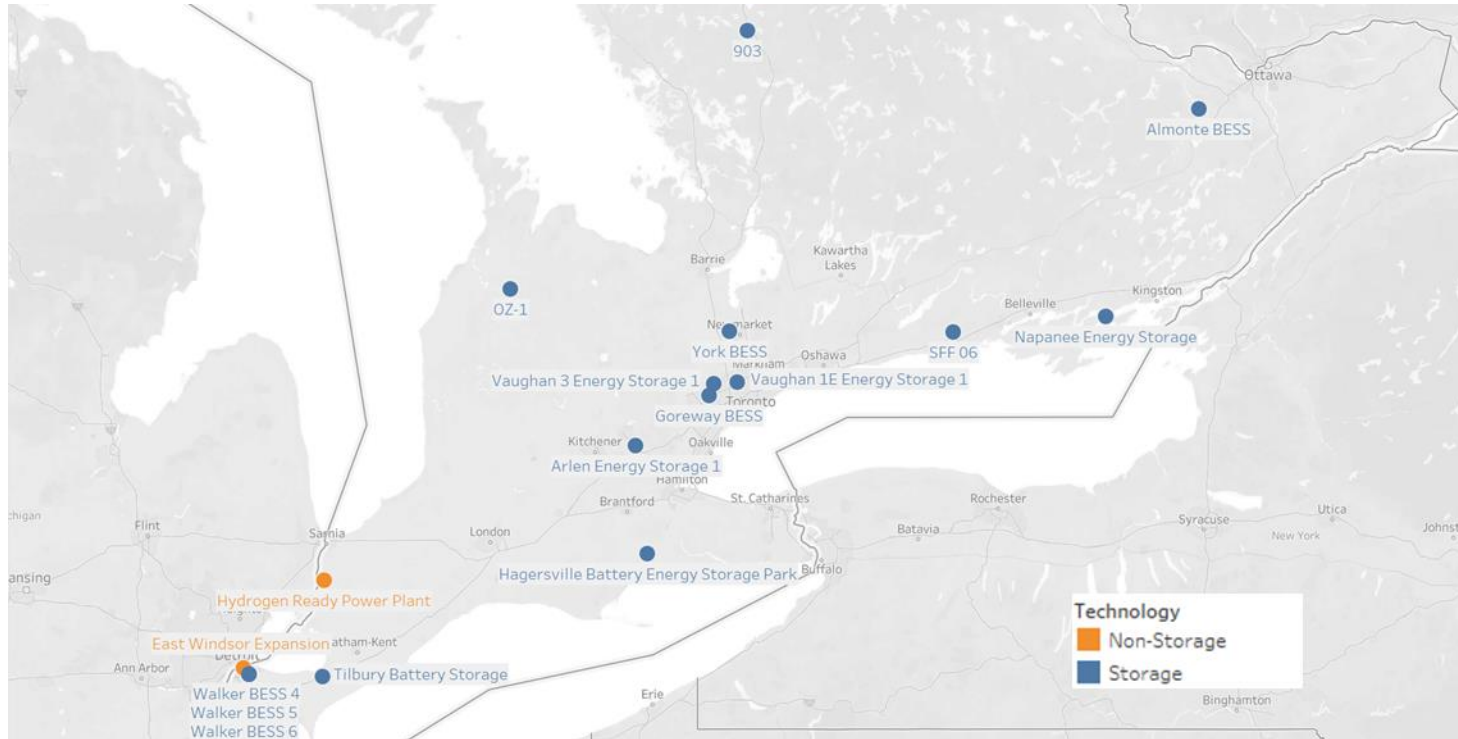
Expedited Long-Term (E-LT1) RFP Final Results

E-LT1 RFP High Level Results

	Number of Projects	Maximum Contract Capacity (MW)
Proposals Received	44	3,335.9
Non-Storage Contracts Awarded	2	295
Storage Contracts Awarded	15	881.7
Storage Category 1	7	739.2
Storage Category 2*	8	142.5
Total Contracts Awarded	17	1,176.7

*Storage Category 2 contracts have been offered, not yet executed

E-LT1 Successful Projects



E-LT1 RFP Key Insights – All Proposals

	Non-Storage	Storage	Total
All Proposals	9	35	44
Opted for MCIA	3 (33%)	7 (20%)	10 (23%)
Opted for FSAF	N/A	3 (9%)	N/A
Provided Municipal Support Resolution (MSR)	6 (67%)	16 (46%)	22 (50%)
Provided Blanket MSR	1 (11%)	2 (6%)	3 (7%)
Provided Confirmation Letter	2 (22%)	10 (29%)	12 (27%)
No Municipal Support Provided ¹	0 (0%)	7 (20%)	7 (16%)

¹No Municipal Support provided prior to Proposal Submission; still required post contract award

E-LT1 RFP Key Insights – Successful Proposals

	Non-Storage	Storage	Total
Successful Proposals	2	15	17
Opted for MCIA	1 (50%)	3 (20%)	4 (24%)
Opted for FSAF	N/A	0 (0%)	N/A
Provided Municipal Support Resolution (MSR)	2 (100%)	9 (60%)	11 (65%)
Provided Blanket MSR	0 (0%)	1 (7%)	1 (6%)
Provided Confirmation Letter	0 (0%)	4 (27%)	4 (24%)
No Municipal Support Provided ¹	0 (0%)	1 (7%)	1 (6%)

¹No Municipal Support provided prior to Proposal Submission; still required post contract award

E-LT1 RFP Pricing

	Summer Contract Capacity (MW)	Winter Contract Capacity (MW)	Weighted Average Proposal Price (\$/MW-Business Day)
Non-Storage	256	295	\$1,093.22
Storage ¹	881.7	881.7	\$881.09

Note: Only those Proposals evaluated in Stage 4 are included in the above values

¹ Includes Storage Category 1 and Storage Category 2 Proposals



Draft LT1 RFP/Contract – Key Design Aspects

Draft LT1 RFP/Contract – Key Design Aspects

Closed Design Items

- Rated criteria: location
- Market rule changes

Open Issues – IESO Proposals

- Timeline and COD
- Procurement targets
- Eligible Expansions
- Community engagement
- Municipal Support Resolutions
- MCIA/FSAF
- Rated criteria
- Indigenous consultation

Outstanding Items

- CIB
- Proponent Group Award Limits

Commercial Operation Date (COD) and Early COD Payment Multipliers

Based on feedback received from stakeholders regarding development timelines, in addition to changes in system reliability needs following the conclusion of the E-LT1 RFP, IESO proposes (subject to Government Directive):

- Modifying LT1 RFP COD to **May 1st, 2028**
- Incorporating similar **Early COD Payment Multiplier** from the E-LT1 RFP:

Commercial Operation Date	Early COD Payment Multiplier
On or before May 31, 2027	1.5
June 1, 2027 – December 31, 2027	1.4
January 1, 2028 – April 30, 2028	1.2

LT1 RFP Schedule

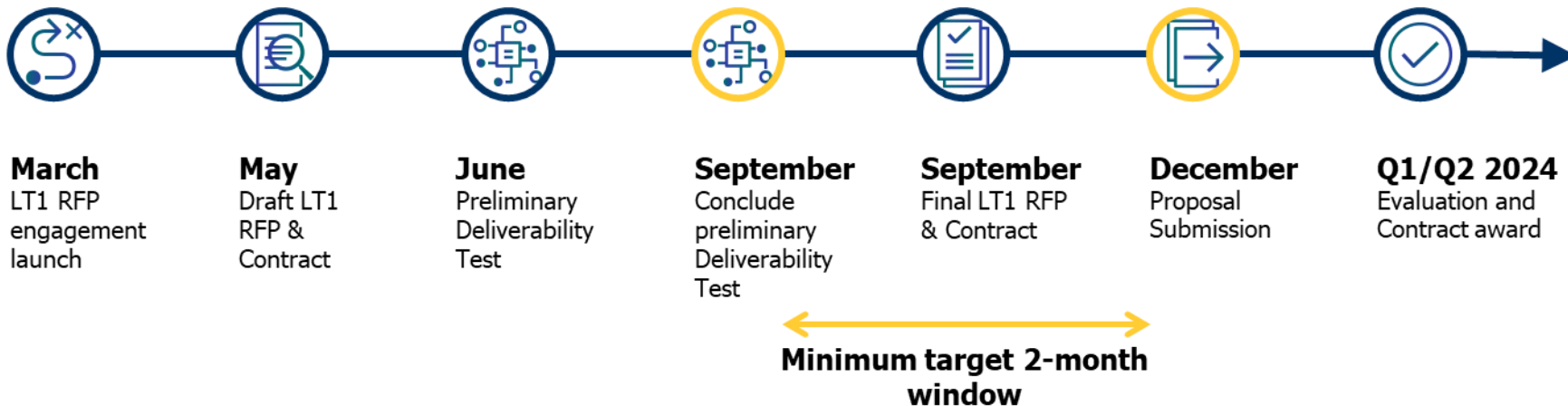
LT1 RFP Milestone	Previously Communicated Target	Revised Date*
Deliverability Test Results	September 2023	September 18, 2023 (Additional time may be required given volume of applicants)
Final LT1 RFP and Contract Posted**	September 2023	September 29, 2023
Proposal Submission Deadline	November 2023	December 12, 2023
Target Date for announcement of Selected Proposals	Q1/Q2 2024	April - June 2024 (Volume dependent)
LT1 Contract COD**	May 1, 2027	May 1, 2028

*Schedule subject to change

**Subject to Government Directive)

LT1 RFP Timeline

In response to stakeholder concerns regarding development timelines, as well as revised reliability assumptions, the IESO is **proposing to modify COD for the LT1 RFP to May 1st, 2028**. All other timelines remain the same.



Revised LT1 Procurement Targets

The IESO is proposing to **increase LT1 RFP procurement targets** to account for the final results of the E-LT1 RFP

	Non-Storage Capacity (MW)	Storage Capacity (MW)	Total Capacity (MW)
E-LT1 RFP Target	600	900	1,500
E-LT1 RFP Results	295	882	1,177
E-LT1 RFP Remainder	305	18	323
Original LT1 RFP Target	600	1,600	2,200
Revised LT1 RFP Target	905	1,600*	2,505

*Reserved right to accept marginal bid above target; not necessary to add 18 MW Storage remainder

Eligible Expansions – Broadened Definition

The IESO is proposing the following addition to the definition of an **Eligible Expansion**:

- Separately metered additional generation or storage units having the same Connection Point as that of the Eligible Existing Facility; or
- Separately metered additional generation or storage units having a different Connection Point than that of the Eligible Existing Facility, but which are physically located within **or adjacent to** the boundaries of the Project Site on which the Eligible Existing Facility is located

Community Engagement

Based on feedback received from communities, as well as lessons learned from the E-LT1 RFP evaluation process:

- The IESO has made the requirements for Community and Indigenous Engagement (section 2.1(f) of the LT1 RFP) more clear and explicit:
 - Public community meetings must be made available to members of the public at large, collectively. Not in targeted one-on-one meetings.
 - Proponents are encouraged to ensure that timestamps are included on all supporting documentation (e.g. screenshots), to allow independent evaluators to be able to verify the veracity of information provided

Municipal Support Resolutions

Based on feedback received from stakeholders regarding development timelines:

- Maintaining similar framework as for the E-LT1 RFP; **Municipal Council Support Resolutions can be provided after proposal submission** (where rated criteria points not awarded)
- However, rated criteria points will still be awarded to proposals that have obtained Municipal Council Support Resolutions prior to Proposal Submission

FSAF and MCIA

Based on final E-LT1 RFP results:

- Less than 10% of Storage Proposals opted to use the Facility Spread Adjustment Factor; **FSAF has been removed from the LT1 RFP**
- 23% of all proposals opted to use the Materials Cost Index Adjustment; **MCIA options will remain unchanged for the LT1 RFP**

Rated Criteria – Duration of Service

The results of the E-LT1 RFP showed that duration based points had no impact given the bifurcation between storage and non-storage (all storage proposals had 4 hour durations); therefore:

- The IESO Proposes to **remove duration based rated criteria** points
- Acknowledging the bifurcated nature of the procurement, the IESO proposes to simply introduce mandatory **4 hour minimum duration** for storage projects and **8 hour minimum duration** for non-storage projects; will be reflected in Capacity Check Test durations for the respective categories

Rated Criteria – Revised Calculation

Given reduction in rated criteria categories, the IESO may adjust the evaluation criteria weighting in the formula in section 4.4(d)(iii) in the LT1 RFP so that the **impact of each remaining rated criteria category** on the Evaluated Proposal Price remains similar to the E-LT1 RFP.

Rated Criteria Categories for LT1 RFP:

Rated Criteria Category	Available Points
Local Governing Body Support	3
Indigenous Participation	3

Ministry of Energy – Indigenous Participation & Duty to Consult

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Rated Criteria – Indigenous Participation

Creating opportunities for Indigenous leadership and participation in the procurement of new electricity capacity is a way to support economic development opportunities for Indigenous communities and to advance steps towards reconciliation.

Similar to the E-LT1 process, the LT1 RFP will include rated criteria points for proponents that have certain levels of economic participation by Indigenous communities, as defined in the LT1 RFP.

As outlined on slide 21, it is proposed that **3 points** be available for Indigenous Participation.

- **1 point** for an Indigenous economic interest of between 10% and <50% and **2 points** for an Indigenous economic interest greater or equal to 50% Indigenous economic interest.
- Note: if project is located on Indigenous Lands (as defined in the LT1 RFP), the Indigenous economic interest will only include the equity interest of the Indigenous Community (on whose land the project is to be sited).

Rated Criteria – Indigenous Participation

One (1) additional rated criteria point is being considered for those projects with an Indigenous economic interest above 10% that are proposed to be sited on:

- a) The Indigenous Lands, as defined in the LT1 RFP, of such Indigenous community, **OR**
- b) Lands within the treaty area, or the established or asserted traditional territory or homeland of such Indigenous community. **[Proposed change for LT1]**
 - This would require an attestation from a natural person with authority to bind such Indigenous community attesting to the status of such lands.

Indigenous Engagement & Consultation



Projects procured under the LT1 RFP may have the potential to impact Aboriginal or treaty rights protected under section 35 of the *Constitution Act, 1982*.

Early engagement with Indigenous communities is important for understanding any potential impacts of the proposed projects and identify early on how those impacts can be appropriately mitigated or accommodated, as appropriate.

Like the expedited RFP, proponents will be required to submit a Community and Indigenous Engagement Plan with their RFP submission.

Indigenous Consultation: LT1 Contract Changes



Typically, Indigenous consultation requirements are fulfilled through the environmental approvals required for the project. However, some technology types are not subject to a provincial environmental approvals framework that the Crown may rely on to fulfill its duty to consult. This includes certain **standalone battery storage projects**.

For such project types only, the Ministry of Energy intends to direct the IESO to include Indigenous consultation requirements in the LT1 contract. The following process is proposed:

1. Once LT1 Contracts are signed, contract counterparties would contact Ministry of Energy to determine if their project has the potential to impact Aboriginal or treaty rights.
2. If the Ministry of Energy determines that a duty to consult is owed, the ministry would delegate the procedural aspects of consultation to the proponent and identify which Indigenous communities should be consulted.

Indigenous Consultation: LT1 Contract Changes



3. Proponent consults with Indigenous communities and submits its records of its Indigenous consultation to the Ministry of Energy for review.
4. The ministry will review the consultation records to ensure that the proponent's efforts have been sufficient, and will issue a letter to the proponent confirming so or else follow up with any outstanding questions or guidance on specific issues identified
5. The proponent will provide confirmation to the IESO that any procedural aspects of consultation delegated to the proponent have been undertaken to the satisfaction of the Ministry of Energy.

This process would only apply to those technology types that are not subject to a provincial environmental approvals framework that the Crown may rely on to fulfill its duty to consult, such as **standalone battery storage projects**.

Indigenous Consultation: Delegation Letter



The Ministry of Energy would delegate the procedural aspects of consultation to proponents via letter, which will outline all of the consultation expectations of the proponent.

- Proponents who have undertaken the Class EA for Minor Transmission Facilities Screening process in relation to the project's connection facilities will be familiar with the approach taken by the Ministry in delegating the procedural aspects of the Crown's duty to consult.
- A standard delegation letter template will be made available. |

Draft LT1 RFP/Contract – Key Design Aspects

Closed Design Items

- Rated criteria: location
- Market rule changes

Proposed Design Items

- Timeline and COD
- Procurement targets
- Eligible Expansions
- Community engagement
- Municipal Support Resolutions
- MCIA/FSAF
- Rated criteria
- Indigenous consultation

Outstanding Design Items

- CIB
- Proponent Group Award Limit

CIB Involvement in LT1 RFP

The IESO continues to engage in dialogue with the CIB and aims to provide clarity as early as possible

Proponent Group Award Limit

Stakeholders requested that the IESO re-examine the maximum project threshold and Group Award Limits used in the E-LT1 RFP:

- Maximum project threshold will remain at 10 per Qualified Applicant
- IESO is proposing to increase the **Group Award Limit for Storage Proposals from 600 MW to 900 MW**
- However, the IESO is still considering modifications to the Group Award Limit for Non-Storage Proposals based on feedback received



Stakeholder Feedback and Next Steps

Stakeholder Feedback – RFP Design

The IESO is seeking feedback on:

- Revised COD of May 1st, 2028
- Revised procurement targets
- Changes to rated criteria
- Inclusion of the MCIA in the LT1 RFP
- Changes to Proponent Group Award Limit

Next Steps – Stakeholder Feedback

- The IESO invites stakeholders and Indigenous communities to provide written feedback on the LT1 RFP process and design considerations by **July 13th, 2023**
- All written feedback should be submitted to engagement@ieso.ca

Next Steps – Upcoming Milestones

Date	Milestone
June 30 th , 2023	New draft LT1 RFP and Contract posted
June 30 th , 2023	Support Resolution Prescribed Forms posted
July 13 th , 2023	Deadline for feedback on June 29 th engagement session

Thank You

ieso.ca

1.888.448.7777

customer.relations@ieso.ca

engagement@ieso.ca



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