

Stakeholder Feedback and IESO Response

Long-Term 2 RFP (LT2 RFP) Guidance Document – April 18, 2024

Following the LT2 RFP Guidance Document webinar on April 18, 2024, the Independent Electricity System Operator (IESO) invited stakeholders to provide feedback to provide comments and feedback on the materials presented.

The presentation materials and stakeholder feedback submissions have been posted on the IESO stakeholder engagement webpage for this engagement. Please reference the feedback forms for specific feedback. The IESO has addressed this feedback by grouping the feedback received into themes, which is presented in the following table.

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LT2 RFP Design Considerations – Deliverability

Stakeholders indicated that information sharing delays by the IESO would present timeline risks, particularly those for obtaining municipal support resolutions. Specific feedback on the IESO’s framework and approach is summarized below.

| Feedback / Common Themes | IESO Response |
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| Provide detailed system mapping – Need to provide better visibility of the geographical locations of equipment and limitations. | The IESO is working with HONI to develop a process to provide geographical mapping of the transmission system to the interested parties and complement the Preliminary Connection Guidance document. |
| Update Guidance Document with LT1 RFP projects – Confirm impact of including ELT1 and LT1 RFPs storage projects | The IESO will provide a version 2 of the Preliminary Connection Guidance document, which will reflect the impact of LT1 RFP projects. The results of the E-LT1 RFP have already been taken into consideration in the published version of the Preliminary Connection Guidance document. |
| Circuit limitations are restrictive – Proponents have indicated that current bright line limitations may restrict economically viable projects. | These initial limits for the Preliminary Connection Guidance document are based on our current experience with existing renewable resources that are connected to the system. We understand the desire of proponents to have higher limits and will explore increasing these values for the version 2 release of the document. It should also be noted that larger projects could connect to two parallel circuits or directly into stations, if feasible. |

Feedback / Common Themes**IESO Response**

The IESO should conduct a pre-deliverability test prior to the LT2 RFP proposal evaluation stage – A few stakeholders indicated that forgoing a preliminary deliverability test would place uncertainty on developers as they would need to deploy development capital and resources ahead of understanding their project’s deliverability status.

The Preliminary Connection Guidance Document is intended to replace the pre-submission assessment used in ELT1 and LT1 RFPs.

While the IESO recognizes the value of conducting deliverability or feasibility tests ahead of proposal submission, it also recognizes that in addition to being time consuming, this process' effectiveness is limited by the volume of applications and the point in time nature of the test.

Given that parties require significant time to select viable sites for the LT2 RFP and work with local communities, the IESO believes that providing early transparent information, providing individual consultations to developers and testing projects at the Proposal evaluation stage aligns best with the LT2 RFP timelines and site selection activities.

Overly conservative analysis – Analysis only considers minimum demand in 2030; however, the facility will be operating for 20 years.

The analysis has considered a set of reasonable assumptions, all for year 2030. While we agree that the facility will operate beyond 2030 and system conditions will keep evolving, we believe it is prudent to have made LT2 RFP decisions based on the 2030 conditions, when the facility comes into service, and capture future system changes in subsequent procurements.

Connection into new circuits - Lack of any estimate of connection capability for new transmission circuits expected to come into service by 2030

The analysis considered all future transmission reinforcements with an expected in-service date in 2030 or earlier for the purpose of energy transfer deliverability. The only restriction is the connection directly into the new transmission with 'an in-service date beyond December 31, 2029, as confirmed by the transmission developer at the time of the proposal submission deadline'. This is to minimize the risk of procuring new resources that may not be able to connect due to potential delays with the new transmission projects.

| Feedback / Common Themes | IESO Response |
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| <p>Include system upgrades as part of submission – Consider allowing system upgrades or alternatives with new resource connections as part of bids to enable more connection options</p> | <p>The IESO will continue to consider including system upgrades as a part of proposal submissions for future procurements, as well as under the recently announced Long Lead Time Resources Procurement stream</p> <p>Upgrades that would make projects deliverable are generally bulk system upgrades that require significant studies to confirm the optimal solutions, and longer lead times to implement, that would likely result in delay of in-service dates and energy delivery</p> |
| <p>Deliverability test methodology – Proponents have requested more details on the IESO's deliverability test methodology.</p> | <p>The Evaluation Stage Deliverability Test methodology will follow the completion of the version 2 release of the Preliminary Connection Guidance Document. The IESO is targeting a draft of the methodology for the end of July.</p> |
| <p>Land acquisition - Some proponents have highlighted issues they are facing with acquiring lands for the LT2 RFP.</p> | <p>The IESO appreciates the feedback provided but notes that this subject is out of scope of the deliverability guidance document.</p> |
| <p>Provide specific limitations and capabilities – Based on what is achievable in terms of IBR limits, not just bright line limits.</p> | <p>For version 2 update of the document, the IESO will explore increasing these values.</p> <p>Providing IBR limitations for each circuit at this time would not provide value as IBR limitations are highly dependent on the location and size of other IBR facilities connecting to circuits nearby.</p> <p>Therefore, IBR limitations were grouped into bright line limits for the particular zone/area as only so many projects can be on those groups of circuits. Circuit limitation guidance looked at the other limitations (thermal) on a per circuit basis.</p> |

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| <p>How is the 50 km short circuit limit determined - How does risk change with distance?</p> | <p>This was suggested as an approximation by Hydro One based on technical assessment. The risk that a project impacts short circuit limitations at a particular station lessens with electrical distance along the transmission line(s); making the impedance larger between the project and the station.</p> |
| <p>Connection to 500 kV circuits – Are the 500kV circuits available to connect or not?</p> | <p>As stated in section 5.4 of the Guidance document, connection to 500 kV circuits should be avoided for LT2 Procurement.</p> <p>In the April 18th webinar it was explained that if the proponents believe they have a good case for their project to connect to the 500kV system they should discuss with Hydro One.</p> |
| <p>Larger projects outside of limits provided in the Preliminary Connection Guidance document – If a larger project is submitted, how will projects be evaluated? Provide more information on deliverability tests and assumptions.</p> | <p>All projects, regardless of size, will be evaluated based on the Evaluation Stage Deliverability test, which will have a methodology similar with the principles and criteria used and described in the Preliminary Connection Guidance document. While projects that exceed the limitations presented in the Preliminary Connection Guidance document could be deemed deliverable, there is a higher risk for those proposals to be deemed not deliverable during the Evaluation Stage Deliverability test.</p> |
| <p>Risk of Extreme Concentration of Projects in Certain Locations and Communities – Proponents are concerned that, through the conservative assessment process, the IESO is encouraging many proponents to develop in a limited number of small pockets in the province.</p> | <p>The connection availability presented in the Preliminary Connection Guidance document indicates there are multiple locations that could accommodate LT2 RFP projects and meet the RFP procurement targets.</p> |
| <p>Flexibility to adjust connection arrangement - How much flexibility there is to adjust connection arrangement and project design following contract award</p> | <p>The IESO is considering how project design may be adjusted after contract award in a manner that ensures fairness and transparency, while supporting project development and resource adequacy. A response will be forthcoming at a future engagement session.</p> |

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| <p>LDC coordination – to provide a consistent approach for Dx connected projects</p> | <p>Although ideal, this is not something that the IESO has complete control over. The IESO will consider what else can be done to assist LDCs in this manner.</p> <p>In the April 18 webinar, it was explained that the guidance document focuses on providing connection information for the transmission system, which is upstream of the distribution stations and the connection limitations within them.</p> <p>Proponents are encouraged to reach out to the distributors as early as possible to understand the potential limitations for distribution connection.</p> |
| <p>Information sharing - delays by the IESO could present timeline risks, particularly those for obtaining municipal support resolutions.</p> | <p>The IESO is trying its best to provide early transparent information in a timely manner to minimize risks to meeting their timelines. The overall procurement timeline for the LT2 energy stream can be found in Section 1 of the LT2 Guidance Document.</p> |