



January 20<sup>th</sup>, 2023

Lesley Gallinger  
President and Chief Executive Officer  
Independent Electricity System Operator  
120 Adelaide Street West  
Suite 1600  
Toronto, ON M5H 1T1

Re: Procurement of Expedited Long-Term Electricity Reliability Services (“E-LT1 RFP”)

Dear Ms. Gallinger:

At the Canada Infrastructure Bank (“CIB”) our purpose is to invest in projects that might not otherwise happen, and which provide benefits to Canadians, including reducing greenhouse gas (“GHG”) emissions. The CIB understands the important role electricity storage resources will play in ensuring the reliability and responsiveness of Ontario’s electricity grid, while contributing to GHG emission reduction. In particular, non-emitting battery storage is an important technology that enables the energy transition and decarbonization. We recognize the leadership role the Independent Electricity System Operator (“IESO”) and the Province of Ontario (“Ontario”) are taking within Canada through this procurement, to build-out this technology on such a large scale. The CIB is dedicated to working with the IESO to maximize the use of non-emitting storage technologies to meet reliability needs and while keeping costs competitive.

The objective of the CIB is to ensure that such non-emitting storage projects achieve commercial operation, and are not forgone at the expense of cheaper emitting alternatives. We seek to allocate an optimal amount of capital where it is most needed to support our desired outcomes, taking into account the evolving commercial and regulatory environment and other programs and incentives, including the Federal Government’s recently announced Clean Technology Investment Tax Credit, which we expect will have a significant impact on reducing the costs of these projects. That said, given the accelerated timeline of your current procurement process, and the significant uncertainty of proposal prices, the CIB proposes to work with the IESO and selected bidders post bid submission to the extent necessary to bring the portfolio of projects as close as possible to parity with alternative, GHG emitting technologies. Under our agreed approach, the IESO will refer a subset of high-priced proposals to the CIB, and we could offer a standard financing package in order to reduce any cost gap and potentially move the projects forward.

The CIB appreciates the concerns and challenges the IESO has around timing and will continue to work towards a mutually acceptable solution while respecting fairness and procurement integrity. Our teams have worked well together to map out the detailed process and timeline for the CIB to offer its financing solution, without impacting the IESO’s critical path, and will continue to work closely with you to ensure this.

**Canada Infrastructure Bank**

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We look forward to engaging in future discussions and keeping proponents appropriately informed. The CIB remains committed to supporting the IESO and its build out of new electricity storage resources, helping to decarbonize the electricity grid while contributing to ratepayer affordability.

Sincerely,

A handwritten signature in black ink, appearing to read "Ehren Cory". The signature is fluid and cursive, with a large initial "E" and a stylized "C" at the end.

Ehren Cory, Chief Executive Officer  
Canada Infrastructure Bank