



# IESO E-LT1 Procurement CIB Investment Overview

January 27, 2023

# Background<sup>1</sup>

- The Canada Infrastructure Bank (“**CIB**”) is a federal Crown corporation working with federal, provincial, territorial, municipal and Indigenous sponsors and private sector investors to explore innovative approaches to financing and delivering new revenue-generating infrastructure while benefiting Canadians and attracting private capital.
- The CIB is responsible for investing \$35B across five priority sectors – Public Transit, Clean Power, Green Infrastructure, Broadband, and Trade and Transportation. Projects that are in the Clean Power sector must achieve greenhouse gas (“**GHG**”) reductions in order to qualify for CIB investment.
- The CIB understands the important role Electricity Storage Facilities will play in ensuring the reliability and responsiveness of Ontario’s electricity grid, while contributing to GHG emission reductions. In particular, non-emitting Electricity Storage Facilities are an important technology that enables the energy transition and decarbonization.
- The Independent Electricity System Operator (the “**IESO**”), Province of Ontario (“**Ontario**”), and the CIB have been continuing discussions about how best to provide targeted support for the expedited procurement process (the “**E-LT1 RFP**”), of which at least 900 megawatts (“**MW**”) of capacity are targeted to be procured from Electricity Storage Facilities (each a “**Project**”), given the expected availability of the Clean Technology Investment Tax Credit (“**ITC**”) from the Federal Government.

<sup>1</sup> All capitalized terms not defined herein have the meaning given to it in either the E-LT1 RFP or E-LT1 Contract.

*The material in this presentation has been prepared by the Canada Infrastructure Bank and is given in a summary form and does not purport to be accurate or complete.*

## Process

- As per the update provided to bidders by the IESO on January 24, 2023, the CIB will work with the IESO and bidders (“**Proponents**”) after the February 16<sup>th</sup> E-LT1 RFP proposal submission deadline to the extent necessary to reduce the contract price of the Projects.
- As per the amended *Section 4 – Proposal Evaluation* of the E-LT1 RFP, the IESO will issue a Storage Category 2 Notice to all Proponents in the Storage Category whose Proposal Price is above the Storage Threshold Price (“**Storage Category 2 Proponents**”).
- The Storage Category 2 Proponents will be eligible to obtain an offer of investment from the CIB during the below CIB Investment Offer Period and submit a Revised Proposal Price to the IESO.
- In order to develop a uniform offer of investment for Storage Category 2 Proponents, the CIB will need to collect information from the Storage Category 2 Proponents. In lieu of obtaining bid submission models, an Excel-based worksheet (the “**Worksheet**”) will be used to collect this information.

Day	Description	Responsibility
Business day (“ <b>BD</b> ”) 0	IESO issues Storage Category 2 Notice to applicable Storage Category 2 Proponents.	<b>IESO</b>
Within 5 BD	The CIB will provide the uniform offer of investment to Storage Category 2 Proponents within 5 BD of receiving the Storage Category 2 Notice and a completed Worksheet. Proponents are encouraged to provide their Worksheet in advance to avoid delays.	<b>CIB</b>
BD 6 to 20	Storage Category 2 Proponents will review the CIB’s uniform offer of investment and develop a Revised Proposal Price.	<b>Storage Category 2 Proponents</b>
BD 21	Storage Category 2 Proponents will submit their Revised Proposal Price to the IESO.	<b>Storage Category 2 Proponents</b>

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# CIB Uniform Offer of Investment

- The CIB's uniform offer of investment will be determined based on the identification of Storage Category 2 Proponents and the receipt of Worksheets.
- The offer will be standardized on a \$ / MW basis.

Term	Description
<b>CIB Product</b>	Standard investment product offered to eligible Storage Category 2 Proponents.
<b>Eligible Assets</b>	New build non-emitting Electricity Storage Facilities.
<b>Eligible Projects</b>	Projects must be: <ul style="list-style-type: none"> <li>• Greater than 35 MW in Nameplate Capacity with Indigenous Community Economic Interest less than 50%, or;</li> <li>• Greater than 10 MW in Nameplate Capacity with Indigenous Community Economic Interest greater than or equal to 50%.</li> </ul>
<b>Private Capital Requirements</b>	At least: <ul style="list-style-type: none"> <li>• 20% equity from non-government / crown corporations; or</li> <li>• 50% non-recourse private debt.</li> </ul>
<b>Contribution Amount</b>	To be determined based on the identification of Storage Category 2 Proponents, however: <ul style="list-style-type: none"> <li>• Project capital costs must be incurred prior to the Commercial Operation Date;</li> <li>• The CIB's investment will be made available on a non-revolving basis;</li> <li>• The CIB's investment will be made pro-rata with other sources of Storage Category 2 Proponent capital; and</li> <li>• Minimum equity requirement will mirror requirements imposed by senior lenders.</li> </ul>
<b>Use of CIB Investment</b>	At least 90% of the CIB's investment must be passed on to Ontario ratepayers, and therefore, used by Storage Category 2 Proponents to reduce their Proposal Price (reflected in their Revised Proposal Price).
<b>ITC</b>	100% of the ITC will be used in whole to reduce or repay the CIB investment when received.
<b>Independent Consultants</b>	The CIB will seek to work with existing independent consultants (including independent engineer and insurance consultant) in respect of Project due diligence. The CIB will retain external legal counsel at its own cost.

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## Storage Category 2 Worksheet

- The Worksheet will be posted to the Long-Term RFP website.
- Storage Category 2 Proponents that do not submit a Worksheet to the CIB will not receive a uniform offer of investment.

Timing	Contents	Confidentiality
<ol style="list-style-type: none"> <li>1. The Worksheet will be provided to all Proponents by the February 9, 2023, RFP Addenda deadline</li> <li>2. The CIB will provide the uniform offer of investment to Storage Category 2 Proponents within 5 BD of receiving the Storage Category 2 Notice and a completed Worksheet. Proponents are encouraged to provide their Worksheet in advance to avoid delays.</li> </ol>	<p>The Worksheet will require Storage Category 2 Proponents to provide certain information and assumptions, for example:</p> <ul style="list-style-type: none"> <li>• Sources and uses of funding during construction;</li> <li>• Revenue mix;</li> <li>• Operating expenses;</li> <li>• Augmentation and degradation;</li> <li>• Financing structure, cost of capital and Indigenous Economic Interest; and</li> <li>• Project size, location, and sponsorship.</li> </ul>	<ul style="list-style-type: none"> <li>• The completed Worksheets will be held in a secure electronic folder with access limited to members of the CIB transaction team</li> </ul>

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# Thank you

**Contact us at [investments@cib-bic.ca](mailto:investments@cib-bic.ca)**

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