

# LT1 RFP Question and Comment Period – Batch 2 (November 21, 2023)

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## Questions and Comments

The following document summarizes IESO responses to the first batch of questions and comments submitted to the IESO in respect of the final LT1 RFP documents posted on September 29th, 2023, that were submitted pursuant to section 3.2(a) of the Long Term 1 Request for Proposals (LT1 RFP) prior to the Question and Comment Deadline.

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### Defined Terms

Capitalized terms used in the IESO Responses in this document, unless otherwise defined herein have the meaning given to such terms in the LT1 RFP.

## Document Change History

Version	Reason for Change	Date
1	LT1 RFP Question and Comment Period – Batch 2 posted	November 10, 2023
2	Updated response to question #21c.	November 21, 2023

## LT1 RFP

Question/Comment	IESO Response
<p>1. We have a quick question for you.</p> <p>With our outreach, we have received feedback from an organization that a portion of our Project name is trademarked. We would like to change the name of our project so that there are no issues moving forward.</p> <p>Our question is how you would like us to handle this name change since our public notices have all gone out with the trademarked Project name and we want to make sure our bid follows your rules? We don't want our bid to be disqualified if our public meeting notices don't have the new project name on them.</p> <p>Thanks for your help!</p>	<p>See question #20 in <a href="#">LT1 RFP Question and Comment Period Batch 1</a>.</p>
<p>2. Question 18 in the LT1 Deliverability Test FAQ (June 13, 2023) asked about flexibility related to the GPS location of the Connection Point, specifically if the GPS point identified on a circuit could be slightly altered while connecting to the same circuit (eg. connecting ~2km from the specified GPS point on the same circuit). The IESO responded specifying that the Connection Point submitted in the Proposal must be consistent with the Connection Point reflected in the Deliverability Test results, so that the Deliverability Test result stays firm. The IESO went on to add that there are no limitations related to GPS coordinates for the connection point. This led proponents to believe that as long as the connection configuration did not change (i.e. the same capacity connecting to the same circuit), the GPS coordinates of the Connection Point could change slightly from GPS coordinates submitted through the Deliverability Test.</p>	<p>a) See question #1 in <a href="#">LT1 RFP Question and Comment Period Batch 1</a>.</p> <p>b) GPS coordinates of the Connection Point are not required to be specified in Exhibit A (or any other section) of the Contract. Only the name(s) of the circuit(s) and/or switching/transformer station that the Project is connecting to are required. In order to meet the requirements of Article 2.5(a)(i)(B) of the Contract, the Independent Engineer must confirm that the Connection Point, as-built, is as described in Exhibit A.</p> <p>c) GPS coordinates included on page 2 of the Deliverability Test are included in the information referenced under section 2.1(e)(iii) of the LT1 RFP - see question #1 in <a href="#">LT1 RFP Question and Comment Period Batch 1</a> as well as item (b) of this question above.</p>

Question/Comment	IESO Response
<p>On September 11, 2023, the IESO reconfirmed in item 3.8 of their FAQ that the LT1 RFP required the Connection Point to be consistent between the Deliverability Test Results and the LT1 RFP Proposal. The IESO noted that the Connection Point for connection to the transmission system is defined as “the electrical point or points of connection”.</p> <p>With these clarifications in mind, we’d like clarity on the following:</p> <p>a) Within the Prescribed Form “Proponent Information, Declarations and Workbook”, Proponents are required to declare that information in relation to the Connection Point in respect of the project is consistent with that which is reflected in the Deliverability Test. The Deliverability Test result states “The information included below with respect to the Connection Point of the facility, including the GPS coordinates, will be used for the purpose of any Deliverability Test conducted with respect to the project under Stage 5 of the RFP.” GPS coordinates are bolded for emphasis. Please confirm if proponents can declare that the information in relation to the Connection Point is consistent with the Deliverability Test if the GPS coordinates submitted within the proposal slightly differ from those included within the Deliverability Test, provided that the Deliverability Test result does not change.</p> <p>b) Please clarify if the GPS coordinates of the Connection Point, interconnection location and/or project site are required to be identified in Exhibit A (Facility Description) of the LT1 Contract. If no GPS coordinates are required, please clarify how the Independent Engineer will verify that the</p>	

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<p>Connection Point of the Facility is at the location specified in Section 2.5(a)(i)(B) of the Contract. If GPS coordinates of the Connection Point are required, please confirm whether the GPS coordinates need to match the GPS coordinates identified on the 2nd page of the Deliverability Test results exactly.</p> <p>c) Please confirm if the GPS coordinates included on page 2 of the Deliverability Test result are included in “the information in relation to the Connection Point” under Section 2.1 (e) (iii) of the contract.</p>	
<p>3. Following up on my question below to see if you can provide an answer.</p> <p>In addition, we’ve noted that the Access Right Declaration form stipulates that proponents must provide a statement of unconditional right to build, operate, and maintain the project on the subject lands when they are not the landowner. As a municipal agency, we are required to seek Municipal Council approval before finalizing long-term leases of the nature that is required for this project. Accordingly, we will likely be unable to provide a statement of unconditional right to build, operate, and maintain a project on our land until such time as Council has reviewed the project, which may be after the deadline for LT1 RFP submissions. We would instead provide a letter indicating the right to build the project contingent on final approval from Council.</p> <p>Can you confirm whether this would be acceptable to the IESO?</p>	<p>No, the approach as described would not be acceptable for the purposes of meeting the Mandatory Requirements of the LT1 RFP.</p> <p>In order to pass Stage 2 – Mandatory Requirements of the Proposal evaluation, Proponents are required to provide evidence of access rights to all Properties that are included in the Project Site by submitting the Prescribed Form: Access Rights Declaration no later than the Proposal Submission Deadline.</p> <p>In the event that the Proponent is not the registered owner of one or more Properties that form the Project Site, the Proposal must include a letter signed by the title holder for each unowned Property which indicates that the Proponent has contractual rights to acquire the Property, or contractual rights to build, operate and maintain the Long-Term Reliability Project on the Property if it is selected as a Selected Proponent. Such title holder’s statement may not otherwise be qualified or conditional. See section 3.6(c)(i)(Item #4) in the LT1 RFP and the Prescribed Form: Access Rights Declaration.</p>
<p>4. Per my note below, it has recently come to the attention of our municipality that a Proponent is proposing battery storage</p>	<p>At this time, in order to maintain the integrity of the LT1 RFP process, the IESO is observing a strict communication protocol.</p>

Question/Comment	IESO Response
<p>facilities at two locations. I hope to schedule a call with the IESO to understand the long-term storage RFP process, if there are any other projects being proposed our municipality and how we can best participate.</p> <p>I am also wondering if your presentation materials from the AMO conference are available.</p>	<p>For a listing of proposed projects by zone, please see the <a href="#">LT1 Deliverability Test Results</a> on the LT1 RFP website. For additional resources, such as IESO conference materials, please contact <a href="mailto:communityengagement@ieso.ca">communityengagement@ieso.ca</a>.</p>
<p>5. Our project received a deliverability result of Deliverable but Competing for a project size of 120 MW. Would we be able to downsize this project using the same ID for the application?</p>	<p>Yes, the Maximum Contract Capacity submitted into the LT1 RFP for a Long-Term Reliability Project may be less than or equal to the capacity assessed and documented for it in the Deliverability Test results. See question #4 of the <a href="#">LT1 Deliverability Focused FAQ, Comments and IESO Responses</a>.</p>
<p>6. We are seeking clarifying information regarding the Proponent Indigenous Participation Level for the purposes of bid submission pursuant to the RFP. We understand that Rated Criteria Points for Local Indigenous Community Participation are awarded if the Project Site is located in whole or in part on (i) indigenous Lands; or (ii) lands within the treaty area, or the established or asserted traditional territory or homeland of an Indigenous Community that holds an Economic Interest in the Proponent of at least 10% and is included in the Proponent Indigenous Participation Level (including through an Indigenous Holding Vehicle, if applicable), as evidenced by an attestation from an Individual with authority to bind that Indigenous Community. Our questions relate to a situation where there are multiple Indigenous Communities which may participate in a Project, indirectly through an Indigenous Holding Vehicle, two or more of which are able to sign an</p>	<p>a. i. No, in order to obtain the Rated Criteria Points in section 4.3(a) and/or 4.3(b) of the LT1 RFP, Proponents are required to submit a single copy of the Prescribed Form: Evidence of Indigenous Community Participation, which is specific to the Proponent.</p> <p>For an Indigenous Holding Vehicle, Proponents must also submit, as a required attachment to the Prescribed Form, electronic copies organizational charts and securities registers documenting the Economic Interest in the Proponent held by the Indigenous Holding Vehicle, as well as organizational charts and securities registers reflecting the holdings of the constituent Indigenous Communities in the Indigenous Holding Vehicle. See section 3.6(c)(i)(Item #8) of the LT1 RFP.</p> <p>ii. Yes, via an Indigenous Holding Vehicle, each Indigenous Community may hold an Economic Interest in the Proponent of less than 10%, provided that the total Economic Interest of the</p>

Question/Comment	IESO Response
<p>attestation letter asserting traditional territory where the Project is located.</p> <p>Questions:</p> <p>a. Where the Project Site is located on asserted traditional territories of more than one Indigenous Community such that two or more Indigenous Communities, participating in the Project through an Indigenous Holding Vehicle, are able to sign the form of attestation letter:</p> <p>i. can the Proponent submit a Prescribed Form – Evidence of Indigenous Community Participation for each such participating Indigenous Community; and</p> <p>ii. can each such Indigenous Community, indirectly through an Indigenous Holding Vehicle, individually hold less than 10% of the Economic Interest provided they, collectively, own 10% or more?</p> <p>b. Where a single Indigenous Community holds at least 10% of the Economic Interest, indirectly through an Indigenous Holding Vehicle, at the Proposal Submission Deadline for the purposes of signing the form of attestation letter asserting traditional territory:</p> <p>i. if the overall direct Economic Interest of the Indigenous Holding Vehicle remains unchanged, can the indirect Economic Interest of such Indigenous Community be reduced below 10% by way of transfer or issuance of equity in the Indigenous Holding Vehicle to other Indigenous Communities after the Proposal Submission Deadline; and</p> <p>ii. if so, what restrictions, if any, are imposed on when this reduction can occur?</p>	<p>Indigenous Holding Vehicle in the Proponent is at least 10%.</p> <p>However, in order to obtain Rated Criteria Points for Local Indigenous Community Participation, at least one Indigenous Community that is part of the Indigenous Holding Vehicle must have a total Economic Interest in the Proponent that is at least 10% and the Project Site must be located in whole or in part of the lands within the treaty area, or the established or asserted traditional territory or homeland of that Indigenous Community. See section 4.3(b)(ii) of the LT1 RFP.</p> <p>b. Per section 3.6(e)(i) of the LT1 RFP, submitted Proposals cannot be amended once submitted.</p> <p>Yes, if a Proponent is awarded an LT1 Contract and was awarded Rated Criteria points in the LT1 RFP on the basis of its Proponent Indigenous Participation Level of 10%, composed of a single Indigenous Holding Vehicle, provided that the Indigenous Participation Level under the LT1 Contract remains consistent by virtue of the Indigenous Holding Vehicle continuing to hold Economic Interest in the Supplier of at least 10%, the holdings of individual Indigenous Communities within the Indigenous Holding Vehicle can change without impacting the restriction in Section 16.7(b) of the LT1 Contract.</p> <p>Participation</p>
<p>7. If we go forward with submitting a project under the LT1 RFP and we do not get the</p>	<p>If a Supplier is not actually able to obtain a Connection Impact Assessment, System Impact Assessment or Customer Impact Assessment</p>

Question/Comment	IESO Response
<p>CIA/SIA, will the Proposal Security be returned, or will we lose it?</p>	<p>despite its use of Commercially Reasonable Efforts, and this prevents the Supplier from achieving Commercial Operation by the Milestone Date for Commercial Operation, to the extent that the failure “could not reasonably have been anticipated as at the Contract Date and is beyond the affected Party’s reasonable control” under article 11.3 of the LT1 Contract, the Supplier would be entitled to invoke Force Majeure. So long as the Supplier is using Commercially Reasonable Efforts to remedy the situation, the Force Majeure may continue until the Supplier is entitled to Terminate the Agreement under the timelines set out in article 11.f of the LT1 Contract – in which case the Completion and Performance Security would be returned.</p> <p>Where a Supplier is not entitled to invoke Force Majeure (e.g. where a Connection Impact Assessment, System Impact Assessment or Customer Impact Assessment is obtained and enables connection, but imposes a cost on the Supplier for such connection that the Supplier considers unfeasible), and the Supplier fails to achieve Commercial Operation by the Longstop date, then this would constitute a Supplier Event of Default, subject to which the IESO may terminate the Agreement, and the Completion and Performance Security may be forfeited, or liquidated damages may be assessed in the amount of the Completion and Performance Security.</p>
<p>8. We would like to clarify the appropriateness of requesting that the IESO provide an answer to a submitted Batch 1 question on community and Indigenous engagement requirements sooner than October 27th to facilitate a proponent's ability to undertake the required activities in a timely fashion ahead of the RFP submission deadline.</p>	<p>Responses to questions received during the Question and Comment Period will only be posted in accordance with the IESO’s previously communicated batch schedule. Depending on the volume of questions/comments received, where possible, the IESO may post the batched responses ahead of schedule (as was the case with Batch 1, which was posted on October 23<sup>rd</sup>).</p>



Question/Comment	IESO Response
<p>Could you please advise if this request would be within the LT1 Communication Protocol? We want to ensure we are not communicating outside of the permitted purposes.</p>	
<p>9. a) Contract: Section 2.2(e) &amp; 10.1(q) Additional Development and Construction Covenants Further clarity as to the potential scope and expectations for fulfilling the Duty to Consult ("DTC") should be provided as early in the process as possible. The IESO should ensure that the Contract provides for appropriate and equitable adjustments (e.g., Force Majeure) should the Crown's DTC Process result in material delays in respect of the project.</p> <p>b) Contract: Section 2.15 GHG Abatement Plans We appreciate the IESO's changes to this provision to account for the recently released draft Clean Electricity Regulations ("CER"). However, as Ontario has seen continued evolution in environmental policies (i.e., from cap and trade to Federal OBPS to Provincial EPS, and now with introduction of the CER) it is not unrealistic to assume that such policies will continue to change. Consequently, section 2.15 as currently drafted is overly narrow and perspective. We recommend that more broad provisions, similar to those contained in the Napanee Generating Station Clean Electricity Supply ("CES") contract are more appropriate, especially considering that final regulations will not be posted until 2024, well after the December 12, 2023, bid submission date. As changes to the regulations between draft and final form could occur, and if such changes are material, the final version of the CER may not be appropriately captured under the IESO's Capacity Contract. As such, incorporating a broader environmental changes in law provision would capture any</p>	<p>a) As stated within the Comments on Duty to Consult section in the IESO's <a href="#">Response to Feedback Received</a> from the August 17<sup>th</sup>, 2023 Stakeholder Engagement session, it is recommended that Proponents begin engaging with Indigenous Communities early in the project development process in order to support development of required materials for the Ministry of Energy's formal Duty to Consult for Electricity Storage Projects, which commences for Selected Proponents after they have been awarded an LT1 Contract. Proponents are encouraged to reach out to the Ministry of Energy with questions pertaining to the DTC process prior to the LT1 Contract. Enquiries can be sent to shannon.mccabe@ontario.ca.</p> <p>b) Section 2.15 of the LT1 Contract is designed flexibly, to apply in the case of the implementation of the CER, or other Laws and Regulations either a) restricting GHG emissions from the Facility, or b) which preclude the inclusion of Greenhouse Gas emissions compliance costs in electricity market pricing. Further amendments consistent with the Napanee Generating Station Clean Electricity Supply contracts would not be consistent with the Ministry of Energy Directive issued on August 23, 2023, nor would those provisions (which are specific to addressing the impacts of Greenhouse Gas operational compliance costs on the deemed dispatch financial model of that form of CES contract) be applicable to the impacts of the CER on a fixed capacity payment form of contract such as the LT1 Contract.</p>

Question/Comment	IESO Response
<p>unexpected changes that may not have been foreseen in this section 2.15.</p> <p>c) RFP: Section 1.2(f) The RFP states that Non-Electricity Storage Facilities are required to deliver at least eight (8) continuous hours of electricity during Qualifying Hours. Can the IESO confirm that such a facility has met its obligations under the Contract if that facility operated for 8 continuous hours during Qualifying Hours and after which it has become fuel-limited and, therefore, unable to produce anymore electricity? For greater clarity, can the IESO confirm that the market participant would not be required to submit an outage slip for the facility in this circumstance?</p> <p>Can the IESO confirm same for Electricity Storage Facilities (i.e., once a facility is fully discharged).</p> <p>d) RFP: Section 2.2(e) Commercial Operation We recommend that the IESO reconsider the allowance of a partial Commercial Operation Date ("COD"). By allowing partial capacity COD, the IESO will have access to some portion of a project's capacity earlier, thus providing the IESO earlier access to capacity to help maintain and ensure grid reliability. If a project is able and ready to bring some portion of its capacity into service earlier, then it should be afforded the opportunity to do so, rather than potentially wait several months until the full contract capacity is ready to go into service.</p>	<p>c) Under the LT1 Contract, a Non-Electricity Storage Facility is considered to have met its Duration Capability by injecting for a continuous period of eight hours.</p> <p>The LT1 Contract defines an Outage as the removal of equipment from service, unavailability for connection of equipment or temporary de-rating, restriction of use or reduction in performance of equipment for any reason, including to permit the performance of inspections, tests, repairs or maintenance on equipment, which results in a partial or total interruption in the ability of the Facility to make the Contract Capacity available and Deliver the Electricity from the Facility.</p> <p>Outages must be reported, as per article 15.3 of the LT1 Contract (which includes all Outage reports that are required under the IESO Market Rules). Where a Facility is fuel limited and unable to produce electricity, an Outage must only be reported where there is a partial or total interruption in the ability of the Facility to make the Contract Capacity available and deliver Electricity from the Facility, which should be consistent with the treatment of such status under the IESO Market Rules.</p> <p>d) Selected Proponents are not prohibited from providing partial capacity into the IESO-Administered Markets prior to the COD. However, as the LT1 RFP is a reliability-based procurement meant to serve the capacity needs of Ontario, the COD will continue to be established as the critical milestone date for purposes of commencing payments under the LT1 Contract once the requirements set forth in article 2.15 of the LT1 Contract are met, including completion of the entire Facility in all material respects, at which time the Facility is able to meet the Must-Offer Obligation with the Contract Capacity.</p>

Question/Comment	IESO Response
<p>10. I am looking for information on how the public is to be meaningfully engaged in this RFP process in the pre-approval phase. I understand that proponents must have a website communicating project information, and hold a public meeting.</p> <p>However, the quality of the notices and content of the meetings have not been adequate (poorly attended, poorly advertised, etc). Members of my community are not being engaged properly, and the applicant deadline is fast approaching. Is there an ombudsman in this process?</p>	<p>Refer to Section 2.1(f) of the <a href="#">LT1 RFP</a> for details on Community Engagement Requirements that must be met by Proponents. For the purpose of Proposal evaluation a team of independent evaluators will evaluate the evidence provided as part of each Proposal to ensure that the relevant requirements of the LT1 RFP have been met.</p> <p>Community members are encouraged to reach out to the Proponents directly, as well as to their local governing body(ies) to provide any relevant feedback as they consider support for projects.</p>
<p>11. Would a Proponent meet the LT-1 RFP requirements if the IESO received more than one Letter of Credit for a Long-Term Reliability Project, issued by multiple institutions, that together total the required Proposal Security requirement for that Long-Term Reliability Project?</p>	<p>Yes, however, the IESO encourages Proponents to submit their Proposal Security in the form of a single letter of credit. In the event that a Proposal is awarded an LT1 Contract, a single letter of credit will allow for the Proposal Security to be held as Completion and Performance Security, rather than replacing the Proposal Security with a separate Completion and Performance Security at the time of entering into the LT1 Contract.</p> <p>In the LT1 RFP, Proposal Security is defined as <b>one or more</b> irrevocable and unconditional standby letters of credit issued by a financial institution listed in either Schedule I or II of the Bank Act (Canada) or such other financial institution having a minimum Credit Rating of (i) A- with S&amp;P, (ii) A3 with Moody's, (iii) A (low) with DBRS Morningstar, or (iv) A- with Fitch IBCA, in substantially the form attached as Appendix D of the LT1 RFP or in a form acceptable to the IESO, acting reasonably.</p>

Question/Comment	IESO Response
<p>12. I'm interested in learning if there's an update on the timeline for the LT2 RFP. Also, will there be another RFQ released to accompany this solicitation? We would like to become a Qualified Applicant but missed the LT1 RFQ.</p>	<p>Information on future procurement opportunities is expected to be shared in the coming weeks. Interested parties are encouraged to subscribe to updates on the IESO's Long-Term RFPs.</p>
<p>13. Our team has a few more questions regarding the LT1 procurement:</p> <p>a. Could we locate a BESS at an abutting property, using the same project ID, project size and interconnection point?</p> <p>b. Would a bond be an acceptable option for the Proposal Deposit rather than a letter of credit?</p> <p>c. If an Applicant were to provide a Notice of Change form, could it provide more than one Unique ID in Section 1(a) if a project has received more than one "Deliverable" or "Deliverable but Competing" test result? Each test result per project has its own Unique ID.</p>	<p>a. Each Long-Term Reliability Project is defined by its own Project ID. There are no restrictions on moving the Project Site provided that the Connection Point submitted in the Proposal remains consistent with that submitted to the Deliverability Test. See question #7 in <a href="#">Batch 1 of LT1 RFP Question and Comment Period</a>.</p> <p>b. No, the Proposal Security must be in the form of one or more letters of credit in the required form as per the definition of Proposal Security in the LT1 RFP.</p> <p>c. Only one Unique ID is to be provided in the Prescribed Form: Notice of Change. Each Proposal should be associated with only one result from the Deliverability Test.</p>
<p>14. What provincial guidance is there for municipal fire response service providers to prepare for BESS facilities within their communities?</p> <p>a. Do they contain hazardous materials?</p> <p>b. Are water storage supplies to be required on site where hydrants are not accessible?</p> <p>c. What information is available to municipalities on the specifications of the BESS equipment being procured?</p> <p>d. What are the minimum requirements for emergency response plans?</p>	<p>Successful Proponents are responsible for working with municipal and provincial agencies to ensure that all relevant permitting and approvals processes have been met, prior to entering service.</p> <p>In addition to existing provincial and municipal laws, there are several organizations such as the Electrical Safety Authority (ESA), the Technical Standards and Safety Authority (TSSA) and the Office of the Fire Marshal, that are responsible for developing the standards and regulations that govern the safe operation of electricity facilities in Ontario and the protection of workers and the environment.</p>

Question/Comment	IESO Response
<p>15. As a Qualified Applicant for the LT1 RFP, we have the following questions for the IESO as it relates to the RFP:</p> <p>a. The Expiry Date of the contract for facilities which utilizes natural gas is April 30th, 2040. If a facility starts operation utilizing natural gas but converts to 100% biogas or renewable natural gas prior to April 30th, 2040 will the Expiry Date of the contract be extended to April 30th, 2048? Or must the facility operate on biogas or a blend of biogas and natural gas from the date of COD to qualify for a contract with an Expiry Date of April 30th, 2048?</p> <p>b. Similar to the previous question regarding Expiry Date, if the facility added carbon capture and sequestration prior to April 30th, 2040, could the facility continue to operate under the LT1 contract until April 30th, 2048?</p> <p>c. We have received a Deliverable but Competing result for one of our projects on a rural distribution feeder which is downstream from a Distribution Station. Is it possible to change the connection point so that we connect upstream of this same Distribution Station by connecting to the distribution feeder which feeds this Distribution Station?</p> <p>d. Related to the first question, if a project plans to blend biogas and natural gas as combined fuels, what fuel source should be indicated on the Prescribed Form: Proponent Information, Declarations and Workbook?</p> <p>e. Per item 2.2(l)(ii), if a Supplier fails to get Municipal Council Support Resolution in accordance with 2.2(l)(i), the IESO may “elects to terminate the LT1 Contract as a result of such Supplier Event of Default,”.</p>	<p>a. Per article 9.1 of LT1 Contract, the LT1 Contract will be effective until the end of Term which has an Expiry Date of April 30, 2040 for any Facility that utilizes natural gas to generate Electricity as determined on the date on which the LT1 Contract is executed.</p> <p>b. Suppliers must obtain consent from the IESO prior to performing a Facility Amendment. See article 2.1(b) of the LT1 Contract. As per the Ministry of Energy Directive issued on August 23, 2023, for natural gas generation projects the IESO shall offer a contract that expires no later than April 30, 2040.</p> <p>c. No, the LT1 RFP requires that the Connection Point is consistent between the Deliverability Test results and the LT1 RFP Proposal. Please see question #1 of <a href="#">Batch 1 of LT1 RFP Question and Comment Period</a>.</p> <p>d. In the Prescribed Form: Proponent Information, Declarations and Workbook, Proponents may select any of the options in the dropdown for technology type that represents the technology type of their Long-Term Reliability Project as of Proposal Submission Deadline.</p> <p>e. The IESO will not be amending the language in section 2.2(l)(ii) of the LT1 RFP or Section 2.14 of the LT1 Contract.</p>

Question/Comment	IESO Response
<p>We are trying to get municipal council support resolutions for all of our projects prior to the RFP date, but given the short time period between the receipt of the Deliverability Test Results and the RFP submission date, this may not be possible for all of our projects. Achieving municipal council support is a significant project development risk that may cause proponents to refrain from submitting projects into the RFP which do not have the approval prior to the RFP because there is a scenario where a Contract is offered but the proponent cannot gain Municipal Council support and cannot build the project so the proponent loses the Completion and Performance Security. This risk will likely result in a lower than expected response to the RFP. Is the IESO willing to strengthen the language of 2.2(l)(ii) to indicate that 'the IESO shall/will terminate the LT1 Contract as a result of such Supplier Event of Default, such termination shall be without any costs or payments of any kind to either Party and all Completion and Performance Security shall be returned to the Supplier..' ?</p>	
<p>16. a. If an Electricity Storage Facility has already reduced its Summer and Winter Contract Capacity using the mechanism in 4.3 and gives notice to reduce Summer and Winter Contract Capacity again subsequently, would the 7% be calculated based on the original Summer and Winter Contract Capacities indicated in Exhibit B at the time of Contract Execution?</p> <p>b. If an Electricity Storage Facility reduces their Summer and/or Winter Contract Capacity using the mechanism in 4.3 of the LT1 Contract, can each instance of reduction to the Summer and/or Winter Contract Capacity be an amount that is not more than</p>	<p>a. Yes, the 7% maximum reduction amount is calculated based on the original Summer Contract Capacity and/or Winter Contract Capacity as per section 4.3 of the LT1 Contract: "by an amount that is not more than seven percent (7%) of the value of the Summer Contract Capacity and/or the Winter Contract Capacity (as applicable) set out in Exhibit B as of the Contract Date"</p> <p>b. Yes, each instance of reduction to the Summer Contract Capacity and/or Winter Contract Capacity can be an amount that is not more than 7% of the Summer Contract Capacity and/or Winter Contract Capacity as stated in Exhibit B of the contract as of the Contract Date.</p>

Question/Comment	IESO Response
<p>7% or do the cumulative reduction(s) using this mechanism have to combine to be less than 7% total?</p>	
<p>17. a. Are the forms (and especially the workbook) sufficient to demonstrate compliance with item 4.2 of the RFP (as required for stage 2) or should any attestation or sworn declaration that all requirements are met be provided? This is key to understand as, based on the RFP, "Proposals that do not demonstrate that the Proponent satisfies the Mandatory Requirements set out in this Section 4.2 will not be evaluated further and will be rejected."</p> <p>b. Regarding section 4.2.b).ii) of the RFP, how should we demonstrate that our projects can be registered as a registered facility under the Market Rules.</p> <p>c. Given that "All Prescribed Forms populated with relevant information from the Proponent must be signed by a director, officer or other person who has the authority to bind the Proponent", do we need to provide any supporting document that demonstrate the authority to bind of the person signing any document of the Proposal?</p> <p>d. Can we use an SPV of the qualified proponent as the bidding entity? If so, do we need to have all of our documentation including the MSR's with the SPV name or is demonstrating the control of the Qualified Applicant over the SPV be enough to comply?</p>	<p>A. Proposal submission requirements as outlined in section 3.6 of the LT1 RFP are designed for a Proponent to demonstrate compliance with the Mandatory Requirements as outlined in section 4.2 of the LT1 RFP. Proponents are only required to provide attestations or sworn declarations as set out in the RFP and Prescribed Forms.</p> <p>As part of their electronic submission, Proponents are encouraged to submit all supporting documentation which they believe may be helpful to the evaluation process. Further, Proponents are encouraged to contact the IESO during the current LT1 question and comment period with any specific questions, clarifications or comments they may have. Enquiries can be made to <a href="mailto:LT.RFP@ieso.ca">LT.RFP@ieso.ca</a>.</p> <p>b. For the purposes of the RFP, the Proponent is required to attest in the Prescribed Form – Proponent Information, Declarations and Workbook that a Long-Term Reliability Project is able to meet the requirements of the Market Rules. Further, as per articles 2.9(b) and 2.9(c) of the LT1 Contract, Suppliers are required to meet all applicable Facility registration requirements as specified in the IESO Market Rules and become authorized by the IESO as a Market Participant and designated as a Metered Market Participant pursuant to the IESO Market Rules.</p> <p>For details on the technical requirements for registering a Facility as a registered facility, Proponents are encouraged to review the IESO's Market Manuals, Market Rules and the IESO's <a href="#">Connecting to Ontario's power system</a> webpage. For details on the IESO-Administered Markets or programs, Proponents are encouraged to visit</p>

Question/Comment	IESO Response
	<p>the <a href="#">IESO Training Materials</a> webpage or contact <a href="mailto:customer.relations@ieso.ca">customer.relations@ieso.ca</a>.</p> <p>c. For the purposes of the LT1, only the submission requirements stated in section 3.6 of the LT1 RFP and stated in the applicable Prescribed Forms are needed.</p> <p>d. Proposals must be submitted by Proponents as per section 3.6 of the LT1 RFP.</p> <p>In the LT1 RFP, a Proponent is defined as being either a Qualified Applicant, a Person Controlled by a Qualified Applicant or an Eligible Expansion Counterparty. Proposals must not be submitted by separate legal entities which are not controlled by a Qualified Applicant.</p> <p>It should be noted that the Community and Indigenous Engagement requirements set out in section 2.1(f) and Municipal Support Confirmations, among other requirements in the LT1 RFP, must be carried out and/or obtained in the name of the Proponent (which may be distinct from the Qualified Applicant).</p>
<p>18. a. Section 2.1 (e) (iii) of the LT-1 RFP states:  ...the Nameplate Capacity of the Long-Term Reliability Project, expressed in MW, shall not be in excess of the total nameplate rating (MVA) or, in the case of an Eligible Expansion, incremental nameplate capacity (MVA), of the equipment that is proposed to be connected in respect of the Long-Term Reliability Project as assessed and documented in the Deliverability Test results. The Nameplate Capacity is defined in the LT-1 Contract as:  “Nameplate Capacity” means the rated, continuous load-carrying capability, expressed in MW in Exhibit B, of the Facility</p>	<p>a. A rating in MVA can be converted to MW by multiplying by the Power Factor. For a Power Factor of 1, <math>MVA = MW</math>.</p> <p>b. (i) Where an Economic Interest in a Supplier is transferred from one Indigenous Community to another within an Indigenous Holding Vehicle, and the overall Economic Interest in the Supplier held by that Indigenous Holding Vehicle does not change, there is no impact on the Indigenous Participation Level.  (ii) Under Section 16.7(b) of the LT1 Contract, only an Individual Indigenous Community that holds more than 10% Economic Interest in the Supplier as of the Contract Date (including</p>



Question/Comment	IESO Response
<p>to generate or store (as applicable) and Deliver Electricity at a given time, and which includes the Contract Capacity.</p> <p>The incremental generator nameplate capacity submitted in the Deliverability Test was in MVA. How do we convert this to a maximum Nameplate Capacity in MW?</p> <p>b. With Reference to Question 3 (b) from the October 23, 2023 LT1 RFP Question and Comment Period Batch 1, please provide clarification on the following scenario:</p> <p>An Indigenous Holding Vehicle has a 50% Economic Interest in the Proponent (and therefore an Indigenous Participation Level of 50%). Such Indigenous Holding Vehicle is owned by two Indigenous Communities (each, an "Interested Community"), each holding a 50% Economic Interest in the Indigenous Holding Vehicle. One Interested Community ("Community 1") wishes to transfer its ownership in the Indigenous Holding Vehicle to the other Interested Community, reducing the Economic Interest of Community 1 in the Indigenous Holding Vehicle and indirectly in the Proponent to 0%.</p> <p>(i) Would such transfer impact the Indigenous Participation Level of 50%?</p> <p>(ii) If the answer is no, confirm that transfers of Economic Interests in an Indigenous Holding Vehicle (as opposed to direct transfers of Economic Interests in the Proponent), provided 100% of such Economic Interests remain owned by Indigenous Communities, would not require notice to the Buyer or be subject to the 10% minimum referred to in Article 16.7(b).</p>	<p>through an Indigenous Holding Vehicle) may request a reduction in the Indigenous Participation Level relative to the Initial IPL (prior to the 5th anniversary of COD) to a level that may not be less than 10%. As a result, an Indigenous Community that holds 25% of the Economic Interest in the Supplier may request a reduction in the Indigenous Participation Level to no less than 10%. Where the transfer of equity security holdings within an Indigenous Holding Vehicle is anticipated, without any reduction in the Indigenous Participation Level, no notice or request to the IESO is required under Section 16.7(b) of the LT1 Contract.</p> <p>c. The Early COD Payment Multiplier is set based on when COD is achieved and remains constant until the COD Bonus End Date.</p> <p>d. Please see response to question #9 (d).</p>

Question/Comment	IESO Response
<p>c. With respect to the Early COD Payment Multiplier (ECODPMm) defined in Exhibit J as:</p> <p>ECODPMm is the Early COD Payment Multiplier set out Section 2.3(b) as applicable to the Settlement Month “m” prior to the COD Bonus End Date, and from and after the COD Bonus End Date, shall be equal to 1.0.</p> <p>Is the Early COD Payment Multiplier (ECODPMm) set by when COD is achieved, or does it change each month per the table in 2.3 (b)? For example, if COD is achieved in February 2027, would ECODPMm be equal to 1.5 until the COD Bonus End Date (April 30, 2028) or would it lower to 1.4 in June 2027 and then lower to 1.2 in January 2028? It appears to say in 2.3(b) that the multiplier would be set by when COD is achieved and that it would be equal to that value until the COD Bonus End Date.</p> <p>d. Recommend the IESO consider the allowance of a partial COD. By allowing partial COD, the IESO will have earlier access to some portion of a project's capacity. As Ontario is entering a time of capacity shortfalls, earlier access to a portion a project’s capacity will allow for and help ensure and maintain grid reliability.</p>	
<p>19. a. Where the Qualified Applicant is a Limited Partnership, the IESO previously (in E-LT1) provided guidance that where a single corporate General Partner of the QA is also the single corporate General Partner for the Proponent LP, that for the purposes of the mandatory requirement in section 4.2(a)(i) of the RFP, the statement is true.</p>	<p>a. Section 4.2(a)(i) of the LT1 RFP requires that the Proponent is a Qualified Applicant or is Controlled by a Qualified Applicant (or is an Eligible Expansion Counterparty). If the Proponent is a limited partnership, and the entity that owns the general partner of the Proponent also owns the general partner of the Qualified Applicant, this would only constitute common control, and this would not satisfy the</p>

Question/Comment	IESO Response
<p>However, having the same single corporate General Partner for multiple Limited Partnerships can create challenges for financing. Would the IESO consider allowing for a different GP to the Proponent LP that has the same upstream ownership as the original single corporate GP as the Qualified Applicant? Would this satisfy the mandatory requirement in section 4.2(a)(i)?</p> <p>b. We have a project where the title holder listed on the parcel register is deceased but the property is left to his widow. Can the IESO confirm if, in addition to the parcel register, an excerpt of the will that demonstrates that the widow is the Executor of the Estate of the deceased, along with the confirmation letter addressed to the IESO and signed by the Executor, would satisfy the requirements of Exhibit B of PF: Access Rights Declaration? If not, who can sign on behalf of a property where the title holder on the parcel register is deceased?</p>	<p>mandatory requirement that the Qualified Applicant must Control the Proponent. If the Qualified Applicant and the Proponent are both separate limited partnerships and they seek to have distinct corporate general partners, the general partner of the Proponent must be Controlled by the general partner of the Qualified Applicant.</p> <p>b. Proponents are encouraged to submit all relevant supporting materials as part of their Proposals and are encouraged to seek legal advice from their own counsel.</p>
<p>20. a. Timeline</p> <ul style="list-style-type: none"> <li>• We see a few challenges with the IESO’s proposed timeframe. We appreciate that the notification date was advanced to May 10, 2024, however, this date will still be very challenging for proponents to hold pricing for five months. This places risk on proponents that may need to build in risk into bid pricing to mitigate uncertainties related to, but not limited to, interest rates, FX, and commodity pricing, which ultimately unnecessarily burdens ratepayers. Given the very clear project selection process described in the RFP we submit that five months is excessive for the IESO to make selections and ask that the IESO consider a maximum timeframe between the bid date and selection notification date of 3 months, or by March 12, 2024.</li> </ul>	<p>a. The IESO will not be making further revisions to the LT1 RFP schedule.</p> <p>b. The intent of the current framework is to award Rated Criteria Points for economic participation of Indigenous Communities based on equity ownership in a Proponent/Supplier, as set out in the Ministry of Energy Directive issued on August 23, 2023 and consistent with the definitions and mechanisms utilized by the IESO in its prior contracts and procurements, and consistent with structures observed in energy resource procurements in other Canadian jurisdictions. The final version of the LT1 RFP has now been released, and it is not feasible for the IESO at this stage to adopt substantive changes to the applicable definitions and requirements, which have been the subject of extensive stakeholder engagement. There are a</p>

Question/Comment	IESO Response
<ul style="list-style-type: none"> <li>• In order to reach financial close, projects will require CIA and SIAs to be complete. However, if these are not allowed to be started until after projects are awarded, this could delay Financial Close for up to a year after projects are selected. We ask the IESO to allow any projects bid into the RFP on December 12, 2023, complete with their respective bid securities, to commence their respective SIA and CIA applications immediately post bid in order to minimize this avoidable schedule delay.</li> <li>• We further note that in order for projects to come online as soon as possible, successful proponents will need to commence environmental and other site investigations in the spring of 2024. Not doing so could further delay construction of the projects by up to a year.</li> </ul> <p>b. Indigenous Partnership</p> <ul style="list-style-type: none"> <li>• Many Indigenous communities are overwhelmed with proponents intending to invite Indigenous communities into projects, though there are many alternative structuring that allows for presentation of majority or significant Indigenous ownership per the IESO definitions, though do not result in any meaningful sharing of the total project value. There should be a mechanism to ensure that for any projects earning points for Indigenous economic participation, the</li> </ul> <p>Indigenous economic participation percentage is directly tied to total net equity distributions attributable to all project revenues and alternate structuring is not being used to inflate the percentage without commensurate equity distributions to the community</p> <p>c. Clarification on Section 4.3</p>	<p>variety of manners in which Indigenous Communities (and equity investors that are not Indigenous Communities or Indigenous Holding Vehicles) can finance their Economic Interest in a prospective Proponent/Supplier and the IESO does not seek to limit the structures that may be available or appropriate to stakeholders in these contexts or to restrict the handling of equity distributions upstream of its contract counterparties. The IESO is anticipating a number of future procurements and can consider this issue further in the development of these procurements.</p> <p>c. Yes, up to 3 reductions of 7% can be made.</p> <p>d. The IESO appreciates the feedback received but will not be making changes to Proposal Security amounts.</p> <p>e. The IESO appreciates the feedback but will not be making any further changes to the Proposal Price and/or any additional indexation mechanisms.</p>

Question/Comment	IESO Response
<ul style="list-style-type: none"> <li>• We are looking for clarity on the language used in Section 4.3 regarding reductions in contract capacity. For clarity, does the “Contract Capacity as of the Contract Date” change when a reduction is made, meaning that up to 3 reductions of up to 7% each can be made? Or is the maximum reduction over the contract life 7%, which can be broken into up to 3 reductions?</li> </ul> <p>d. Bid Security</p> <ul style="list-style-type: none"> <li>• The high amount of bid securities required for the projects are challenging for Indigenous communities to fund, which may have opposing effects to the intentions of inviting equitable Indigenous economic participation in the projects. We suggest that to better incent and enable Indigenous economic participation and ownership, bid securities should be significantly reduced proportionate to the Indigenous equity participation percentage.</li> </ul> <p>e. Base Interest Rate Protection</p> <ul style="list-style-type: none"> <li>• Recent volatility in the Bank of Canada overnight rate over the past 18 months has caused the base rates that underpin all financial instruments to substantially increase over this time period with no clear indication as to whether it will continue or not. This inevitably means that proponents will need to price in a buffer into their interest rate expectations between bid submission and award, ultimately making the projects more expensive for Ontario rate payers. Alternatively, and similar to what another recent procurement by a provincial regulator has included, we propose to include a base rate protection mechanism whereby, at the election of the Supplier at the time of bid submission, the Contract protects the Supplier from Government of Canada Long Term Bond Yield movements (20 year can be assumed) from bid</li> </ul>	

Question/Comment	IESO Response
<p>submission until 6 months after the Contract date.</p> <ul style="list-style-type: none"> <li>• The formula could be as simple as Adjusted Submitted Proposal Price = Submitted Proposal Price + Submitted Proposal Price Adjustment whereby the Submitted Proposal Price Adjustment is equal to <math>((\text{annual debt payment on proposal submission deadline}) / (\text{Contract Capacity} * \text{BDs in a year})) - ((\text{annual debt payment on proposal adjustment date}) / (\text{Contract Capacity} * \text{BDs in a year}))</math>.</li> <li>• In each case, the annual debt payment at either the bid submission deadline or the adjustment date could use the PMT function in excel using the 20yr government of Canada bond yield at each respective date, 20 years for the number of periods, and a proponent submitted value for amount of debt they want to make subject to this mechanism as the present value.</li> <li>• We believe that this ultimately results in the best Ontario rate payer value because immediately, Proponents are able to remove additional contingencies from their proposals and if rates go down by the adjustment date, the IESO will be able to benefit from reduced Capacity payments.</li> </ul>	

Question/Comment	IESO Response
<p>21. A few more questions to add to the below:</p> <p>a. Which of the numbers in our Deliverability Test Results establishes our Contract Capacity. The Winter MWs, Summer MWs or Nameplate MVAs?</p> <p>b. We received 100MVA in the Deliverability Test Results. Are we right to assume that the actual Nameplate Capacity (defined in the RFP) of our facility can be higher than the MVA Nameplate Capacity in the deliverability results, to ensure that 95% of the Nameplate Capacity is greater than the Contract Capacity of 100MW?</p> <p>c. Can we lower our bid Nameplate Capacity after our Public Engagement Meetings. For example, if our presentations had 100MWs Nameplate Capacity listed, can we bid our project in at 95MWs Nameplate Capacity without the need for a second Public Engagement Meeting?</p> <p>d. In the FAQs you said: "The IESO can confirm that the Deliverability Test establishes the Maximum Contract Capacity, not the Nameplate Capacity." But in the RFP in regard to the Deliverability results it states: "The Nameplate Capacity of the Long-Term Reliability Project, expressed in MW, shall not be in excess of the total nameplate rating (MVA)". Does this mean that the MVA rating in the deliverability results is a hard cap on the Nameplate Capacity MWs of the project?</p>	<p>a. As described in section 2.1(e)(iii) of the <a href="#">LT1 RFP</a>, the higher of the maximum summer and winter continuous net output (MW) values documented in the Deliverability Test Results form will form the basis of the Maximum Contract Capacity value in the LT1 RFP.</p> <p>b. No. The Nameplate Capacity of the Long-Term Reliability Project, expressed in MW, shall not be in excess of the total nameplate rating (MVA) or, in the case of an Eligible Expansion, incremental nameplate capacity (MVA), of the equipment that is proposed to be connected in respect of the Long-Term Reliability Project as assessed and documented in the Deliverability Test results. See section 2.1(e)(iii) of the LT1 RFP.</p> <p>c. Under section 2.1(f)(i)(B) of the LT1 RFP, the Nameplate Capacity is required to be shared at the public community meeting, as reflected in the minutes of such meeting. As such, if the Nameplate Capacity changes after the public community meeting, an additional meeting, using the new Nameplate Capacity, would need to be held. The Proponent must also ensure that the requirement for posting the Nameplate Capacity on the Project Website are met in accordance with section 2.1(f)(i)(A) of the LT1 RFP.</p> <p>For clarity, a reduction of the proposed Nameplate Capacity where community engagement and public records (including Municipal Support Confirmations) have identified the expected Nameplate Capacity as "up to" or "no more than" a specified maximum amount (or equivalent description) would not necessitate a new public community meeting or new Municipal Support Confirmation. However, if a Proponent has increased the proposed Nameplate Capacity of the Long-Term Reliability</p>

Question/Comment	IESO Response
	<p>Project after the original public community meeting or Municipal Support Confirmation, a new meeting or Municipal Support Confirmation would be required to meet the applicable requirements of the LT1 RFP.</p> <p>d. When expressed in MW, the Nameplate Capacity refers to the Rated Active Power which is different than Apparent Power for when the Nameplate Capacity is expressed in MVA.</p>



Question/Comment	IESO Response
<p>22. a. In July, Hydro One issued a Draft Fire Protection Risk and Response Assessment Standard (which, in draft form, significantly exceed the widely accepted standards of NFPA 855), and subsequently requested stakeholder feedback. To date, Hydro One’s recommended guidelines – and, critically, the proposed BESS setbacks – have not been finalized. We are now approximately six weeks from the LT1 bid submission deadline and it is too late to incorporate these guidelines into the design of LT1 projects. Will the IESO allow for changes in project siting after award if projects are deemed to contravene Hydro One’s guidelines? Will the IESO offer COD extensions and/or refund LCs for awarded projects that are unable to find alternative project siting that complies with Hydro One’s guidelines?</p> <p>b. In our discussions with Hydro One regarding the physical interconnection of BESS projects to their 230 kV transmission system, they have stated:</p> <ul style="list-style-type: none"> <li>i. a three-breaker three-ring bus switch station would cost the proponent approximately CAD\$50,000,000, and require 3+ years (beyond the execution of interconnection agreement) to construct</li> <li>ii. Hydro One is unable to provide an estimated cost for a six-breaker, three-ring bus switch station</li> <li>iii. the developer will need to transfer ownership of the land that the switch station occupies to Hydro One.</li> </ul> <p>We firmly believe it is in the best interest of the ratepayers of Ontario and the IESO procurement team to ensure that appropriate interconnection costs, timelines and requirements are shared with proponents before bid submission. If this information does not become publicly</p>	<p>a. Changes to Facility location are permitted provided that the connection configuration submitted to the Deliverability Test does not change.</p> <p>b. Interconnection costs, timelines and requirements are risks that are best managed by Proponents through early development work and outreach to relevant third parties, including transmitters and local distribution companies (LDCs), that should underpin their Proposals.</p>

<b>Question/Comment</b>	<b>IESO Response</b>
available, how would the IESO direct proponents to deal with this ambiguity?	

Question/Comment	IESO Response
<p>23. Question A</p> <p>Is it acceptable to move the connection point 4-5 towers along the same conductor which is not sectioned by a tap or switch, away from the connection point GPS coordinates in the deliverability test results while maintaining the connection circuit consistent with the Deliverability Test results?</p> <p>Question B</p> <p>Is it acceptable to submit into the LT1 RFP two proposals, with each project in each of the proposal having a distinct Point of Interconnection and unique Project ID number, where each proposal is conditional on evaluation and if successful, award of both projects as a pair only, not awarded as individual projects?</p>	<p>A. See question #18 of the <a href="#">LT1 RFP – Deliverability Focused FAQ</a>.</p> <p>B. Proponents are eligible to submit multiple Proposals, but must only submit one Proposal in respect of each Long-Term Reliability Project. See section 3.6(a) of the LT1 RFP. Selected Proponents are awarded an LT1 Contract for each successful Proposal.</p>

Question/Comment	IESO Response
<p>24. a. Proposal Security: If experience and qualification (Entity Development Experience Threshold) has changed since qualification for LT1, is the Supplier then eligible for the lower security?</p> <p>b. If COD is reached after May 1, 2028 because of interconnection delays from Hydro One will Supplier still pay liquidated damages?</p> <p>c. If COD is reached 18 months after May 1, 2028 because of interconnection delays from Hydro One, will this even considered default?</p> <p>d. If Supplier contemplated a multiplier for early COD within its price and the project is delayed due to interconnection delays from Hydro One, can the Supplier revise the price Fixed Capacity Payment?</p> <p>e. Can Supplier use any of the following instruments as a Proposal Security: i) cash; ii) surety bond; iii) corporate guaranty?</p> <p>f. The RFP includes specifics around consistency with regards to the connection line &amp; connection point that a project is deliverable on / deliverability results. If the GPS coordinate of the connection point is different – but the actual connection point is the same, is that a concern?</p>	<p>a. As per Section 3.6(d)(ii) of the LT1 RFP, Proposal Security is determined in accordance with qualification (Entity Development Experience Threshold) under the LT1 RFQ.</p> <p>b. This would appear to constitute a Force Majeure if the requirements of Section 11.3(e) of the LT1 Contract are met, in which case liquidated damages would not be owed.</p> <p>c. This would appear to constitute a Force Majeure if the requirements of Section 11.3(e) of the LT1 Contract are met, in which case liquidated damages would not be owed.</p> <p>d. No, Suppliers cannot make changes to their Proposal Price following Proposal Submission.</p> <p>e. No, from the LT1 RFP Definition of Proposal Security: “means one or more irrevocable and unconditional standby letters of credit issued by a financial institution listed in either Schedule I or II of the Bank Act (Canada) or such other financial institution having a minimum Credit Rating of (i) A- with S&amp;P, (ii) A3 with Moody’s, (iii) A (low) with DBRS Morningstar, or (iv) A- with Fitch IBCA, in substantially the form attached as Appendix D of the LT1 RFP or in a form acceptable to the IESO, acting reasonably.”</p> <p>f. See question #1 in <a href="#">LT1 RFP Question and Comment Period Batch 1</a>.</p>

Question/Comment	IESO Response
<p>25. The RFP provides that, subject to certain cure periods, failing to maintain the Contract Date Indigenous Participation Level for a period of five years following COD will constitute a Supplier Event of Default. The RFP further provides that notwithstanding the foregoing, where an individual Indigenous Community holding more than 10% of the Economic Interest in a Supplier as of the Contract Date (including through an Indigenous Holding Vehicle (an "IHV")) provides a written notice to the IESO requesting a reduction in the Indigenous Participation Level to a level that may not be less than 10%, there will be no Supplier Event of Default.</p> <p>a. In the context of a Proponent owned by a Qualified Applicant (as to a 50% Economic Interest) and an IHV co-owned by multiple Indigenous Communities (as to a 50% Economic Interest), does this mean that both: (i) the Indigenous Participation Level calculated as the IHV's Economic Interest in the Proponent cannot be reduced from the Contract Date level at all; and (ii) each Indigenous Community which, on the Contract Date, owns a 20%+ Economic Interest in the IHV (being a 10%+ indirect Economic Interest in the Proponent) must retain at least that Economic Interest until the fifth anniversary of the COD? How does the IESO propose to deal with a co-owned IHV where only one participating Indigenous Community wishes to reduce their Economic Interest in the Proponent?</p> <p>b. If the answer to question (a), above is yes, could the IESO please confirm that the Qualified Applicant is expected to impose terms in the IHV's governing documents to: (i) prohibit an Indigenous Community with an Economic Interest in an IHV from selling a portion of its Economic Interest in such</p>	<p>a. (i) Under Section 16.7(b) of the LT1 Contract, an Individual Indigenous Community that holds more than 10% Economic Interest in the Supplier as of the Contract Date (including through an Indigenous Holding Vehicle) may request a reduction in the Indigenous Participation Level (IPL) relative to the Initial IPL (prior to the 5<sup>th</sup> anniversary of COD) to a level that may not be less than 10%. Where an individual Indigenous Community participates in an Indigenous Holding Vehicle and holds more than a 10% Economic Interest in the Proponent, that community may avail itself of this provision on behalf of the Supplier and request to reduce the overall IPL. The request is made by the individual Indigenous Community, which ensures that reductions in the IPL are supported by Indigenous Communities contributing substantially to the Initial IPL. A change of ownership percentages in Indigenous Communities only within an Indigenous Holding Vehicle does not, on its own, impact the IPL, provided that the Economic Interest in the Supplier held by the Indigenous Holding Vehicle does not change.</p> <p>(ii) Under Section 16.7(b) of the LT1 Contract, an Indigenous Community that holds 10% of Economic Interest in the Supplier as of the Contract Date may not request a reduction in the Indigenous Participation Level, and the Indigenous Participation Level must be maintained until the 5<sup>th</sup> anniversary of the COD. Where a Supplier is awarded Rated Criteria Points as an Indigenous Participation Supplier, they are required to give notice to the IESO (until the 5<sup>th</sup> anniversary of COD), if the Indigenous Participation Level falls below the Initial IPL, and to restore the Indigenous Participation Level to the level of the Initial IPL within 6 months. The Indigenous Participation Level may be composed of one or more Indigenous Communities or Indigenous Holding Vehicles that each hold at least at least 10% of</p>

Question/Comment	IESO Response
<p>IHV to another Indigenous Community (an existing holder of an Economic Interest in such IHV or otherwise) where such sale would reduce the selling Indigenous Community's Economic Interest in the IHV below a level that would equate to an indirect 10% interest in the Proponent; and (ii) compel an Indigenous Community with an Economic Interest in an IHV to purchase the Economic Interest of an Indigenous Community seeking to reduce its equity in the IHV?</p> <p>c. Subject to the minimum Indigenous Participation Levels described above, is it a correct understanding that there is no obligation to notify the IESO or obtain the IESO's consent to transfers of Economic Interests in the IHV among various Indigenous Communities?</p> <p>We suggest that an IHV which is jointly owned by multiple Indigenous Communities should be permitted to reduce its Economic Interest in the Supplier in the same manner that an individual Indigenous Community is permitted to request such a reduction, provided that individuals authorized to bind each participating Indigenous Community sign the request to the IESO. This would permit the Qualified Applicant to acquire the Economic Interest of an Indigenous Community seeking to reduce its Economic Interest in an IHV where another Indigenous Community does not wish to acquire an additional Economic Interest.</p>	<p>the Supplier's Economic Interest. Notice is not required for a reduction in the Economic Interest of an Indigenous Community that is not included in the Indigenous Participation Level.</p> <p>b. Responsibility and content of the governing documents of an Indigenous Holding Vehicle are outside of the scope of this procurement. Proponents are expected to comply with the LT1 RFP and all provisions of the LT1 Contract.</p> <p>c. Correct. Where a transfer of interests within an Indigenous Holding Vehicle does not result in a reduction in the Indigenous Participation Level, there is no requirement to notify or submit a request to the IESO. As noted above, the IESO is required to be notified if the Indigenous Participation Level falls below the Initial IPL.</p> <p>The Indigenous Participation Level is defined as the total Economic Interest in the Supplier that is held by one or more Indigenous Communities or Indigenous Holding Vehicles that each hold at least 10% of the Supplier's total Economic Interest as of the Contract Date. As a result, a transfer of Economic Interest only within an Indigenous Holding Vehicle will not, on their own, impact the Indigenous Participation Level.</p>

Question/Comment	IESO Response
<p data-bbox="203 142 381 174"><b>26. Timelines</b></p> <p data-bbox="251 184 836 493">Proposal offer prices from Applicants are derived from agreements with equipment suppliers and other critical inputs to developing a project. Those agreements are underpinned by the ability to secure access to supply chains and resources that involve managing a variety of global and local market risks.</p> <p data-bbox="251 541 836 1014">The cost of the agreements that ultimately determine the cost of capacity in the LT1 procurement is therefore based on the cost of managing the supply chain and resource access risks, many which include uncertain and uncontrollable factors. The longer the agreement must be held the higher the agreement cost is. In other words, the longer that an Applicant is asked to maintain their offer price while the IESO assess their proposal, the higher the offer price must be to manage the supply agreement risks.</p> <p data-bbox="251 1062 836 1612">The 6 month review (and potentially longer) review the IESO is asking for in the LT1 procurement will result in significantly higher prices compared to a shorter evaluation and award timeline. To reduce costs for Ontario rate-payers over the 20 year life of the LT1 project, will the IESO consider reducing the evaluation and award process timelines to 3 months (i.e., March 12th, 2024)? In making its decision, the IESO should compare the minor costs of increased evaluation team resources needed to assess the proposals faster with the cost savings of proposal offer prices.</p>	<p data-bbox="860 142 1494 415">The LT1 RFP schedule has been established based on the anticipated volume of Proposals, as well as lessons learned from the E-LT1 RFP evaluation process, in order to ensure that a fair and transparent process is conducted. The IESO will not be making further changes to the LT1 RFP evaluation schedule.</p>