

Same Technology Upgrades Solicitation FAQ v4 December 14, 2022

Frequently Asked Questions

The following questions and comments have been raised by Stakeholders in response to the drafts (v1 to v4) of the Same Technology Upgrades - Call for Submissions document (the "Call Document"), engagement Webinars, and one-on-one discussions with Suppliers who may be interested in participating in the Same Technology Upgrades Solicitation ("Upgrades Solicitation"). Capitalized terms used but not defined in this FAQ have the meaning given to them in the Call Document.

1. Can Suppliers submit only an Extension NRR without having to make a Submission with the existing contract's original end date?

Yes, Suppliers can elect to provide an Upgrade NRR, an Extension NRR, or both.

2. Why is the minimum capacity duration under the Upgrades Solicitation higher than under the E-LT1 RFP?

The minimum capacity duration required for the Upgrades Solicitation was established to meet a specific tranche of resource adequacy needs expecting to arise beginning in 2026, and to reflect the capabilities of the suite of potential resources that would be eligible to participate in the solicitation.

3. If the project was not submitted into the initial Deliverability Assessment process that closed on August 30, 2022, can it still participate?

No. Suppliers that were interested in making a Submission for Upgrade Capacity must have participated in the [Deliverability Assessment process](#) by August 30, 2022. Suppliers that missed the Deliverability Assessment submission deadline or whose proposed Upgrade Capacity receives a "not deliverable" designation are ineligible to participate in the Upgrades Solicitation.

4. Will the Deliverability Assessment results constrain the maximum size of a proposed Permitted Upgrade?

Yes, the maximum size (Upgrade Capacity) of a proposed Permitted Upgrade is limited by the result of the Deliverability Assessment.

5. What are the IESO’s “open-book” expectations?

The IESO is seeking to understand the inputs and assumptions behind the financial model associated with the Upgrade NRR and/or Extension NRR, in order to determine if the proposed Permitted Upgrade is cost effective and provides ratepayer value. The IESO expects Suppliers to work with their vendors or suppliers to enable the information requested by the IESO to be provided on a confidential basis for the purposes of substantiating the proposed NRR(s).

6. If an Upgrade project is selected, will there be an opportunity to renegotiate the contract?

No. The IESO will not engage in general contract negotiation discussions. Only those contract parameters directly related to the Permitted Upgrade will be discussed and amended.

7. What Capacity Check Test and other validation protocols will be required?

The Same Technology Upgrade Performance Test Protocol, attached as Exhibit A to the Call Document, is intended provide further clarification to Suppliers seeking to understand how Upgrade In-Service would be achieved, including how delivery of the Upgrade Capacity would be demonstrated. The existing Capacity Check Test provisions in the underlying agreement will remain as part of the contract, and will apply to the facility’s increased capacity (i.e., Upgrade Capacity plus existing Contract Capacity) from Upgrade In-Service onwards. See Section 8(a)(vi) of the Call Document for additional information.

8. Can Permitted Upgrades come into service earlier than May 2025?

While Permitted Upgrades may come into operation earlier than 2025 (provided that this could be done without Outages that adversely affect system reliability), the achievement of Upgrade In-Service (and correspondingly, payment on account of the Upgrade or Extension NRR), will not be permitted to occur earlier than January 1, 2025.

9. Will the Upgrade Capacity-size guidance be strictly enforced?

The size guidance in Section 6(a)(iv) of the Call Document is intended to signal the IESO’s desire to pursue meaningfully sized Permitted Upgrades. The IESO will consider the Upgrade Capacity size relative to the existing facility, as well as cost and impact to ratepayers, in-service timing and outage impacts, and efficiency when considering whether to pursue a Submission. As such, the Upgrade Capacity size guidance will not be strictly enforced.

10. How will the IESO verify that the achievement of the full Upgrade Capacity has been met?

The IESO will require verification by an independent engineer that once the Permitted Upgrade is complete, the capability of the facility has been increased by the Upgrade Capacity. The Same Technology Upgrade Performance Test Protocol is attached as Exhibit A to the Call Document, which provides further details on how Upgrade In-Service would be achieved, including how delivery of the Upgrade Capacity would be demonstrated.

11. If a facility's Maximum Continuous Rating ("MCR") or Maximum Active Power Capability ("MAPC") values registered on Online IESO are missing, or need to be updated – will this prevent participation?

No, provided that the proposed Upgrade Capacity will be achieved by increasing the Existing Total Installed Capacity at the facility by an amount greater than or equal to the Upgrade Capacity.

12. If a Supplier is considering multiple upgrades to increase the capacity of the existing equipment, should these proposed upgrades be separate Submissions, or under one single Submission?

The IESO will only review one Submission per Eligible Facility.

13. When bidding into the Upgrades Solicitation, should Suppliers provide their MCR, or MAPC values? Relatedly, how granular should the MCR or MAPC data be (e.g., seasonal, monthly)?

Submissions are not required to specify their MCR or MAPC values. The specific requirements for a Submission are set out in Section 4(a) of the Call Document.

14. If a Supplier is pursuing multiple upgrades for a Facility, will Upgrade In-Service be achieved sequentially (as each upgrade project is completed), or only once all upgrades for the Facility have been completed?

Upgrade In-Service will be achieved once all elements of the Permitted Upgrade for an Eligible Facility have been completed and deemed in-service.

15. What materials are required to be submitted for the Upgrades Solicitation?

In addition to the prescribed submission form, the additional information and materials required to be submitted may be provided by Suppliers in the format of their choosing. Submitted materials should be as concise and specific as possible. See Section 4(a) of the Call Document for a description of the content being sought within the Submission.

16. Will any relief be provided by the IESO if a permitting issue delays either the in-service date or causes the inability to provide additional capacity?

The existing Force Majeure provisions in the underlying agreement will remain as part of the contract. In-service dates may be extended by up to one year for events of Force Majeure, after which either party may elect to terminate the Upgrade Amendment.

17. How will the IESO assess proposed Upgrade Capacity in one season versus another?

As stated in Section 6(v) of the Call Document, the IESO prefers Upgrade Capacity that will be available during the following periods, set out in order of preference: (1) both summer and winter peaks, (2) primarily during summer peaks, and (3) primarily during winter peaks.

18. Will Upgrades be eligible for the same in-service incentives as projects participating in the E-LT1 RFP in terms of facilities that reach commercial operation before May 1, 2026? If no, why not?

No, the IESO is targeting Permitted Upgrades to be in service beginning in 2025, and is not considering providing an early-in-service incentive.

Permitted Upgrades represent less risky projects compared to expansions or new builds, enabling Suppliers to retain their existing contracts for the trade-off of a more streamlined process with lower security requirements and no early-in-service incentives.

19. Will new performance obligations be added within the Upgrade Amendment?

The IESO is not considering adding new performance obligations to existing contracts. Whatever performance obligations exist in the current contract would be extended to include the Upgrade Capacity.

20. Will a Supplier's Submission in response to the Upgrades Solicitation be considered binding or non-binding?

As the IESO has noted previously, the Same Technology Upgrade Solicitation is not a formal procurement and does not constitute a request for proposals or tender process. However, as indicated in Section 2(b) of the Call Document, the Submission is not an invitation for a bilateral negotiation other than to implement a Permitted Upgrade and Suppliers are expected to submit parameters, as further described in Section 4 of the Call Document, on the basis that they are able to contractually commit to those parameters.

21. When will the Supplier be required to post enhanced Performance Security?

The Supplier will be required to increase the amount of Completion and Performance Security (i.e., Upgrade Security) as specified in Section 8(iv) of the Call Document at the time of execution of the Upgrade Amendment (likely Q1/Q2 2023).

22. In recognition of natural gas pipeline constraints, can alternative gas-receipt points be considered in order to secure the additional natural gas capacity to support the Permitted Upgrade?

Yes, Suppliers may build the incremental costs or savings associated with an alternative receipt point into the proposed Upgrade NRR and/or Extension NRR.

23. Section 7 of Exhibit A states "To pass the Test, the Facility must deliver the Electricity output (in MWh) for each hour of the Test Period, divided by one hour, in an amount equal to or greater than the Upgraded Capability at the highest ambient air temperature, as reported at the Environment Canada weather station that is physically nearest to the Facility for the relevant hour." Why is the IESO assessing the Upgraded Capability at the highest temperature measured during each hour of the test?

It is the IESO's understanding that a facility's Upgraded Capability will decrease as ambient temperature increases. Using the highest ambient temperature is intended to give the benefit of the doubt to the Supplier by ensuring the facility's performance will be assessed based on the Upgraded Capability at the highest temperature measured during each hour of the Test.

24. Will the revised Contract Capacity following the Upgrades Amendment be equal to the Upgraded Capability?

No. The Upgrade Capacity is derived and provided by the Supplier and should be based on the difference between the Existing Capability and the Upgraded Capability per section 3.2 of the Submission Form. The existing Contract Capacity for each Season (or other applicable period) will be increased by the corresponding Upgrade Capacity once Upgrade In-Service is achieved.

25. Will the definition of a Successful Test under Part 7 of the IESO's Upgrade Performance Test be based on gross or net MW output?

The test will be based on the delivery of Electricity at the Delivery Point net of any Station Service Loads in accordance with the approved Metering Plan.

26. What is the purpose of comparing the requested capability curves in Exhibit A, Section 2 of the Upgrade Performance Test?

Per Section 3(a)(i) of the Call Document, the IESO is seeking an Upgrade to an existing facility, not just the existing Contract Capacity. To confirm that the Permitted Upgrade is incremental, a comparison of the Existing Capability to the proposed Upgraded Capability will provide information to the IESO and the Independent Engineer. The verification of the Upgrade will be made from a Successful Test under Part 7 of the IESO's Upgrade Performance Test.

27. When are Suppliers expected to complete the Upgrade Performance Test?

The Upgrade Performance Test must be carried out after the completion of the installation of the Upgrade in order to achieve Upgrade In-Service. Per Part 1 of the IESO's Upgrade Performance Test, among other requirements, the Supplier will coordinate and obtain prior approval from the System Operator for the test. Although this test may occur prior to May 1, 2025, the achievement of Upgrade In-Service (and correspondingly, payment on account of the Upgrade or Extension NRR), will not be permitted to occur earlier than January 1, 2025.

28. How many chances do I have to pass the Upgrade Performance Test before my Upgrade Amendment is unwound?

Per section 8 of the Call Document, Suppliers will have until May 1, 2026 to achieve Upgrade In-Service. After that date, the Upgrade Security is forfeited and the IESO's sole remedy is the Upgrade Amendment being unwound.

29. How can the Supplier delay the timing of Upgrade In-Service to gain additional operating experience with the Upgrade?

Per section 8 of the Call Document, Suppliers will have until May 1, 2026 to achieve Upgrade In-Service. It is up to the Supplier to arrange for the timing of the requirements in Section 8(vi) of the Same Technology Upgrade Solicitation Document.

30. Certain forms of contract only provide for a single maximum temperature threshold for Capacity Check Test, despite having four Seasonal capacities. For these contracts, how should Suppliers derive the Upgrade Capacity from the difference between the Existing Capability and the Upgraded Capability?

In such cases, the Supplier may elect to use the following temperature thresholds instead of the single temperature set out in the Contract: 7.0C for Season 1, 21.0C for Season 2, 30.0C for Season 3, and 24.0C for Season 4.

31. Does Exhibit A - Same Technology Upgrade Performance Test Protocol need to be included as part of a Submission?

No, this will be filled in (to the extent possible) and included as an Exhibit to the Contract as part of the amending process.

32. For contracts that have Gas Delivery & Management services partially or fully to the IESO's account, should these costs should be excluded from the NRR (i.e. upgrade and extension NRR), or does the IESO want the Supplier to include the GD&M costs into the upgrade/extension NRR?

For contracts where GD&M services are partially or fully to the IESO's account, the incremental GD&M costs associated with the Upgrade should be provided on a open-book basis and any such incremental costs that are to the IESO's account should be excluded from the Upgrade and/or Extension NRR.

Should the IESO decide to pursue a Submission for a Facility with an existing contract where GD&M services are partially or fully to the IESO's account, the Gas Management Plan will need to be amended to reflect the incremental GD&M services required to accommodate the Upgrade and the IESO will take into account any additional costs it anticipates incurring under the Gas Management Plan in considering the Submission.