

Feedback Form

Medium-Term 2 RFP – November 7, 2024

Feedback Provided by:

Name: Julien Wu

Title: Director, Regulatory Affairs

Organization: Brookfield Renewable

Email: [REDACTED]

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Following the November 7 engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by November 14. If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

General Comments/Feedback

Brookfield Renewable appreciates the opportunity to provide feedback.

First, we reiterate our ask in response to the September 27th 2024 webinar that the IESO increase the 80% threshold in its *Stage 4* RFP selection process. A higher threshold would still impose competitive pressures in the RFP process. But importantly, it would minimize the potential loss of risk existing facilities at a time when continued operation of these resources is critical per the IESO's latest demand forecasts and uncertainty surrounding new resource deployment. Alternatively, existing facilities may exit the system, lower their output due to a decline in long-term maintenance planning, and/or pause any plans to repower or expand their facilities.

The IESO team confirmed in the Nov 7th Webinar that they have received 1250MW of registered MWs wishing to participate in the MT2-RFP's Energy Stream. This revised supply figure is significantly higher than the previously reported 800MW target. We understand that preserving competition was a key driver behind adapting the 80% threshold, but an increase in supply and interest of this magnitude (more than ~50%) all but assures the competitiveness of the MT2-RFP. As a result of this increase in supply and interest, we ask that the IESO adjust its 80% threshold upward accordingly.

In addition, we note that the MT2-RFP's eligibility rules allow participation from facilities that differ by technology type, vintage, and size. As a result, it will be difficult for proponents to assess their competitors and model their offer prices under these new eligibility rules. A higher threshold would provide a structure that better aligns with system needs by increasing the likelihood of securing resources with legacy contracts expiring as early as 2026—that will confront LMP exposure and related uncertainty—earlier than projects with contracts expiring later in the decade, that have several additional years of revenue certainty available. We note that the possibility of inadvertently displacing facilities with contracts ending in 2026 exists even with the discretionary power outlined in the RFP document 4.4 (b) for the IESO to retain additional proposals. In this outcome, facilities that fail to extend their contracts may cease operations and stop planning for repowering. To be clear, our feedback does not ask for modifications to the eligibility rules. Rather, we suggest that the MT2-RFP's priority should be to enable contract extensions for facilities whose contracts are ending immediately. A higher clearing threshold can accomplish this objective while preserving competitive pressures in the RFP.

Next, we ask that the IESO release, prior to the MT2-RFP's opening, general information about the registered facilities' technology types, vintages, and their sizing distribution to help proponents model their offers. As previously mentioned, MT2-RFP's eligibility rules will comingle facilities of different technology types, vintages, and sizes in the same selection pool. Moreover, the lack of rated criteria means that, for example, facilities whose contracts are ending in different years would compete on the same offer price basis. However, a contract ending in 2026 and another contract ending in 2029

are unlikely to use the same price curves to model their offers. In other words, the price forecast used to calculate the offer price for a 5-year contract starting in 2026 is unlikely to be the same forecast used to evaluate a 5-year contract starting in 2029. While proponents can manage such risks and discrepancies for their own assets, the diversity and heterogeneity of registered facilities would make it difficult for them to evaluate the competitors. In this scenario, the MT2-RFP could again be at risk of outcomes where, for example, facilities with contracts ending in 2026 are inadvertently priced out by facilities with contracts ending in 2029. Releasing more transparent and reasonably granular information about registered facilities prior to MT2-RFP opening would help avoid this outcome.