

Feedback Form

Long-Term RFP – July 21, 2022

Feedback Provided by:

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Following the July 21st public webinar on the Long-Term RFP, the Independent Electricity System Operator (IESO) is seeking feedback from participants on: Municipal Council Support Resolution, Contract Design, Revised Timelines, and the Deliverability Test Guidance Document.

The referenced presentation can be found on the [Long-Term RFP webpage](#).

Please provide feedback by August 4, 2022 to engagement@ieso.ca.

Please use subject header: *Long-Term RFP*. To promote transparency, this feedback will be posted on the [Long-Term RFP webpage](#) unless otherwise requested by the sender.

The IESO will work to consider and incorporate comments as appropriate and post responses on the webpage.

Thank you for your contribution.

Municipal Council Support Resolution

Topic	Feedback
<p>Please provide any feedback on the IESO's proposal to change the Municipal Council Support Resolution from a mandatory requirement to a rated criteria.</p>	<p>Overall, the ESC supports this proposed change. We encourage IESO to ensure that any requirements for municipal council resolutions are aligned with the Planning Act, such that municipal councils can offer support for projects prior to completing required activities for permitting and approval.</p> <p>Generally speaking, the IESO's process needs to ensure that RFP requirements are aligned with Planning Act requirements. There should be a distinction between planning permitting requirements and obtaining a municipal council resolution. Given the changes following the repeal of the Green Energy Act, requiring municipal council support in addition to Planning Act requirements may be duplicative. The process needs to be cognizant of timing and potential extra burden on municipalities. Perhaps the IESO could consider proof of both as a contract milestone rather than RFP requirement.</p>

Proposed Contract Design

Topic	Feedback
<p>Please provide any feedback on the potential use of indexing in the contracts and what indices (if any) may be best suited for these procurements.</p>	<p>ESC is encouraged that the IESO is considering an indexation approach to hedge against inflation and commodity price hikes.</p> <p>In past contracts, prices were indexed to CPI. We encourage the IESO to also consider indices against material costs, such as raw materials. For example, the Lithium-ion Battery Raw Material Price Index. Another example could be the Producer Price Index by Industry: Storage Battery Manufacturing.</p> <p>IESO referred to indexing against raw material costs to occur between signing of the contract and COD. We submit that the indexing must begin from the bid submission date.</p>

We are also encouraged that IESO is considering storage specific considerations into the capacity-based model contract design. A key consideration unique to battery energy storage is that the project capacity will degrade over time. Capacity can be maintained over the contract term by augmenting batteries, however IESO indexing to actual battery costs over the contract term would be required to maintain a “flat” contract capacity. Alternatively, IESO can allow for a declining contract capacity to align with the annual degradation of battery projects.

LT1 RFP and Expedited Process: Revised Timelines

Topic	Feedback
<p>Please provide feedback on the proposed revised timelines and whether these seem appropriate.</p>	<p>ESC is troubled by the revisions in the timelines. In particular, the announcement of qualified applicants will not be made until the end of August. ESC has argued against the inclusion of a lengthy RFQ process in favour of moving forward with development and community engagement on projects. It now appears that the IESO’s process is a bottleneck.</p> <p>Delaying the results of the deliverability assessment is also problematic and puts another bottleneck on the process, meaning that there will be less time to engage with communities on what would be a “final project proposal” and less time to complete analysis on specific projects. For this reason, we seek flexibility with municipal council support resolutions (e.g., if a proposed project is scaled back from 100 MW to 75 MW due to results of a deliverability assessment, a new municipal council support resolution should not be required.)</p> <p>Further, unless the IESO affords more time to achieve COD, delaying contract award means that developers have less time to complete permitting and community engagement, construct and connect the project prior to in-service deadlines, especially for the expedited process.</p> <p>Overall, ESC recommends that the IESO look for ways to build efficiencies into its procurement requirements such</p>

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	that contract award can be achieved as soon as possible.

Deliverability Test Guidance Document

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Please provide any feedback on the Deliverability Test Guidance Document and associated form.	<p>ESC has concerns about the Deliverability Test as it relates to energy storage resources.</p> <p>First, the unique operational capability of energy storage resources does not appear to have been considered by the IESO as part of the Deliverability Test Guidance Document. Energy storage can support system stability and support interface transfer limits through different operating modes. Based on ESC’s review, the IESO does not appear to have considered places where energy storage may be able to connect while stand alone generation might face constraints. Further information on the treatment of energy storage resources in the Deliverability Test is required.</p> <p>Second, the IESO has not provided complete information on the process of the Deliverability Test. The IESO appears to indicate that a project will be tested for Deliverability as a standalone project, and then tested again with all applicant projects. Can the IESO please confirm these process steps and provide a step-by-step example to provide clarity for proponents?</p> <p>Third, we have concerns with the assumptions in the Deliverability Tests. Specifically, the assumed output of existing generation is extreme and does not align with the Deliverability Framework the IESO has been proposing under UCAP process. Assuming maximum output of all wind and solar generation is an ICAP approach. Determining a specific resource’s UCAP value within the Ontario power system can generally be described in two steps. The first step is to determine the unforced outage probability during peak demand hours for the generation facility. The second step is to determine the deliverability of the transmission system</p>

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	<p>from the facility to load centers with unforced outages in the transmission system being considered. The two steps (i.e., facility outage probability and transmission system outage probability) can provide an overall deliverability assessment for a unique facility. Assuming maximum capacity ignores the outage probability and will be overly conservative in the connection capability assessed.</p> <p>Fourth, the outcomes of the Deliverability Test provide minimal insight for proponents. The IESO is proposing three qualitative outcomes of the Deliverability Test (i.e., Deliverable, Not Deliverable, Deliverable but Competing). The IESO does not intend to provide any quantitative guidance on deliverability for projects. ESC recommends that the IESO consider testing various sizes in 50 MW increments to find the boundary condition of Deliverable and Not Deliverable for each project location. This process can provide proponents with an understanding on how best to size their project for proposal submission and how competitive they must be with other project proposals.</p> <p>Finally, the IESO has not been clear on the publication of Deliverability Test values. ESC strongly recommends for competition, transparency, and confidence in the process that the IESO should publish all Deliverability Test results for proponents to review. Commercially sensitive information such as project location and size can be restricted.</p>

General Comments/Feedback

ESC is excited to see that there is “overwhelming interest in standalone storage” based on the submissions received during the RFQ phase. We are encouraged that the IESO is considering additional storage specific considerations into the contract design and look forward to helping provide input into its development.