

LRP II RFQ FEEDBACK

To: IESO LRP Team

From: Office of the OEA

Date: July 14, 2016

CC: Adam Butterfield

Subject: IESO LRP II REQUEST FOR QUALIFICATION FEEDBACK FROM THE OEA

BACKGROUND

On June 27, 2016, the Independent Electricity System Operator (IESO) published the draft Request for Qualification (RFQ) for the Large Renewable Procurement II (LRP II). The draft LRP II RFQ outlines the qualification requirements for Applicants wishing to participate in the LRP II process. The LRP II has a procurement target of 600 MW for on-shore wind generation, 250 MW for solar generation, 50 MW for waterpower, 30 MW for bioenergy and 50 MW for technological upgrades to and optimization of existing renewable generation.

INTRODUCTION

The Ontario Energy Association (OEA) wishes to offer comments on the draft LRP II RFQ. The feedback is based on OEA members' experience with the LRP I process including the LRP I RFQ, Request for Proposal (RFP), and the LRP I contract. **Comments are identified by relevant section and organized by priority based on the feedback of the OEA members.**

SECTION 3.3.2 – MANDATORY REQUIREMENTS – STANDARD PROCESS

In accordance with Appendix B, most of the criteria will be used by the IESO in their evaluation of Applicant Experience (including Entity Experience relating to experience in developing a Large

Complex Infrastructure Project in Canada) and Designated Team Member Experience. The IESO should consider providing examples of supporting evidence for Development Experience to clearly articulate the type of information it is seeking.

Section 3.3.2 (b) (ii) stipulates that a Commitment Letter must include a commitment to a specific amount of proposed equity contribution. This is a problematic request since it requires an Applicant to determine the potential renewable generation facility's development and construction costs and the financial structure the Applicant may use in the LRP II RFP. Since the LRP II RFP is not likely to conclude for another 2 years (i.e. May 2018), estimations of installation costs for renewable generation facility could have changed due to external factors (e.g., interest rate changes, technology advances, etc.). The IESO should limit the Commitment Letter to requiring Applicants to commit to provide equity without requiring an estimation of the specific amount.

SECTION 3.2.2 – MANDATORY REQUIREMENTS – SIMPLIFIED PROCESS

The Mandatory Requirements for the Simplified Process provides little flexibility for LRP I Qualified Applicants (QAs) to make adjustments to the qualification submission provided by the QA in the LRP I RFQ process. In section 3.2.2 (e), the IESO requires that the Control Group Member and Designated Team Members are the same as those identified in the LRP I RFQ. The LRP II RFQ process and LRP I RFQ process are separated by roughly 2 years, which is ample time for natural changes to occur within QA's business structure. Failure to present the exact same Control Group member or Designated Team Members will result in the Applicant being rejected in the LRP II RFQ. This criteria should be eliminated or modified to allow for some change in personnel in the Control Group and Designated Team Members. The IESO should consider changing the objective of the simplified process to focus on streamlining LRP I QA re-application and to allow minor adjustments to certain aspects of the previous LRP I RFQ submission for the LRP II RFQ submission, especially if the Applicant previously demonstrated they had exceeded

the mandatory requirements. This would allow Applicants to make minor adjustments without affecting the core aspect of their Qualification Submission for the LRP II.

SECTION 2.5.1.5 – TECHNOLOGICAL UPGRADES AND OPTIMIZATION OF EXISTING RENEWABLE GENERATION FACILITIES

It is unclear why this item is included in the RFQ as the IESO indicates it has not decided if these types of projects will be part of the LRP II RFP. The IESO should treat these upgrades separate and independent of the RFQ/RFP process for the purposes of LRP II. It seems redundant to make proponents qualify for technological upgrades when the projects are pre-existing. Also the technological upgrades do not require the same amount of capital expenditure and will require little (if any) development, construction or financing as all of that has already been done.

SECTION 2.5 – QUALIFICATION OF PROPONENTS

The draft LRP II RFQ requires Applicants to identify the number of Large Renewable Projects and aggregate number of MWs as part of the Qualification Submission. The IESO states that the objective of the LRP II RFQ process is to qualify Applicants, as opposed to projects, so this appears to contradict the stated objective. During the LRP II RFQ stage, Applicants are not bound by any of their planned projects for purposes of being qualified to participate in the LRP II RFP, and any project information submitted as part of the LRP II RFQ submission requirements need not be the same projects that are submitted in accordance with the LRP II RFP. Therefore, language as “plans to propose” or similar is more appropriate and reflective of the objectives of the LRP II RFQ.

SECTION 2.4.2 – PROHIBITED COMMUNICATIONS AND NON-COLLUSION REQUIREMENTS

The section seems to implicitly come into effect the date the final RFQ is to be released (i.e., August 1, 2016). If this is the case, the LRP II RFQ should explicitly state this. In any event, the LRP II RFQ should clearly state a date to which this section comes into effect and the date or time to which this section is no longer in effect.

SECTION 2.2 – TIMETABLE OF THE LRP II RFQ

The IESO has provided a general timeline for the LRP II RFQ process by identifying only the month of specific milestones. OEA members believe the general timelines presented in the draft LRP II RFQ are reasonable. However, further information on the rest of the LRP II process should be provided. Specifically the IESO should provide a proposed date for the release of the draft LRP II RFP.

SECTION 2.5.1.4 – MULTIPLE RENEWABLE FUEL – STANDARD PROCESS

The IESO does not provide a clear reason why Applicants are required to select an order to the renewable fuel types the Applicant is seeking qualification for. The section appears to be redundant to the previous section (section 2.5.1.3). The IESO should clearly indicate why an order to the renewable fuel types is required and what the order will be used for beyond the order of assessment.

SECTION 2.5.4 – AMENDING OR WITHDRAWING QUALIFICATION SUBMISSIONS

This section should specify that no amendments to submitted qualifications will be accepted after the submission deadline. If amendments are to be accepted after the qualification submission deadline, the IESO should clarify under what conditions this will be permitted.

SECTION 2.8 – CONFIDENTIALITY

The rationale permitting the IESO to disclose qualification submissions to the Government of Ontario has not been made clear. The other entities (e.g., transmitters, LDCs, etc.) make sense because these entities have reliability obligations to Ontario’s power system and/or may be called upon to assist in technical evaluations and/or provide technical advice. A rationale should be provided as to why each of the listed entities may receive qualification submissions on a confidential basis.

CONTACT

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