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DU CANADA

Submission re: Large Renewable Procurement Feedback Survey

May 3, 2016

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Introduction

CanSIA is a national trade association that represents the solar energy industry throughout Canada. CanSIA's vision for Canada's solar energy industry is for solar electricity to be a mainstream energy source and an integral part of Canada's diversified electricity mix by 2020. CanSIA also intends for the solar electricity industry to be sustainable, with no direct subsidies, and operating in a supportive and stable policy and regulatory environment within a similar time frame.

This submission was developed by CanSIA's LRP II Forum. The LRP II Forum is a group of CanSIA members with an interest in the Large Renewable Procurement (LRP) who have volunteered their time and resources toward the development of this submission. CanSIA's feedback is intended to modify the LRP to clarify requirements and to strike a balance between reducing pre-construction development costs and the need to continue to support strong community engagement and project due diligence.

While several revisions to the LRP are proposed within this submission, CanSIA's members strongly urge the IESO to work to shorten the currently proposed timelines for the LRP II process in order to conclude the process and issue contracts by the end of Q4 2017. In the interest of accomplishing this goal CanSIA has endeavored to focus only on those revisions which accomplish the above mentioned goals.

Participation

IESO Question 1

Were you involved in or affected by the LRP I process (either the LRP I RFQ or LRP I RFP)? If yes, briefly describe your involvement.

CanSIA Response

CanSIA participated actively in the engagement and stakeholdering process for the LRP I both directly and in conjunction with our member companies. CanSIA's member companies also participated directly within the LRP I RFQ and LRP I RFP. All Selected Proponents that were offered contracts for solar through the LRP I are CanSIA members (or subsidiaries of CanSIA members).

Request for Qualifications (RFQ)

IESO Question 2

Using the LRP I RFQ as a baseline, do you have any suggestions to improve the requirements for the LRP II RFQ?

CanSIA Response

Automatic Requalification Process

The automatic requalification of Qualified Applicants from the LRP I RFQ has significant potential for positive outcomes with regards to lessening pre-development costs for program participants, and for shortening Qualification Submission review timelines for the IESO. Given the IESO's need to ensure that new Qualified Applicants for the LRP II RFQ continue to meet the same bar regarding Development Experience and Tangible Net Worth, CanSIA assumes there will be three distinct categories of Qualification Submissions that will need to be addressed:

1. In instances where there have been no changes to the RFQ Applicant, the Applicant Team, or the Designated Equity Providers the IESO should make use of a declaration process, similar to that which was implemented during the LRP I RFP, to requalify Development Experience and Tangible Net Worth. This would allow Qualified Applicants from the LRP I RFQ to automatically requalify as Qualified Applicants under the LRP II RFQ.
 - a. Given the great majority of Qualified Applicants qualified using their parent company name, the issue of a Qualified Applicant name changes should be relatively minimal. In the event that a Qualified Applicant's name has changed since the LRP I RFQ, the declaration should include language allowing the Qualified Applicant to illustrate the control relationship between the two parties.
2. In instances where there have been changes to either Applicant Team or Designated Equity Providers, the IESO should allow the Qualified Applicant to submit both the evidence that was a part of their LRP I RFQ Qualification Submission as well as the evidence that replaces that evidence. For example, if a member of the Applicant Team has changed, the Qualified Applicant would submit the original individual's resume as well as the resume of the individual replacing them. The IESO could then compare both resumes to ensure that the new individual continues to meet the same level of Development Experience as the previous individual. Similarly, in instances where a Designated Equity Provider has changed, the Qualified Applicant would submit the financial information submitted previously, as well as the financial information for the new Designated Equity Provider so the IESO can confirm that the new Designated Equity Provider has the same or higher level of Tangible Net Worth.
3. In instances where the Qualified Applicant was attempting to qualify for more MW than they qualified for under the LRP I RFQ, regardless of whether there have been changes to the Applicant Team or the Designated Equity Providers, they would be required to submit a new full Qualification Submission.

Prohibited Communications

The IESO should clarify certain specific examples of communications that would not be considered Prohibited Communications and certain specific instances that would not be considered collusion. A number of examples of these were brought up during the Question and Comment Period for the LRP I RFQ and LRP I RFP including:

1. Participating in regulatory consultation processes whether initiated by the provincial, federal or municipal governments;

2. Other procurement consultations (i.e. consultations on the LRP II RFP and LRP II Contract that may be occurring while RFQ Applicants are engaged in assembling their LRP II RFQ submissions);
3. Initial partnership discussion with other companies (whether those companies are also participants within the LRP process or are external to it); and
4. Partnerships with Local Municipalities and First Nation Communities.

It should also be made explicit that information that will be made public will not be considered a breach of the Non-Collusion Requirements.

Exhibit B (Development Experience)

Exhibit B of the LRP I RFQ was considered complex and difficult to understand. Due to these complexities, some RFQ Applicants were rejected from the process for failing to meet the requirements of Exhibit B not because they lacked the necessary Development Experience to qualify, but because they incorrectly identified that Development Experience.

In order to help ensure that qualified RFQ Applicants fully understand the thresholds being applied to them, the IESO should make efforts to clarify the requirements of Exhibit B.

Request for Proposals (RFP)

Community Engagement

IESO Questions 3

Were the mandatory community engagement requirements and optional rated criteria community support activities clear?

CanSIA Response

Somewhat clear.

When the original LRP I RFP was released there were a number of points of clarification that were requested by Qualified Applicants and other stakeholders (ex. Local Municipalities and First Nation Communities). Through the Individual Information Sessions with Qualified Applicants and the Question and Comment Period, however, it generally became clear what was required in order to meet the requirements to receive Rated Criteria points for community engagement. The main points that required clarification included:

1. When a Property is adjacent to a Property on which a portion of the Large Renewable Project is located only at the corner, does that Property count as an Abutting Property?

2. What types of agreements between Qualified Applicants and Municipalities and First Nation Communities count as sufficient to satisfy the requirements of the Municipal Agreement and First Nation Agreement?
3. What signatures are required on the Municipal Meeting Confirmation and First Nation Meeting Confirmation in order to have it be acceptable to the IESO? Are all meeting attendees required to sign the form with original wet ink signatures, or, can a representative of the Local Municipality or First Nation Community sign the form to confirm that a meeting was held without having all attendees also sign the form?
4. Differences between the terms “delivered to” and “given to” for distributing the Notice of Public Community Meeting to required entities/individuals and whether either of these terms implied that notices needed to be distributed via courier vs. normal mail, and, whether either of these terms implied that the notices needed to have been received by the entities/individuals. For example, in some instances, Qualified Applicants distributed the Notice of Public Community Meeting to an individual and had the notice “bounce back”, or, were unable to locate mailing addresses for individuals due to those individuals owning the Property, but living in another city/province/country.
5. How should Qualified Applicants demonstrate best efforts to contact the entities/individuals specified in Section 3.2.5(d)(i)(4) in the event that a Notice of Public Community Meeting is unable to be delivered due to the reasons outlined above? While the IESO clarified that the Qualified Applicants could make use of the Missed Meeting Notice Confirmation in order to satisfy the requirement, a meeting may not have been able to be held if the individual was not a resident in the city/province/country.

To avoid differing interpretation of the requirements and to fully establish the proper way to meet them, these items should be fully spelled out either within the LRP II RFP, the applicable Prescribed Forms, or within FAQs that are established in advance of launching the LRP II RFP.

IESO Question 4

Were the mandatory community engagement requirements successful in raising awareness of and sharing information about proposed projects within the Community?

CanSIA Response

Very successful.

Given the broad outreach required by the mandatory community engagement activities of the LRP I RFP, and the impetus to secure council support resolutions and abutting landowner support, awareness of the presence of a Proposal was high in most communities. Awareness of the existence of a Proposal, however, is not the only information that is required in order to have robust and effective community engagement.

An area where the IESO and Ministry of Energy can provide value into the process for the LRP II is ensuring that more information that will be seen as objective and free of bias is available to communities and public. While Qualified Applicants should be the source of information regarding their specific technology and project, the IESO and Ministry

of Energy can help communities navigate the process by releasing information on the process and requirements of the procurement that is more easily accessible for entities/individuals who are less familiar with the procurement.

More information is provided below within the CanSIA response to IESO Question 11.

IESO Question 5

Were the optional rated criteria activities appropriate and effective indicators of community support?

CanSIA Response

Somewhat effective.

The Municipal Council Support Resolution and the First Nation Support Resolution are certainly the best indicators of community support and were weighted as such within procurement. In both instances, the elected council represents the local residents; their support, or lack thereof, should continue to be weighted highly vis a vis the other activities.

In some instances, Abutting Landowner support was deemed an effective indicator of community support, and in others less so. This very much depended on the context in which the Large Renewable Project was located. For example, in instances where the abutting landowners made up the majority of impacted individuals (i.e. there were very few or no other landowners located close to the Large Renewable Project) abutting landowner support very accurately reflected the communities acceptance, or lack thereof. In instances where there were a high number of landowners located close to the Large Renewable Project, but those Properties did not abut the Large Renewable Project, abutting landowner support was considered less indicative of overall community support.

IESO Question 6

Are there other engagement or support activities that should be considered?

CanSIA Response

CanSIA's members are of the opinion that the community engagement and support activities that were a part of the LRP I RFP struck a sufficient balance between the need to engage communities and manage pre-construction development costs for Qualified Applicants. It is important to remember that the initial community engagement that is conducted as a part of the procurement is further supplemented by more detailed engagement during the Renewable Energy Approval (REA) process.

IESO Question 8

Are there steps, or processes or activities that could be leveraged to further facilitate the LRP engagement?

CanSIA Response

The IESO should consider making public appearances during the pre-RFP stage at municipal conferences such as the annual conference of the Association of Municipalities of Ontario (AMO), The Northwestern Ontario Municipalities Association (NOMA) and Rural Ontario Municipal Association (ROMA). These conferences represent forums for the IESO to disseminate objective information regarding the procurement rules and structures. Additionally, the IESO should consider distributing written, accessible, information through these associations using their normal member communications.

IESO Question 11

Is there anything that could be improved to ensure communities are informed and have the opportunity to be engaged about a proposed project?

CanSIA Response

As described briefly in the CanSIA Responses to IESO Question 4 and 8, the IESO and Ministry of Energy should consider taking steps to ensure that more easily accessible information regarding the procurement and its requirements are made available to Local Municipalities, First Nation Communities and the general public. This will help facilitate community engagement activities and provide objective, bias-free information to those entities/individuals that are being consulted. Specific areas on which the IESO should focus include:

1. Concerns regarding the experience/financial capabilities of Qualified Applicants (i.e. explain the thresholds against which Qualified Applicants are evaluated)
2. Agricultural land/soil classification protection
3. Connection capacity availability information
4. Construction timelines mandated by the LRP Contract
5. Odds of securing a project (using statistics from the LRP I RFP)
6. Decommissioning requirements under the Renewable Energy Approval

Site Considerations

IESO Question 13

Was the Site Considerations work helpful to inform early project siting and/or project design?

CanSIA Response

Somewhat helpful.

As communicated to the IESO during early engagement activities for the LRP I, it is expected that project layouts will be required to change due to ongoing community engagement, and as a result of the government requested changes, through the REA process. For this reason the Site Considerations was more useful as a tool to conduct community engagement rather than a tool to conduct detailed project level site design. That being said, analysis conducted for the creation of the Site Considerations Information is somewhat helpful at the outset of project design for the purposes of the REA as it can be utilized within that process.

Overall

IESO Question 14

Using the LRP I RFP as a baseline, do you have any suggestions to improve the requirements for the LRP II RFP?

CanSIA Response

Proposal Price/Contract Capacity Pairs

The IESO should permit a single Proposal to include up to 3 Proposal Price/Contract Capacity pairs to ensure that there is the ability to choose the lowest possible Proposal Price for a project at its highest possible Contract Capacity.

Currently, the IESO permits a Proposal to specify three distinct Contract Capacities for a single Proposal Price. During connection testing the IESO will test up to all 3 of the specified Contract Capacities to give the Proposal a better chance of passing the connection test. While this flexibility is helpful, prohibiting the Proposal from specifying a different Proposal Price for each of the three Contract Capacities forces Registered Proponents to find a Proposal Price that will be economic at any of the specified Contract Capacities. This limits a Registered Proponent's ability to bid the lowest possible Proposal Price for their highest proposed Contract Capacity, and thus limits the IESO's ability to capture the best value for ratepayers.

Allowing up to 3 Proposal Price/Contract Capacity pairs can be accomplished by inserting multiple "entries" into the Initial Stack for testing that are linked to the same Proposal. If a lower priced "entry" is selected that is linked to subsequent "entries", those additional "entries" would be automatically rejected when the lower priced "entry" is selected.

During connection testing for the LRP I RFP, the IESO tested all three specified Contract Capacities for a Proposal one after the other (as needed) because all three Contract Capacities correlated to a single Evaluated Proposal Price and thus a single entry within the Initial Stack. Under the approach recommended by CanSIA, each "entry" would correlate to a different Evaluated Proposal Price because the underlying Proposal Prices would be different. Due to this, not all specified Contract Capacities would automatically be tested one after the other. Instead, the three "entries" for a single Proposal could slot themselves at different levels within the Initial Stack. It would be the Registered Proponent's risk that a second or third "entry" would be tested after another Registered Proponent's Proposal that had a lower Evaluated Proposal Price. If a Registered Proponent did not want to take this risk, they could simply enter the same Proposal Price for each specified Contract Capacity, thus giving each "entry" the same Evaluated Proposal Price, and the process would work identically to the process under the LRP I RFP.

In this way, the IESO would be able to maintain the integrity of the Initial Stack and ensure that Proposals/"entries" are tested for connection capacity only in the order of lowest to highest Evaluated Proposal Price.

Rated Criteria for Community Engagement

CanSIA is generally supportive of the existing Rated Criteria categories for community engagement and does not recommend large-scale changes for the LRP II RFP in this regard. The IESO should, however, consider modifications to the Rated Criteria for abutting landowners in order to institute a scale for awarding Rated Criteria Points within the categories for which this activity is required.

As currently structured, a Proposal is unable to receive any benefit for achieving the support of the landowners of 1 – 74% of the abutting Properties. In instances where it becomes clear that the Qualified Applicant will be unable to achieve the 75% threshold, there is no incentive to continue to engage as many abutting landowners as possible. This result is counter to the intent of the Rated Criteria for community engagement.

In order to address this the IESO could include distinct levels of abutting landowner support correlating to different allotments of Rated Criteria Points. For example, additional Rated Criteria categories could be created which mirror the existing categories with the exception that a lower level of abutting landowner support would be included, correlating to different Rated Criteria Points. Using Section 3.3.1(b)(i) as an example:

1. Municipal Council/First Nation Support + Municipal/First Nation Agreement + 75% Landowner Support
 - a. 80 points
2. Municipal Council/First Nation Support + Municipal/First Nation Agreement + 50.1% Landowner Support
 - a. 75 points

The IESO could structure the Rated Criteria categories so that the option that included 50.1% of landowner support (i.e. the lowest Rated Criteria score available within that category) never resulted in a lower Rated Criteria Score than the top available score of the category below it. For example, if a Qualified Applicant utilized option 2 above, the Rated Criteria score would still be larger than the top Rated Criteria score of 3.3.1(b)(ii) – 50 points, to ensure the integrity of the category approach adopted by the IESO.

Proposal Security

Late in the Proposal development process, schedule 1 banks contacted the IESO with issues regarding the Proposal Security template that was included in the LRP I RFP. CanSIA requests that the IESO take steps to consult directly with Schedule 1 banks regarding the language of the Proposal Security template and include that feedback into the draft LRP II RFP for subsequent industry consultation.

Notice of Public Community Meeting

In instances where a Qualified Applicant is unable to deliver a Notice of Public Community Meeting to an individual in advance of a Public Community Meeting, and also unable to have the individual sign the Missed Meeting Notice Confirmation (for example, if the individual is not a resident in the city/province/country), an alternate process should be permitted for the Qualified Applicant to demonstrate best efforts to deliver the Notice of Public Community Meeting. The IESO could utilize the Registered Proponent Declarations to include a declaration that

commercially reasonable efforts were made to contact the individual and could specify the process to be used in order to demonstrate those best efforts (ex. that the Qualified Applicant utilized a title search or tax roll list). Alternatively, the IESO could utilize a similar process as is used for evidencing public meeting notification requirements under the REA, which includes a declaration and the ability for the MOECC to clarify how requirements were met, if necessary.

Prohibited Communications

Please see section 2 of CanSIA Response to IESO Question 2.

General

IESO Question 15

Recognizing that many of the LRP materials (i.e., LRP I RFQ, LRP I RFP, LRP I Contract and Prescribed Forms) were legal and technical documents, were the materials understandable and clear? If not, what could be improved?

CanSIA Response

Given the strong focus on community engagement of the LRP the IESO should include plain language descriptions on the Instruction Pages of Prescribed Forms which explain (1) the requirement to which the Prescribed Form is relevant, and (2) the purpose of the Prescribed Form. This would help Qualified Applicants explain the legal language of Prescribed Forms and the associated requirements to Local Municipalities, First Nation Communities, and individuals using accessible information/language provided by the procurement agency itself. This information would likely be seen as more objective by those being consulted.

Please also see section 2 and 3 of CanSIA Response to IESO Question 2 and CanSIA Response to IESO Question 3.

IESO Question 16

Do you have any feedback on the IESO's role during the LRP I process (e.g., was the IESO effective at responding to or clarifying questions)?

CanSIA Response

The IESO should utilize an alternate process for questions submitted by parties other than Qualified Applicants (or consultants/contracted entities acting on behalf of Qualified Applicants) i.e. procurement participants. While the IESO endeavored to provide answers to procurement participants with reference to the LRP I RFP and LRP I Contract, the same approach was utilized regardless of the party asking the question. CanSIA understands that standards must be met with regards to how and what type of questions are answered via the Question and Comment Period, and this may be appropriate for questions asked by procurement participants, however, the IESO should consider an alternate mechanism for answering questions from municipal/First Nation representatives and individuals. This process should endeavor to provide information to interested parties regarding the procurement in a more plain

language fashion. In order to separate the two processes the IESO could request that question submitters identify the Qualified Applicant with which they are associated when submitting a question under the Question and Comment Period. For those questions coming from entities not associated with a Qualified Applicant, the IESO could utilize this alternate process/approach.

IESO Question 17

Please provide any other feedback related to the LRP I process and/or suggestions for improvement.

CanSIA Response

Consultation on a Revised Connection Capacity Availability Information Process

Consultation should be initiated on the development of a revised connection capacity availability information process that would provide more detailed information to participants regarding the available connection capacity at potential Connection Points for Large Renewable Projects. This consultation should proceed on a separate and distinct track from ongoing consultation on the procurement documents (LRP II RFQ, LRP II RFP, LRP II Contract and Prescribed Forms) to ensure that it does not interfere with timelines for the finalization and initiation of the procurement.

Consultation on this revised connection capacity availability information process should be launched as soon as possible to give Qualified Applicants as much time as possible to incorporate results of the process into project development and community engagement activities.

While preliminary feedback on issues with the existing Supplementary Network Circuit Information (SNCI) and Transmission Availability Tables (TAT Tables) is included within this submission, CanSIA and our members contend that a dedicated consultation on the development of a revised process is the appropriate forum for detailed feedback from technical professionals in conjunction with power system planning and procurement staff at the IESO.

1. Transmission Availability Tables (TAT Tables)
 - a. Lack of clarity on the assumptions that went into the calculation of the values presented.
 - b. Developing and maintaining the TAT Tables was labour intensive and time consuming for Power System Planning (PSP) group at the IESO.
 - c. TAT Tables were much more effective for Distribution System connected projects as accounting of available capacity is more straightforward and tied to the upstream TS.

2. SNCI Process
 - a. Disagreement with the assumptions that were released (using the mid-point on a Circuit for testing, using catch-all project parameters that were “technology agnostic”).
 - b. The SNCI process could be utilized provided it took into account project specific details regarding connection point, contract capacity, and generation technology – essentially running TAT/DAT for proposed Large Renewable Projects.
 - c. The IESO should allow for additional Circuits beyond the maximum commitment to test 3 connections.

- d. Utilizing feasibility studies (commonly used by LDCs and the legacy IESO) could be a more palatable method for securing connection capacity information for projects provided this was done in conjunction with power system planning staff to ensure these feasibility studies incorporated the additional test parameters used within the TAT/DAT process (ex. Congestion limitations, area limits etc.)

LRP II draft Stakeholder and Community Engagement Plan

IESO Question 18

Do you have any feedback related to the draft Engagement Plan for this initiative?

CanSIA Response

CanSIA requests the following changes with regards to the LRP II draft Stakeholder and Community Engagement Plan.

1. Explicit inclusion of the ability to submit (and have considered) feedback on the draft LRP II Contract.
2. Explicit inclusion of either one-on-one meetings or a group session with Qualified Applicants regarding the draft LRP II RFP and draft LRP II Contract. The IESO's team for this consultation should include both internal and external legal counsel, contract management, power system planning and stakeholder relations personnel to provide detailed commentary on their own sections of the procurement process.
3. The current Engagement Plan has not scheduled consultation on the draft LRP II RFP and LRP II Contract to begin until the conclusion of the LRP II RFQ. CanSIA understands that certain members of the IESO procurement team will be engaged with the evaluation team for the LRP II RFQ and may have limited ability to simultaneously consult on and develop the draft LRP II RFP and LRP II Contract. This period of time (approximately 5-6 months), however, represents a significant opportunity to shorten the overall process and would help to ensure that the LRP II process was concluded with contracts announced by Q4 2017.
4. CanSIA's members would support being able to provide comments on a draft LRP II RFP and LRP II Contract while the IESO is reviewing the Qualification Submissions for LRP II RFQ (i.e. the deadline for feedback on the draft LRP II RFP and LRP II Contract would be set during the time that Qualification Submissions were being reviewed by the IESO).