Feedback Form

Local Generation Program – April 23, 2025

Feedback Provided by:

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Title: Asset Manager

Organization: Capstone Infrastructure Corporation

Existing contract number (if applicable): Multiple

Email [redacted]

Date: May 9, 2025

Following the April 23, 2025 webinar to provide information on the Local Generation Program (LGP) and the high-level design of the program, the IESO is seeking feedback on the high-level design of the recontracting stream of the LGP

The referenced presentation and supporting materials can be found under the April 23, 2025 entry on the Local Generation Program webpage.

To promote transparency, feedback submitted will be posted on the Updates to IESO Monitoring Requirements: Phasor Data engagement page unless otherwise requested by the sender. If you wish to provide confidential feedback, please mark "Yes" below:

☐ **Yes – there is confidential information, do not post**

☒ **No – comfortable to publish to the IESO web page**

Please provide feedback by May 9, 2025 to engagement@ieso.ca. Please use subject: *Feedback: Local Generation Program*.

Specific Questions for Existing Facilities / Suppliers:

Timing and logistical issues in recontracting

1. How long before the expiration of your existing contract could you confidently submit a price ($/MWh) to continue operation of the facility after the contract expires?

☒ 1 year

☒ 2 years

☒ 3 years

☐ 4 years

☐ 5 years

☐ More than 5 years

2. In the case of recontracting, would you prefer (multiple choice):

☒ For my new contract to start immediately after the old contract expires; or

☐ To be able to propose a new contract term start date; or

☐ Something else (please provide details)

This is highly dependent on whether the project involves an extension, expansion, or repowering. More discussion with the industry is needed. Overall, greater flexibility for IPPs is recommended to account for site-specific conditions

3. Do you anticipate any need to shut down your facility temporarily when the existing contract expires?

☐ Yes

If yes, for how long?

Same answer as question #2

☐ No

☒ Not sure

If not sure, what additional information do you need?

This is site-specific, depending on the age and type of equipment; however, downtime can be minimal, especially if there is time to prepare. Providing flexibility would allow suppliers to manage inspections, upgrades, or repairs as needed

4. Do you anticipate any need to shut down your facility permenantly when the existing contract expires?

☒ Yes

If yes, what is the reason?

We have experience in other markets decommissioning end-of-life renewable resources when necessary; however, we do not wish to see existing assets decommissioned in Ontario. We look forward to working with the IESO to ensure these assets can continue delivering maximum value and long-term impact for ratepayers

☒ No

☒ Not sure

If not sure, what additional information do you need?

Again, this is site-specific, depending on the type and age of equipment, and it is too early to determine. Ultimately, we require a clear pathway for permitting and strong economic signals to justify reinvestment or continued operations.

5. What risks and or challenges do you anticipate around being able to recontract your existing facility to supply electricity?

The primary factors are the age of equipment and reliability risks, as equipment types and maintenance plans vary across vendors and IPPs. Supply chain constraints and tariffs pose significant risks, alongside long-lead decision-making related to investment, approvals, and re-financing. Additionally, end-of-life renewables are not well understood in the Ontario context, with outstanding permitting considerations for extensions, expansions, repowering, and hybrid expansions involving renewables and batteries.

Refurbishments, upgrades and expansions

6. Are you planning to refurbish, upgrade or expand your facility?

With the right permitting framework and economic signals, we believe existing resources can deliver significant long-term value to Ontario ratepayers. We are actively assessing future options for our sites and would appreciate more ongoing, direct engagement with the IESO at the individual asset level to discuss extension, expansion, and repowering options, as well as potential commercialization pathways.

   a. If you are planning to change your facility, when would you want to do that?

Assuming greater clarity on permitting pathways, we are prepared to consider more significant changes with the intent to maintain strong performance well beyond the current contract term

7. Do you intend to increase your installed capacity or keep it the same as the existing capacity? Please describe why it might remain the same or change.

We believe Ontario ratepayers can benefit from leveraging existing infrastructure, and as such, we are open to exploring all pathways to maximize the value delivered by our sites. Under baseline circumstances, maintaining existing MWs (with a sufficient contract term) and factoring in degradation seems to be logical. However, we also encourage the IESO to ensure that proponents are not restricted from expanding renewable sites with batteries, whether for renewable firming or for providing much-needed capacity or ancillary services.

8. Do you know if your connection point and or local circuits could support an expansion or upgrade? Please provide details.

We have assessed this and believe further discussions with the IESO and Hydro One (on an accelerated basis, as normal RFP timelines are delayed) are required on an asset-by-asset level to confidently consider expansions and upgrades.

9. What risks and or challenges do you anticipate around refurbishing / upgrading or expanding your facility?

As stated earlier, supply chain, permitting, interconnection evaluation, the status of end-of-life equipment, and contractual certainty are critically important to understand as soon as possible. Additionally, there is further uncertainty regarding whether one is considering an extension, expansion, repower, or the addition of a battery hybrid expansion.

Other Comments/Feedback

Topic: High Level Program Design	**Feedback**
Digital Application Process	Implement a fully digital bid submission process through online i.e. Beacon or Gateway to streamline applications and analysis. Enable existing suppliers to submit using pre-populated data to reduce administrative burden and errors.

Topic: High Level Program Design	Feedback
Technology Competition Fairness	Use a "bucketed" evaluation structure by technology type to ensure a level playing field. Uniform pricing without bucketing may unintentionally favor certain technologies, disadvantaging those with unique reliability or value-add capabilities (e.g., peaking support).
Regional Equity in Procurement	Introduce regional bucketing to ensure fair competition in built-up or higher-cost areas, promoting a more geographically balanced supply base. This will support reliability where it is often needed most.
Eligibility of Existing Facilities	Explicitly state that existing facilities can participate in new-build procurements to support upgrades and modernization. This promotes reliability while leveraging existing infrastructure and maintaining cost-efficiency.
Repowering Under Extensions	Provide flexibility for facilities operating under extension contracts to apply for new contracts. This allows for timely repowering and helps maintain system reliability as assets age.
Flexible Start Dates for Extensions	Allow proponents to select their contract start month for extensions. This flexibility supports maintenance and repair scheduling, improving plant performance and system dependability.
Administrative Simplicity	Keep program administration simple—limit forms and paperwork to what is essential. Reducing red tape encourages broader participation and keeps costs down. As well ensure that the program rules and guidance are consistent easy to follow.
Plain Language	Develop instructions, guidance, forms, and contracts in plain language that are easy to understand and follow. Review materials to identify any inconsistencies or potential for different interpretations. Where ambiguity may exist, state the intention explicitly
Program Rollout	Thoroughly review and vet the program materials prior to rollout to ensure consistency. This will reduce or eliminate last-minute changes to forms, guidance, and instructions, as occurred in MT2. Such changes add unnecessary complexity to the process and can be avoided.

Topic: High Level Program Design	Feedback
Previous LT1, LT2 and MT2 Comments	Capstone recommends IESO review Capstone's comments in the LT1, LT2, MT2 and Hybrid Integration Project for consistent messaging across the various stakeholder channels. Capstone has been actively promoting the notion of maximizing and securing the long-term future of existing resources in Ontario for sometime.
Hybrid Expansions	Capstone strongly advises IESO, to ensure that contract language does not explicitly prevent the separate addition of FTM and or BTM battery expansions at renewable sites.
Contract Framework	Capstone strongly advises IESO to utilitze a 'simplified' contract model to ensure maximum uptake by the lending community and to navigate uncertainties with MRP, which will inherently challenge IPPs to invest equivalent effort into smaller resources vs larger (and or new-build projects). Capstone is ready to sit down and work closely with the IESO on the contract framework.
Municipal Support Resolution (MSR)	Capstone suggests that an MSR should not be required for end of life / end of contract assets, similar to the precedent set on MT2.
Feedback for New Facilities	
Contract Length for New Builds	Offer flexibility to suppliers to select a preferred contract length e.g 20 years, and allow longer-term contracts (30 years) for new builds to support lower-cost bids through better financing terms, improving overall system affordability and investment confidence. We are seeing other regions offer longer term contracts, and this would align with where the industry is heading.

General Comments/Feedback

Overall, we are excited about the IESO's initiative with this program. We strongly believe that existing resources can deliver immense value to Ontario ratepayers in the long run, and we are committed to working closely with the IESO, other stakeholders, and industry associations like CanREA and ESC to ensure the success of this program.