

Feedback Form

Long-Term 2 (LT2) RFP – February 15, 2024

Feedback Provided by:

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To promote transparency, feedback submitted will be posted on the Long-Term RFP engagement page unless otherwise requested by the sender. If you wish to provide confidential feedback, please mark "Confidential".

Following the LT2 RFP February 1, 2024, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on specific 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 February 15, 2024.

Revenue Model

Topic	Feedback
<p>Do you have any additional comments regarding the revenue model, particularly with regards to the following: Deeming energy market revenues based on real-time locational marginal prices (LMP), as opposed to the IESO's recommendation of basing this on the day-ahead LMP. (Slides 19-21)</p> <ul style="list-style-type: none"> The optionality of using either a simple average day-ahead price or weighted average LMP, with the latter including hours where the resource was scheduled day-ahead in a given month. (Slides 22-23) Including monthly production factors that on average equate to the annual production factor, in order to further account for seasonality. (Slides 24-26) 	<p>Capital Power owns and operates a suite of contracted generating assets across various power markets in Canada and the United States. The commercial arrangements surrounding these assets range in complexity and market exposure. For more complex arrangements like the proposed enhanced PPA revenue model, Capital Power assesses the structure based on how reasonable it is to meet revenue assumptions within the agreement and the ability to mitigate risks.</p> <p>The model proposed by the IESO in December would not provide a reasonable opportunity for proponents to meet its deemed energy revenue and allocates risks to proponents that they cannot mitigate. Though we would require more details on settlement calculations and contractual provisions, we believe a deemed energy revenue that is calculated using a monthly production factor and a weighted average monthly real-time LMP that is based on the asset's actual generation profile will provide a reasonable opportunity for proponents to meet their revenue needs and mitigate price and congestion risks.</p>

DERs

Topic	Feedback
<p>Do you have any comments regarding eligibility requirements for DERs of other general comments?</p>	<p>As stated in our submission related to the December 13, 2023 engagement session, Capital Power recommends that projects be evaluated on a level playing field to ensure the most competitive projects are awarded contracts.</p>

Capacity Resources

Topic	Feedback
Do you have any comments regarding considerations for acquiring additional capacity resources, and utilizing a multi-stream approach (energy and capacity streams)?	The motivation behind IESO’s procurement of energy and capacity, and the evaluation criteria of capacity and energy resources differ. As such, Capital Power supports the IESO’s suggested approach to procure energy and capacity within their own, separate procurement processes.

LT2 Deliverability

Topic	Feedback
Do you have any comments on early deliverability data and evaluation stage deliverability?	Capital Power appreciates the efforts the IESO is taking to provide congestion and deliverability data by the end of March. Capital Power reiterates the timelines for LT2 are exceptionally tight and requests information be provided ASARP.

Repowering

Topic	Feedback
Do you have any comments around repowering participation?	<p>Capital Power thanks the IESO for taking the time to provide written responses to stakeholder feedback on February 12, 2024. In a response to a stakeholder question on what constitutes repowering, the IESO states:</p> <p><i>"Repowering refers to an existing non-emitting electricity generation facility that was previously the subject of a contract with the IESO, undertaking the necessary capital investment, such that the facility can continue to operate and provide energy for the entire duration of the LT2 contract term. The IESO is proposing that the repowered facility would be subject to the same performance obligations (yet to be determined) under the LT2 contract as a new-build facility."</i></p> <p>Capital Power agrees with this definition of a repowered facility and is supportive of applying simple performance obligations for all facilities participating in LT-2. For the reasons stated in our submission to the December 13th engagement session, no additional thresholds or requirements should be applied to repowered assets.</p>

Long Lead-Time Resources

Topic	Feedback
Do you have any comments on enabling long-lead time resources?	Capital Power reiterates its position that all resources participating in the RFP be evaluated on a similar, level playing field and the most competitive projects are awarded contracts.

General Comments/Feedback