

Feedback Form

Long-Term 2 (LT2) RFP – May 23, 2024

Feedback Provided by:

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Date: June 7, 2024

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 May 23, 2024, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the 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 June 7, 2024.

LT2 RFP Energy + Capacity Streams

Topic	Feedback
Do you have any questions or comments regarding the clarifications the IESO provided regarding the targets, timing, eligibility or other details of the LT2 RFP Energy and Capacity streams?	Capital Power continues to support the participation of repowered or refurbished facilities in LT2, provided that these facilities can meet the requirements of the RFP.

Long-Lead Time Resources Procurement

Topic	Feedback
Do you have any questions or comments regarding the clarifications the IESO provided regarding the targets, timing, eligibility or other details of the Long Lead Time Resources Procurement?	No comments at this time.

Topic	Feedback
<p>Do you have any questions or comments regarding the clarifications the IESO provided regarding the targets, timing, eligibility or other details of the MT2 RFP?</p>	<p>Capital Power remains concerned on the timelines being considered for MT2 and if it remains a viable path for the generating facilities coming off contract in 2026 and 2027.</p> <p>As previously stated, the owners of these sites must make investment decisions now if the life of critical infrastructure such as turbines, foundations, balance-of-plant, and substations are to be safely and effectively extended. A short-term bridge to MT2 does not provide the appropriate assurances to make a prudent life-extension investment decision and MT2 will not be in place in time to support these decisions even if its timing is advanced.</p> <p>Capital Power continues to recommend that the IESO negotiate contract extensions for assets coming off contract in 2026 and 2027 to the end of these assets' useful lives. As stated in our previous submissions, this approach will keep reliable, affordable, and non-emitting energy on Ontario's system and avoid the risk of capacity being decommissioned when it is needed most. It will also provide time for owners to assess repowering options that could result in the continued, long-term operation of interconnected sites within supportive communities.</p> <p>In terms of target setting, Capital Power reiterates it is not supportive of establishing MT RFP targets to be a percentage of eligible, existing resources coming off contract. A MT RFP target that is based off facilities coming off contract risks the retirement of affordable and proven renewable facilities during a time the IESO is forecasting a tremendous need for energy. Considering this need, the IESO should be looking for ways to extract all the inherent advantages of existing assets until the end of their useful life. Other procurement mechanisms can effectively be used to ensure competitive MT2 submissions and pricing. For example, the IESO could establish a reference price off the cost of new developments or LT2 submissions to ensure MT2 prices are competitive and remain an affordable source of clean energy for ratepayers.</p>

LT2 RFP Preliminary Connection Guidance Follow-Up

Topic	Feedback
<p>Do you have recommendations for; addressing the previous feedback received; version 2 of the Guidance Document; and most specifically on the LT2 RFP capacity stream delivery approach the IESO is proposing.</p>	<p>Capital Power is encouraged by the IESO’s commitment to provide better visibility on interconnections, revise its guidance to incorporate LT1 RFP results, and work to address the 115kV and 230kV limitations expressed in the first draft of the Guidance Document. Detailed station and circuit maps would also be tremendously helpful for proponents.</p> <p>Capital Power shares concerns raised by CanREA in their May 3rd submission as it relates to the restrictions presented in the initial release of the Guidance Document and how it could impact the number and capacity of viable projects and overall success of the RFP. When overlaid with other RFP criteria, permitting requirements, permitting timelines, and development restrictions, the interconnection approach being proposed by the IESO will be challenging.</p> <p>Developers depend on interconnection information for siting, layout, equipment vendor selection, and site capacity decisions. Directly or indirectly, it supports permitting and engagement with municipalities, Indigenous communities, landowners, and other stakeholders. A lack of access to interconnection information can dramatically impact proponents’ projects and their RFP submissions. New, updated interconnection information after RFP submissions or contract award could impact site design that results in incremental costs to developers or result in reengagement with stakeholders that could negatively impact local relationships.</p> <p>With these considerations, it is important for proponents to have access to the most detailed interconnection and delivery information possible, with this information being provided well in advance of any LT2 submission timelines. Preferably, proponents will have access to deliverability tests, feasibility studies, and other preassessments.</p>

E-PPA Revenue Model and E-PPA Energy Market Settlement Examples

Topic	Feedback
<p>Do you have any questions or comments regarding the modified, “protected” version of the Enhanced Power Purchase Agreement (E-PPA) that the IESO has proposed?</p>	<p>Capital Power thanks the IESO for its continued work in addressing stakeholder concerns related to the E-PPA and exposure to deemed revenue based off day-ahead prices.</p> <p>Subjective to a more comprehensive review of RFP and contractual provisions, Capital Power is supportive of the proposed concept to have an energy settlement adjustment calculation that shares day-ahead risks. However, Capital Power submits that the DAM settlement risk variable be set to 85% as it will be more reflective on how a prudent intermittent resource operator would generally offer a renewable asset into the day-ahead market.</p> <p>Capital Power does not support this protected version of the E-PPA to be optional for proponents or it impacting RFP criteria points. We submit that the protected E-PPA should apply to all intermittent resources participating in LT2.</p>

General Comments/Feedback