Feedback Form

Long-Term 2 RFP – June 16, 2026

Feedback Provided by:

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Date: **July 10, 2026**

To promote transparency, feedback submitted will be posted on the Long-Term 2 RFP engagement page unless otherwise requested by the sender.

☐ **NO - There is confidential information, do not post**

X **YES - Comfortable to publish to the IESO web page**

Following the June 16th, Long-Term 2 RFP engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation and recording can be accessed from the Long-Term Procurement engagement webpage.

Note: The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials, please indicate if they are confidential.

Please submit feedback to engagement@ieso.ca **by July 3, 2026.**

Domestic Content Requirements

Do you have feedback on the proposed requirements?

Stakeholders are encouraged to review and provide feedback on the domestic content provisions that were applied for the LLT RFP and can be found in the LLT RFP Ministerial Directive

Increased Proposal Fees

Do you have feedback on newly proposed fees?

E-PPA Design: DA to RT Adjustments

Do you have any comments to share with the IESO regarding the consideration of the IESO removing the DARTA mechanism for LT 2 Window 2?

OPG appreciates the IESO's continued work to refine the LT2 procurement framework and recognizes the importance of ensuring that contract mechanisms remain appropriate as market experience grows. In considering any changes, OPG believes it will be important to distinguish between risk from a lack of operational experience in the Renewed Market, and risk due to the unpredictability of variable generation and load.

DA-RT exposure is the result of the difference between forecasted and actual variable generation (i.e. due to weather conditions) and load. These two sources of risk are inherent to the operation of the electricity market; operational experience alone would not be sufficient to mitigate the risk.

OPG understands the IESO's interest in removing the DARTA mechanism to limit financial exposure to ratepayers and minimize procurement costs. However, shifting this type of risk to proponents may not reduce overall system cost if the risk is ultimately priced into proponent bid prices.

OPG recommends further engagement with stakeholders to develop an approach that balances risk and investor confidence, to ensure Ontario continues to procure renewable energy in a cost-effective manner.

Locational Rated Criteria

Do you have feedback on the proposed locational rated criteria?

Exclusion Criteria

Do you have feedback on the use of exclusion criteria to prohibit participation by any Proponent, including entities that Controlled the Proponent, deemed by the IESO not to be in good standing?

While OPG recognizes and supports the IESO's goal to protect procurement integrity and ensure proponent accountability, the implementation of the exclusion measure could have a negative impact on future procurement participation rates and place upward pressure on clearing prices, thus reducing system affordability and reliability.

Furthermore, any framework addressing situations where participants may decline to proceed with an awarded contract should include appropriate procedural safeguards, fair review mechanisms, and proportionate consequences, while accounting for differing positions among project partners. This would promote accountability while avoiding unnecessary barriers for legitimate proponents and/or driving up bid prices.

Another point of concern is the potential impact on Indigenous proponents and their participation in future developments, particularly in circumstances where the Indigenous participant may become a proponent "not to be good standing" as a result of decisions beyond their control. This may negate the Ministry's policy to increase opportunities for Indigenous leadership and involvement in Ontario's electricity system.

OPG suggests the IESO also consider alternative measures that would discourage contract non-acceptance while preserving competition and procurement effectiveness. Examples could be applying a non-execution financial penalty in addition to forfeiting the security deposit or increasing the security deposit amount.

Lastly, OPG recommends the IESO provide definitions for "act in good faith" and "not in good standing" for clear guidance and direction.

General Comments/Feedback

Do you have additional feedback to share with the IESO?

Accreditation of Longer Duration Energy Storage

OPG supports the IESO's technology-agnostic procurement approach and welcomes the opportunity to work collaboratively with the IESO to strengthen it further. We recommend incorporating the technology-neutral *Effective Load Carrying Capacity (ELCC)* evaluation criteria into the procurement framework, to enable a more accurate representation of battery energy storage system (BESS) participation and capability in the grid as storage penetration increases into the 2030s. This is consistent with ELCC-based accreditation approaches adopted or under development in PJM, MISO, ISO-NE and NYISO.

As BESS penetration grows, the marginal reliability value of additional storage capacity typically declines relative to earlier tranches — a dynamic that a fixed or nameplate-based capacity accreditation approach does not capture. Incorporating the ELCC evaluation criteria into LT2 would allow the IESO to account for this saturation effect, supporting efficient resource planning and lower cost to the ratepayer.

The IESO's evaluation of the ELCC of energy storage to enhance system reliability report[1] (August 2025) concluded that energy storage remains a valuable reliability resource, but its effectiveness depends on penetration levels, storage duration, and the broader generation mix. The study highlights the importance of designing procurements that recognize the value of capacity diversity, including energy-backed capacity, especially as storage penetration increases.

The LT2(c) W1 RFP was oversubscribed by a factor of 12, resulting in unsuccessful proposals from gas, bioenergy, co-generation and BESSs. The RFP secured 640 MW of total contracted capacity from three 8-hour duration BESS projects. According to the ELCC report, these BESS facilities are likely to provide lower ELCC compared to energy-backed capacity resources; and during prolonged peak demand (i.e. extreme heat and cold events), the BESS facilities may be unable to sustain output for the peak duration for grid reliability. Thus, as BESS penetration increases, batteries provide diminishing returns as the net demand peaks flatten but are longer in duration.

OPG believes that the LT2(c) W1 RFP did not appropriately value energy-backed capacity resources. Without an explicit ELCC accreditation methodology, the RFP evaluated capacity resources primarily on their duration and performance requirements (i.e. minimum 8-hour with points awarded for 12-hour duration). As a result, the discount on the value of 8-hour BESS relative to non-BESS capacity resources was not reflective of the difference in the ELCC value each resource type would provide to the system.

The IESO report noted that continual assessment of the capacity value of storage and its alignment with Ontario's system needs will remain crucial to optimizing reliability, sustainability, and cost effectiveness. It also identified that to maximize system reliability, planners should adopt a balanced resource strategy, diversify storage technologies and durations, and ensure capacity accreditation frameworks accurately reflect the declining marginal value of storage as deployment increases.

ELCC is a technology-neutral evaluation criteria that is well-suited for the LT2 technology-agnostic approach, as it measures actual reliability contribution rather than prescribing a specific duration, reflecting the reliability contribution of different technologies and allowing them to compete based on their respective system value.

With the LT2(c) W1 procurement of 640 MW BESS, over 3,500 MW of total BESS capacity is expected to be online by 2030 – significantly changing Ontario's generation and demand profile. OPG recommends that the IESO apply the findings from the ELCC study, with updates as required, to ongoing and future procurements to ensure procurement frameworks reflect Ontario's changing system needs, along with a full evaluation of system value of the different types of capacity resources.

OPG thanks the IESO for the opportunity to provide comments and looks forward to future engagements.

[1] https://www.ieso.ca/-/media/Files/IESO/Document-Library/Technical-papers/ELCC-of-Energy-Storage-in-Ontario.pdf