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# Medium-Term RFP and Capacity Contract Frequently Asked Questions, Key Feedback and IESO Responses

Version 7

April 14, 2022

## Disclaimer

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## Document Change History

| Version | Reason For Change  | Date              |
|---------|--|-------------------|
| 1       | Medium-Term RFP Frequently Asked Questions, Key Feedback and IESO Responses posted   | January 7, 2022   |
| 2       | FAQ numbering has been updated.<br>Updated FAQs: 2.2, 2.4, 2.8, 5.1<br>New FAQs: 1.4, 2.9, 2.10, 2.11, 2.12, 2.13, 3.1, 3.2, 5.3, 5.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11, 6.12, 6.13, 6.14, 6.15, 6.16 | January 31, 2022  |
| 3       | New FAQ: 2.14  | February 22, 2022 |
| 4       | New FAQ: 6.17  | March 11, 2022    |
| 5       | New FAQ: 6.18  | April 4, 2022     |
| 6       | New FAQ: 6.19  | April 11, 2022    |
| 7       | New FAQs: 6.20, 6.21   | April 14, 2022    |

# Overview

The IESO thanks stakeholders for the feedback and questions that have been submitted. This document outlines the IESO's responses to submissions that have been reviewed by the IESO prior to the publication of the final Medium-Term RFP (MT I RFP) and Capacity Contract (MTC I Contract), including questions and feedback on:

- Eligibility
- Performance Obligations
- Qualified Capacity
- The Reserve Price
- Events of Default
- Forced and Planned Outages, and
- Other relevant Questions and Feedback Received

Stakeholders will note that changes from the draft versions of the MT I RFP and MTC I Contract to final versions, reflect the feedback received to date. Where feedback did not result in changes to the MT I RFP and MTC I Contract, the IESO has sought to describe the rationale for its decisions. Proponents will have additional opportunity to submit questions and comments starting on January 31, 2022 until the Question and Comment Deadline on February 14, 2022. Where appropriate the IESO may issue addenda to the MT I RFP and/or MTC I contract, in response to relevant questions and comments.

## 1. Eligibility

**The IESO engaged on eligibility for the Medium-Term RFP (MT I RFP) extensively from August to November 2021, and the IESO's responses to stakeholder questions and feedback from that period are available to view on the [Resource Adequacy Engagement webpage](#). A number of clarifying questions regarding eligibility have been submitted since those engagement sessions. The following are questions that have been commonly asked or that help clarify eligibility requirements for the first MT I RFP. Details of the Eligibility Requirements are provided in Section 2.1 of the MT I RFP.**

### 1.1. Are updates to existing facilities eligible for the Medium-Term RFP?

Updates to otherwise Qualified Facilities are eligible under the Medium-Term RFP. However, all permits and connection agreements for the updated facility must be in place at the time of proposal submission as per Section 3.7 of the MT I RFP. Any increases in capacity relative to a facility's prior history must either already be completed or must be allowed under the existing terms and conditions

of the facility's regulatory permits and connection agreement as of the time of the proposal submission.

### 1.2. Are Behind-The-Meter (BTM) facilities eligible for the Medium-Term RFP?

No, only the portion of the nameplate capacity of a Qualified Facility that is directly connected to the IESO-controlled grid or to a distribution system and that is not otherwise physically or contractually committed to a host facility or other party is eligible to participate in the MT I RFP.

### 1.3. The RFP states that a Qualified Facility may include an embedded generation facility. What is the difference between embedded generation and behind-the-meter?

A qualified facility for this MT I RFP may include a connected facility, embedded generation facility, embedded electricity storage facility, or an embedded non-market participant facility.

Embedded generation refers to distribution system-connected facilities. Behind-the-meter refers to generation/storage facilities that provide electricity directly to an on-site electricity consumer without passing through a meter connected directly to the IESO-controlled grid or to a distribution system.

Embedded generation facilities are eligible for the MT I RFP provided that all electricity injection/withdrawal passes through a revenue quality meter connected to a distribution system without serving any unmetered on-site loads.

### 1.4. Would a dispatchable energy storage facility qualify as a Must-Offer Facility?

An existing dispatchable energy storage facility could qualify as a Must-Offer Facility and if so, would be subject to the Must-Offer performance obligations in the Medium-Term Capacity Contract (MTC I Contract).

## 2. Performance Obligations & Testing Requirements

**Stakeholders have provided significant feedback and posed a number of questions on the Performance Obligations in the MTC I Contract. The IESO addressed most of these questions during its December 7, 2021 webinar. The recording of that webinar and the presentation are posted on the Medium-Term RFP [webpage](#). Stakeholders have provided specific feedback regarding the thresholds in the draft contract, in particular those for events of default and testing requirements.**

### 2.1. How will energy market requirements post the Market Renewal Program (MRP) affect the performance operations and obligations of Medium-Term Suppliers?

The IESO recognizes that there is always future energy market risk in any acquisition mechanism specific to capacity resources and this risk needs to be managed between the procuring authority and the proponent. The design of the MTC I Contract attempts to strike this balance, while relying on the post-MRP market design (i.e., the Day-Ahead Market) to drive efficient outcomes and operating scenarios for stakeholders. Proponents have raised concerns about their ability to forecast post-MRP market revenues, and the IESO recognizes these concerns.

While the IESO does not have the capability, nor access to Market Participant bidding strategy to model all potential outcomes from MRP, proponents are reminded that currently available shadow prices are the best available proxy for future locational marginal prices. Additionally, proponents are encouraged to review the MRP Detailed Design, and the current and forthcoming [Market Rules and Manuals](#), to be able to determine their strategy for participating in the new market. MRP Implementation Phase details and documents can be viewed [here](#).

## 2.2. What protections are there for an FCF Facility to avoid an Event of Default if they are not available due to unforeseeable weather patterns?

Force Majeure (FM) provisions in Article 11.3 speak to specific extreme weather events that would reduce a Supplier's performance obligations. Absent a claim of Force Majeure, an Event of Default for an FCF facility will occur only if the Facility Capacity Factor in any 6-month Season is less than 90% of the Minimum Capacity Factor. This 90% reflects incremental flexibility, that is in addition to the 5% allowance reflected in the definition of the Minimum Capacity Factor as per Exhibit E-B of the MTC I Contract.

In response to feedback from stakeholders about the risk associated with anomalous weather conditions potentially triggering an Event of Default, the IESO has revised the obligation requirements to assess performance over a 6-month seasonal average instead of a rolling 3-month average as initially proposed.

## 2.3. Would changing weather patterns be considered as a Force Majeure (FM) event under Section 11.3?

Each FM claim will be assessed on its own merits and is highly contextual. However, as per Section 11.3 (a) an event of "extreme wind, ice, lightning or other storms, earthquakes, tornadoes, hurricanes, cyclones, landslides, drought, floods and washouts" that is beyond the affected Party's reasonable control and that prevents the Party from performing its obligations under the agreement (i.e. prevents a Qualified Facility from being available or operating) would be an example of FM. Longer term trends in weather patterns would typically not qualify as FM, as they would not rise to the level of having a sufficiently direct causal connection to the inability to perform.

## 2.4. Has the IESO looked at historic Variable Generator (VG) production data to understand the frequency of deviations from the applicable average which would trigger a default?

The IESO examined actual hourly production capability data from 2019, 2020 and 2021 for five transmission connected wind facilities (delivered + forgone energy) and presented it at the last webinar. Monthly and 3-month rolling average capacity factors were calculated based on these data

and compared against the Minimum Facility Capacity Factors for the same periods dictated by the performance obligations set out in the draft contract:

- Four instances of monthly Availability Non-Performance Charges would have been incurred over the entire period, affecting two facilities (two monthly Availability Non-Performance Charges each)
- No events of default would have been triggered for any of these facilities in the time period examined under the proposed compliance obligations
- On average, the 3-month rolling capacity factors were 2.6x higher than the 3-month Minimum Facility Capacity Factors
- Note that capacity factors will now be assessed on a 6-month seasonal basis, thereby making events of default even less likely

#### 2.5. Other than non-performance charges and termination of contract, what are other possible financial impacts that are embedded in the Medium-Term Capacity Contract?

The IESO recommends that each proponent undertakes their own due diligence, as the contract terms and their financial impacts vary for different types of facilities. The remedies available to the IESO under the contract are non-exclusive. Performance security is required and may be at risk in the event of a default by the Supplier.

#### 2.6. Why doesn't the Planned Outage Capacity Reduction Factor (POCRF) apply to the formula for Monthly Capacity Payment (MCP) in Exhibit F-A?

The MCP variable in the formula in Exhibit F-A is meant to reflect the payment that the Supplier was entitled to under the contract and against which the non-performance charge should apply to reflect the reduced value received by ratepayers resulting from the non-performance. The PCRFF is applied only for purposes of establishing (reducing) the monthly minimum performance obligation in Exhibit E (A/B) and does not otherwise apply to reduce the Monthly Payment in accordance with Exhibit J.

#### 2.7. Why has the IESO included the capacity reduction factor in the capacity payment and in the capacity check test but excluded it in the non-performing charges?

The MCP variable in the formula in Exhibit F-A is meant to reflect the payment that the Supplier was entitled to under the contract and against which the non-performance charge should apply to reflect the reduced value received by ratepayers resulting from the non-performance. The IESO views the capacity reduction factor for failing a capacity check test and the non-performance charges for failure to meet the minimum monthly performance obligations as distinct and separate matters. In the IESO's view, failed capacity check tests should not operate to reduce the monthly minimum performance obligations and any resulting non-performance charges.

#### 2.8. If a resource is procured by the IESO for 5x16 and holds must-offer obligations only for the 5x16 hours, is that resource's capacity considered unavailable to the IESO market in the uncontracted hours?

No. Other than the requirements to comply with Good Engineering and Operating Practices and to comply with IESO-Market Rules, the MTC I Contract does not (and is not intended to) dictate how or to what extent the facility offers or operates outside of the Qualifying Hours.

2.9. Will the IESO consider increasing the amount of notice time prior to a Capacity Check Test to provide Suppliers with sufficient time to coordinate everything required for the test?

The IESO has increased the number of days' notice that will be given to inform Suppliers of the Capacity Check Test Window from 5 Business Days to 10 Business Days.

2.10. Will the IESO consider reducing the Capacity Check Test 90% threshold for a Supplier Event of Default?

The MTC I Contract has been updated to reflect a Supplier Event of Default threshold of 85% of the Reference Seasonal ICAP, bringing the MTC I Contract more in line with previous capacity-style contracts.

2.11. Will the IESO consider lowering the Monthly Average Offered Quantity/ Monthly Facility Capacity Factor Event of Default thresholds?

In response to feedback from stakeholders, the IESO has adjusted the time period over which the obligation thresholds apply, from a 3-month rolling average to a 6-month seasonal basis. The IESO is still maintaining the 90% threshold for events of default over this adjusted time period.

The IESO is procuring a capacity product that is key to meeting emerging system needs. The thresholds for events of default, paired with capacity qualified on a UCAP basis, ensure that the IESO is able to rely on the capacity procured when it is needed most.

2.12. Will ambient temperature limits be taken into account when scheduling Capacity Check Tests?

In response to feedback from stakeholders regarding the impact of high ambient temperatures impacting production, the MTC I Contract has been updated to include a provision stating a Capacity Check Test will not be conducted during any period where reported ambient temperature conditions exceed +35 degrees Celsius in the Summer or are below -20 degrees Celsius in the Winter. This allows the IESO to retain a flexible Capacity Check Test methodology that is aligned with the Capacity Auction, while addressing proponent concerns that tests will be conducted during extreme temperatures. Provisions for Capacity Check Tests are outlined in Article 15.6 of the MTC I Contract.

2.13. Would a Force Majeure claim alleviate the Supplier's requirement to perform a Pre-Term Capacity Verification within 3 months of the Contract Commencement Date?

Language in Section 2.2 (c) of the MTC I Contract has been adjusted to clarify that Force Majeure may extend the Pre-Term Capacity Verification Period but shall not, in any circumstances, extend the Longstop Date or impact the Supplier's Event of Default.

#### 2.14. Stakeholders have requested clarity on the reasonableness of the Pre-Term Capacity Verification requirements for variable generation resources. Does the Pre-Term Capacity Verification apply to variable generation resources?

Yes, prior to the commencement of the Commitment Period, all Qualified Facilities under the MTC I Contract will be required to complete a Pre-Term Capacity Verification. The MT I RFP, being a capacity-based procurement, invites participants to specify their Reference Seasonal ICAP (summer and winter) based on the portion of the nameplate capacity of their Electricity resources that will enable the Supplier to meet its performance obligations under the MTC I Contract, including the Pre-Term Capacity Verification requirements in Section 2.2 of the MTC I Contract. Interested parties are reminded that their choice in designating Reference Seasonal ICAP amounts will in-turn determine the UCAP-based Qualified Capacity and the resulting Must-Offer Obligations (for Must-Offer Facilities) or Facility Capacity Factor Obligation (for FCF Facilities) and is also central to being able to satisfy the representation set out in Section 7.1(k) of the MTC I Contract. The Pre-Term Capacity Verification requires one hour of contiguous operating output at the Reference Seasonal ICAP during Qualifying Hours in the 90-day prescribed window. The IESO believes this is a standard that should be achievable, even for variable generation resources.

## 3. Reserve Price

**A number of stakeholder questions related to the Reserve Price in the MT RFP, its applicability, the IESO's rationale for including a Reserve Price and suggestions that the IESO revise the Reserve Price to a higher value. Information regarding the Reserve Price can be found in Section 4.4(a) of the MT I RFP.**

#### 3.1. Is the inclusion of a Reserve Price appropriate for the MT I RFP?

A number of stakeholders questioned the applicability and rational of including a Reserve Price for the MT I RFP. The IESO has maintained a Reserve Price in the final MT I RFP in order to help ensure ratepayer value.

#### 3.2. While some stakeholders requested an increase to the Reserve Price, others suggested that the Reserve Price should account for high rates of inflation.

The IESO has updated the Reserve Price in the MT I RFP to account for inflation. The Reserve Price has been increased from \$420/MW-day to \$470/MW-day to present the Reserve Price in 2024 dollars, the earliest Term Commencement Date.

## 4. Qualified Capacity

#### 4.1. Will the IESO publish its analysis and assumptions in a transparent and fair manner with respect to UCAP methodology and calculations?

The IESO published a Medium-Term RFP [Qualified Capacity Guidance Document](#) that provides stakeholders with an overview of the Qualified Capacity approach for the MT I RFP. This document includes UCAP methodology and formulas that have been reviewed and refined with stakeholder input, and continue to be stakeholdered by the IESO for all qualified facilities and different technologies.

The IESO does not intend to publish UCAP values for Qualified Facilities at the registration stage, however as outlined in Section 3.11 of the MT I RFP and Article 8 of the MTC I Contract, the IESO may publish certain information, including a Supplier's Qualified Capacity, post contract award.

#### 4.2. How will Qualified Capacity be calculated for uprates to existing facilities?

As part of the registration/capacity qualification process, proponents must provide their seasonal reference ICAP values for their facility to the IESO. These values should include any uprates that meet the requirements in the MT I RFP. The IESO published a Medium-Term RFP [Qualified Capacity Guidance Document](#) that provides stakeholders with an overview of the Qualified Capacity approach for the MT I RFP, including UCAP methodology and formulas.

#### 4.3. How can proponents calculate their UCAP ahead of the Registration phase of the MT I RFP?

Proponents can utilize the formulas provided in the Qualified Capacity Guidance Document posted on the MT I RFP [webpage](#) to estimate their UCAP values ahead of the Registration phase. Proponents should have access to their own historical production and outage data and can rely on the IESO's Data Directory [webpage](#) to access additional data.

#### 4.4. Where can proponents find the five-year production data from the top 200 hours of Ontario demand that will be used for UCAP calculations?

Proponents can download all Ontario demand data from the IESO Data Directory [webpage](#). Under the Ontario and Market Demand drop down, proponents can access historical Hourly Demand Reports and sort them to identify the top 200 hours. The data on the IESO website are hourly (i.e., for 8760 hours total for a given year), so proponents will have to download and sort data for summer and winter.

For this MT I RFP, the IESO will wait until the end of the calendar year to pull year end production and demand data for 2017 – 2021 (i.e., last 5 years). For thermal facilities, EFORD will be based on information from 2016 – 2020 (i.e., Same EFORDs as the 2021 APO), as data used to compute new EFORDs reflecting 2021 will not be available by March.

#### 4.5. Does the ICAP seasonal value refer to one value for summer and one value for winter?

Yes. The Reference Seasonal ICAP for summer is a value for all six months of summer and the Reference Seasonal ICAP for winter is a separate value for all six months of winter.

4.6. In Section 7.1 of the MTC I Contract, how will the IESO ensure facilities operate in accordance with Good Engineering and Operating Practices while putting the onus on the Supplier to submit their facility Reference Seasonal ICAP?

Suppliers must always ensure that their facility is operated and maintained in accordance with Good Engineering and Operation Practices. The Reference Seasonal ICAP cannot exceed the nameplate capacity of the applicable facility. The IESO wants to provide proponents with the ability to submit as much of the nameplate capacity of their facility as the proponent is comfortable with in the form of Reference Seasonal ICAP, taking into account that the Reference Seasonal ICAP will be utilized to calculate their Qualified Capacity, in addition to being the value that pre-term Capacity Verification and Capacity Check tests will test against.

## 5. Forced and Planned Outages

**The IESO received a significant volume of specific questions on the MTC I Contract provisions pertaining to Outages, Planned Outages, and the concept of the Annual Planned Maintenance Month.**

5.1. A Planned Outage Capacity Reduction Factor applies to planned maintenance. In the event of a forced outage, could this potentially result in a financial claw back or an Event of Default?

A capacity reduction factor for Planned Outages and Force Majeure outages is incorporated into the formula for determining the Monthly Minimum Offer Quantity or the Monthly Minimum Capacity Factor in Exhibit E-A or E-B (as applicable). For outages other than Planned Outages or Force Majeure (and some forced outages or extended Planned Outages may be events of Force Majeure), the performance obligations manifest in the Must-Offer Obligation or the Minimum Capacity Factor Obligation are intended to incentivise optimal availability. For Must-Offer Facilities, their offers must meet their Monthly Minimum Offer Quantity, for FCF Facilities, they must meet their Monthly Minimum Capacity Factor. When an event of Force Majeure is applicable, a Force Majeure Capacity Reduction factor would be applied and would reduce the Monthly Minimum Offer Quantity or Minimum Capacity Factor in a given settlement month based on the proportional impact of the event. The same Force Majeure Capacity Reduction Factor would be applied to reduce the calculation of the Monthly Payment.

An Event of Default is triggered if a facility's offer quantity or capacity factor over any 6-month period during any season is less than 90% of the Minimum Offer Quantity or Minimum Capacity Factor, as applicable.

5.2. If a facility requested a Force Majeure, what's the level of confidence that the IESO would accept a specific Force Majeure request?

The IESO recommends that proponents consult with their own legal counsel on the applicability of certain instances of potential Force Majeure. Each Force Majeure claim would have to be assessed on its own merits and is highly contextual.

5.3. Stakeholders provided significant feedback on the annual planned maintenance provisions in the MTC I Contract, requesting them to align with the operating profiles of their specific facilities. Stakeholders therefore asked that the IESO consider adjusting the annual planned maintenance provisions for facilities that may require additional time/flexibility to conduct required facility maintenance.

In response to stakeholder feedback indicating that the annual planned maintenance provisions did not provide sufficient time and flexibility to complete required facility maintenance, changes have been made to those provisions in the MTC I Contract to provide Suppliers with increased options when scheduling their annual Planned Outages. Suppliers will have the choice of 1 whole calendar month that can be taken as the Sole Annual Planned Maintenance Month, or 2 weeks in each of 2 calendar months as the Split Annual Planned Maintenance Month, for purposes of conducting planned maintenance. These options effectively give Suppliers 4 weeks for planned maintenance. The IESO has conducted a historical analysis of outage data for a subset of existing facilities to check assumptions with respect to annual average planned outage hours. This analysis has reinforced the notion that the provision of 4 weeks for planned maintenance (whether contiguous in a single month or split between two calendar months) is sufficient.

5.4. Would a facility derate due to maintenance be considered an outage under the MTC I Contract?

In the event a facility conducts maintenance that does not require the full generating capacity of the facility to be off-line the Supplier may choose to schedule an annual planned maintenance outage or the Supplier may be subject to performance charges if they are unable to meet the performance obligations set out in the MTC I Contract.

## 6. Additional Questions and Feedback Received

6.1. What is the definition of the total foregone energy of the fleet and where it is defined?

The Qualified Capacity Guidance Document refers to both Foregone Energy and 'Foregone Energy of the fleet' in specific UCAP formulas of variable generators. Those Qualified Facilities that are Variable Generation and IESO-Market registered facilities, will have access to their foregone energy data, which may be applied in approximating UCAP. For those Qualified Facilities that are Variable Generation and that are not IESO-Market registered facilities, or that do not have 5 years of production data, the zonal total wind fleet production data would be a good indicator to calculate the availability derating factor, as the zonal total foregone energy of the wind fleet is expected to be negligible and would not materially impact the calculation of the availability derating factor.

The IESO will update the MTC I Contract to include a definition of Foregone Energy, which will be based on similar defined terms used in prior IESO contracts. The definition of "Facility Capacity Factor" in the MTC I Contract will be updated to include Foregone Energy.

6.2. Will the IESO contemplate a Supplier buy-out or termination provision?

No. The only optional early termination scenario the IESO is contemplating is in the context of allowing Suppliers to participate in future IESO procurements and potentially exit the contract early if they are successful. Please refer to the December engagement materials on bridging and cadence of future procurements.

6.3. With the market power mitigation framework coming in the market renewal environment, resources may be deemed to be physically or financially withholding in periods where offers are not submitted, or are submitted with values outside of the relevant thresholds. Will the IESO's assess economic withholding and physical withholding for non-contracted capacity hours?

Assessment of economic and physical withholding is carried out for all dispatch hours, regardless of whether a particular dispatch hour is a contracted capacity hour or not. The MTC I Contract and the IESO Market Rules are independent of one another.

Proponents are encouraged to review the MRP Detailed Design documents, and the current and forthcoming [Market Rules and Manuals](#), to be able to determine their strategy for participating in the IESO-administered markets. MRP Implementation Phase details and documents can be viewed [here](#).

6.4. Will the IESO procure more capacity than the procurement target, when taking into account the risk of under-procurement?

Section 5.10(l) of the MT I RFP provides the IESO with the reserved right to 'accept Proposals in excess of the Target Capacity'. As such, if a marginal proposal would cause the Target Capacity to be exceeded and if that Proposal's Proposal Price is below the Reserve Price, the IESO may choose to exceed the Target Capacity by selecting the marginal proposal based on final ranking of proposals, as set out in the RFP.

6.5. What if the implementation of the Day-Ahead Market (DAM) is delayed beyond May 1<sup>st</sup> 2024?

Given the change in Contract Term length and the potential for MTC I Contracts to start in 2024, stakeholders raised concerns regarding the implications of potential delays of the implementation of the Day-Ahead Market (DAM) and the application of post-MRP market mechanisms to MTC I Contracts. The IESO has added provisions in the MTC I Contract that outline that Suppliers will rely on the existing Day-Ahead Commitment Process (DACP) and real-time market in the absence of the DAM. For clarity, Must-Offer Qualified Facilities will be expected to bid into the DACP and, where committed or scheduled under the DACP, to maintain that bid into real-time

In order to evaluate whether Suppliers have met their Monthly Minimum Offer Quantity, the IESO will evaluate offers into DACP and, when committed under DACP, into real-time.

6.6. What is the current status of the Market Renewal Program (MRP)?

Please refer to the Market Renewal [webpage](#) for information and updates on MRP.

6.7. Will the IESO consider revising the Rated Criteria scoring category for Operating Reserve (OR) to a tiered system that ranks 10-min OR above 30-min OR?

No. The IESO has received mixed feedback from stakeholders on this topic – some are in favour of differentiating between 10-min and 30-min OR, whereas others have proposed eliminating this category entirely. The IESO has determined that the ability to provide OR is an important attribute to credit, as facilities that are able to provide OR provide the IESO with additional value.

6.8. Will the IESO consider revising the Rated Criteria scoring category for Locational Value to be 2,1,0 instead of 5,3,0 given duplicative impacts of LMP?

No. The Rated Criteria design further enforces the IESO's locational preference, based on the impacts to the system as a result of a facility's potential exit.

6.9. A number of stakeholders requested that the IESO include provisions for Discriminatory Action.

In response to stakeholder requests that the IESO include provisions for Discriminatory Action, the IESO has added Article 13 to the MTC I Contract.

6.10. A number of stakeholders requested that the IESO include provisions in the MTC I Contract that account for amendments to Market Rules that change Supplier economics.

In response to stakeholder requests, the IESO has added provisions in Section 1.6(b) of the MTC I Contract that set out a procedure to account for Market Rule amendments that may impact a supplier's ability to comply with the Facility Performance Obligations.

6.11. Section 2.1(b) of the MTC I Contract gives the Supplier the right to sell non-capacity products to the IESO market, but what about other markets?

The language in 2.1(b) of the MTC I Contract has been clarified to include other markets.

6.12. Will the IESO provide details on the number of eligible participants and amount of eligible MWs on a UCAP basis expected to participate in the MT I RFP?

The IESO will not be providing specific details on potential eligible participants for the MT I RFP. A list of IESO contracted active generation resources is publicly available at <https://www.ieso.ca/-/media/Files/IESO/Document-Library/powerdata/supply/IESO-Active-ContractedGeneration-List.ashx>. In addition to facilities on that list with contracts expiring prior to April 30, 2026, facilities that are already off-contract and registered with the IESO are able to participate in the MT I RFP.

6.13. What consultants did the IESO work with when developing the MT I RFP and MTC I Contract?

The IESO relied on a number of consultants during the development of the MT I RFP and MTC I Contract. Their advice was incorporated when appropriate and ranged from legal counsel, to technical expertise and advising on issues of procurement fairness. The following external consultants

supported the IESO throughout the process: Osler, Hoskin & Harcourt LLP; and Midgard Consulting Inc. The IESO has also engaged RFP Solutions as Fairness Advisor for the process.

6.14. Some stakeholders requested that the IESO modify its definition of Force Majeure to extend the period of time under which unanticipated maintenance or outage attributable to an event of Force Majeure is commenced, from within one hundred and twenty (120) days of the commencement of the occurrence of the relevant event of Force Majeure to a longer period of time.

The IESO has retained the length of time as originally drafted (120 days), in order to account for only maintenance or outages that have a sufficiently direct link to the Force Majeure event in question. The IESO believes that the 120-day period between the commencement of the Force Majeure event and the commencement of any resulting outage provides sufficient flexibility to Suppliers, in addition to the IESO's discretion in evaluating Force Majeure.

6.15. The IESO requires that Suppliers procure and maintain "all-risk" insurance. Is this level appropriate and in line with obligations for other facilities (other contracts, Capacity Auction, merchant generators, etc.)? Are the provisions in-line with the product being purchased?

The provisions in the MTC I Contract, including Insurance Covenants reflect the importance of the capacity product being procured to meeting emerging system needs and the stability of the resources providing that capacity product. The Insurance Covenants in the MTC I Contract are aligned with those included in past IESO contracts.

6.16. Will the IESO consider including an inflation adjustment in the MTC I Contract?

In response to stakeholder requests, the IESO has included a year-over-year inflation adjustment to twenty percent of the Monthly Payment calculation in Exhibit J of the MTC I Contract.

6.17. When does the IESO plan on issuing the final procurement target for MT I RFP?

If the IESO were to seek to make any adjustment to the Target Capacity, the IESO would seek to communicate such adjustment after the IESO completes its responses to Proponents confirming their status as a Qualified Applicant and their respective Qualified Capacity, which is required to be completed by March 25, 2022, and prior to the IESO's deadline for issuing addenda to the MT I RFP, which is April 21, 2022.

6.18. What is the final Target Capacity for MT I RFP?

The Target Capacity of the MT I RFP has been adjusted to 475 MW (on a Summer UCAP basis). Per Section 3.3 of the MT I RFP, the IESO has issued an addendum to reflect this value. The addendum has been posted to the Medium-Term RFP [webpage](#). This adjustment to the Target Capacity was made following the completion of the Proponent Registration and Qualified Capacity confirmation process set out in Section 3.4 of the MT I RFP, in order to promote competition under the MT I RFP.

6.19. As part of the Proposal submission requirements, are permits and licenses (e.g. OEB generator and storage licenses, existing environmental permits and existing IESO market registration documentation) that expire after the Proposal Submission Deadline but before the end of the contract Commitment Period acceptable?

Yes, permits and licenses that expire after the Proposal Submission Deadline can meet the requirements as set out in Section 2.1(a) of the MT I RFP. It will be up to the Suppliers under the MTC I Contracts to ensure they are keeping the required permits and licenses current before their expiry. It is the responsibility of Qualified Applicants to ensure that all their respective permits are valid and renewed at such times as may be prescribed in their permits. For further reference, please refer to Section 2.1 in the MT I RFP.

6.20. (NEW) What form is the Proposal Security required to be submitted in?

The Proposal Security is to be submitted as an irrevocable and unconditional standby letter of credit, as detailed in MT I RFP Addenda #3 posted on the Medium-Term RFP [webpage](#). No material changes may be made to the form of irrevocable and unconditional standby Letter of Credit as outlined in Appendix D. A cheque may not be submitted in place of a Letter of Credit for the Proposal Security. Proposal Securities may not be combined for multiple Proposal submissions.

6.21. (NEW) Would a facility be awarded Rated Criteria points if they are not currently operating in the operating reserve market but would have the capability to operate in the operating reserve market in the future if certain regulatory steps are taken?

Per Section 4.3(a)(iii) and Appendix A of the MT I RFP, further detailed in Addenda #3, Rated Criteria Points will be applied if the Qualified Facility is able to provide operating reserve in accordance with the operating reserve market as of the Proposal Submission Deadline.