

# Feedback Form

## Medium-Term 2 RFP – November 7, 2024

### Feedback Provided by:

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Following the November 7 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](mailto:engagement@ieso.ca) by November 14.** If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

## General Comments/Feedback

**Early Termination of MT2 Contract for LT2:** Capstone believes careful thought is required on both the MT2 and LT2 contracts regarding implications of entering into an MT2 contract and eventually transitioning into an LT2 contract or other contract. For example, if an LT2 contract becomes effective upon termination date of the MT2 contract (as is currently suggested by section 9.1(c) of the MT2(e) Contract), that creates an inherent risk on MT2 term being shortened and major retrofits or capital projects needing to take place (i.e., specific to individual turbines or to the entire site) in a shorter window prior to having clear line of sight on LT2 alongside a shorter period to finance/amortize those costs. It is advisable for the IESO to draft the MT2 & LT2 contract language now to enable facilities to smoothly transition into LT2 while having sufficient time and provisions to allow for re-investment. Suppliers need flexible options for transition periods. These options could include early termination, extending the period at their discretion for repowering, or repowering the plant in phases when feasible.

For a phased approach, it is important to ensure flexibility in adjusting the MT2 contract capacity as needed. This would accommodate increases in the generator's capacity (measured in MW), which are likely to occur with the use of newer models.

### Section 4.4 Stage 4 – Selection

Under Section 4.4(a) of the draft RFP Document:

- Is the Target Marginal Proposal the last Proposal included on the Offer List or is it the first Proposal excluded from the Offer List?
- Is the Target Marginal Proposal the Proposal that crosses the 80% threshold or is it the Proposal immediately before such Proposal?

**Security and Uncapped Liability Risk:** We believe the 'uncapped or unlimited liability' above the stated performance security (i.e. IESO's unlimited access to a continually topped-up security in case of supplier default where IESO does not terminate the Contract) is a material risk in entering into the MT2 contract with potentially end of life / end of warranty infrastructure. Ultimately, Ontario has not meaningfully extended or repowered large-scale wind assets and there remain various project and market risks that are not clear (permitting, technical limitations, supply chain, market rules / MRP, financing, etc.). Certain considerations may be project or technology specific decisions to enhance the facility with batteries, etc. The mechanisms for reinvesting and repowering in MT2 should be flexible to enable and incent suppliers to maximize re-investment into existing assets now rather than deferring those investments.