

Feedback Form

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

Feedback Provided by:

Name: Geoff Osborne

Title: Director, Business Development

Organization: Capstone Infrastructure

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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>Capstone recommends the IESO shift to a traditional PPA model instead of the EPPA model (in conjunction with noted risks outlined by various industry associations including CanREA, the Consortium, ESC, etc.). Furthermore, we continue to recommend that ratepayers are best served by incenting and enabling energy <u>and</u> capacity resources in the LT2 procurement, and thus the LT2 contract should fully value both.</p> <p>CanREA has identified various concerns with the proposed revenue model (day ahead real time risk, shape risk, volume risk, etc.). Furthermore, the modifications proposed by CanREA to alleviate these concerns, and any other modifications, will likely add to the complexity of the proposed revenue model. There are certain to be operational and market circumstances that will result in additional, currently unforeseen risks which would need to be addressed. Similarly, ESC highlights challenges specific to energy storage and hybrid resources (both new-build hybrids and hybrid expansions) associated with proposed participation in the day-ahead market.</p>

DERs

Topic	Feedback
<p>Do you have any comments regarding eligibility requirements for DERs of other general comments?</p>	<p>Capstone strongly supports the eligibility of DERs in the LT2 RFP, and continues to recommend that the IESO clearly define DERs (i.e., integrated hybrid expansion vs co-located hybrid expansion) relative to repowers and extensions.</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)?	<p>We believe the LT2 RFP and contract should enable and properly value energy and capacity attributes.</p> <p>It is important for the IESO to closely consider the interaction between LT and MT RFP(s) given potential for mixed signals on near-term development efforts and aligned/differing asset eligibility – alongside a potential corporate PPA program in Ontario.</p> <p>It is important to have all of the information about what “multi-stream approaches” might look like. Overall, Capstone supports the inclusion of energy and capacity resources in LT2 and does not support separate processes and procurements, which will only create further confusion and potential mixed signals.</p>

LT2 Deliverability

Topic	Feedback
Do you have any comments on early deliverability data and evaluation stage deliverability?	<p>Hybrid facilities can manage future congestion costs for the IESO as well as address many different power system quality issues (e.g., offer reactive power services in addition to active power injections).</p> <p>The IESO should publish clear power system data including:</p> <ul style="list-style-type: none"> - Thermal capacity of all bulk and regional transmission circuits - Historic hourly demand at all transmission stations - Historical hourly supply for all generation resources - Forecast of hourly demand at all transmission stations <p>The IESO can establish confidential access through many services so that the information shared is kept only for system analysis.</p>

Repowering

Topic	Feedback
Do you have any comments around repowering participation?	This effort should be initiated by IESO together with existing generators with expiring contracts in an open collaborative forum using real-world scenarios and projects.

Long Lead-Time Resources

Topic	Feedback
Do you have any comments on enabling long-lead time resources?	Capstone recommends the IESO work closely with existing generators to fully understand long-lead equipment procurement considerations, major capital investment considerations, locational benefits, community support, etc.

General Comments/Feedback

Corporate PPAs – How will LT2 be drafted in conjunction with ongoing consultation efforts regarding Ontario Regulation 429/04 Amendments Related to the Treatment of Corporate Power Purchase Agreements? For example, as is common in many other markets, would a 100MW renewable generator be eligible to sell a portion of its capacity (i.e., 50% or 50MW) under an LT2 contract and a portion of its capacity under a CPPA (i.e., 50% or 50MW)?

Hybrid Eligibility – Capstone believes it is in ratepayers' interest for the IESO to enable hybrid [expansions](#) in the LT2 procurement, given the substantial savings (existing interconnect) and ability to be in service quickly (land, permits, interconnect, community support). Capstone previously provided comments on both ELT1 and LT1 highlighting the ineligibility of hybrid expansions using existing interconnections in the deliverability test(s) and under the rules of the RFP(s) and under the commercial terms of the contract(s).

[LT2 hybrid project eligibility example for existing 100MW wind farm:](#) Proponent wishes to repower and add a battery hybrid expansion using the existing interconnection without modification. Is this specifically eligible in the deliverability test? Is it eligible under the RFP? Is it commercially viable/considered under the proposed contract? Can the IESO please share a detailed example of all hybrid participation models available based on HIP & MRP for proponents to review and comment on.

Deliverability of Repowering & Hybrids (Integrated) – Can the IESO please confirm how the LT2 deliverability test will study a “repowered” wind site, which will also be expanded with an “integrated” or BTM battery hybrid to maximize energy production and optimization? Is that all a repower? A repower and a new-build/DER?

Deliverability of Repowering & Hybrids (Co-Located) – Can the IESO please confirm how the LT2 deliverability test will study a “repowered” wind site, which will also be expanded with a “co-located” or FTM battery hybrid to maximize energy production and optimization? Is that all a repower? A repower and a new-build/DER?