Feedback Form

Local Generation Program – April 23, 2025

Feedback Provided by:

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Title: Chief Operating Officer

Organization: Markham District Energy Inc.

Existing contract number (if applicable): [redacted]

Email: [redacted]

Date: May 9, 2025

Following the April 23, 2025 webinar to provide information on the Local Generation Program (LGP) and the high-level design of the program, the IESO is seeking feedback on the high-level design of the recontracting stream of the LGP

The referenced presentation and supporting materials can be found under the April 23, 2025 entry on the Local Generation Program webpage.

To promote transparency, feedback submitted will be posted on the Updates to IESO Monitoring Requirements: Phasor Data engagement page unless otherwise requested by the sender. If you wish to provide confidential feedback, please mark "Yes" below:

☐ **Yes – there is confidential information, do not post**

☒ **No – comfortable to publish to the IESO web page**

Please provide feedback by May 9, 2025 to engagement@ieso.ca. Please use subject: *Feedback: Local Generation Program*.

Specific Questions for Existing Facilities / Suppliers:

Timing and logistical issues in recontracting

1. How long before the expiration of your existing contract could you confidently submit a price ($/MWh) to continue operation of the facility after the contract expires?

   ☐ 1 year

   ☐ 2 years

   ☐ 3 years

   ☐ 4 years

   ☒ 5 years

   ☐ More than 5 years

2. In the case of recontracting, would you prefer (multiple choice):

   ☒ For my new contract to start immediately after the old contract expires; or

   ☒ To be able to propose a new contract term start date; or

   ☒ Something else (please provide details)

   Preference would be to avoid any time where there is no contract, so options might include a new contract immediately after exptiration, or an early termination (or amendment) of existing with a new contract over a longer durration. Certainty will be be benificial for both the IESO and the Supplier.

3. Do you anticipate any need to shut down your facility temporarily when the existing contract expires?

   ☐ Yes

   If yes, for how long?

   Click or tap here to enter text.

   ☒ No

   ☐ Not sure

   If not sure, what additional information do you need?

   Click or tap here to enter text.

4. Do you anticipate any need to shut down your facility permenantly when the existing contract expires?

   ☐ Yes

   If yes, what is the reason?

   ☐ No

   ☒ Not sure

   If not sure, what additional information do you need?

   A permanent shut down may be required without the certainty of a contract. There are major maintenance and upgrade costs at certain time intevals that have to be amortized over many years of operation. Without the certainty of a revenue stream to secure these re-investements in the equipment, it becomes difficult to make the business case for continued operation.

5. What risks and or challenges do you anticipate around being able to recontract your existing facility to supply electricity?

   The IESO has proposed that recontracting has to be 'in front of the meter'. Our generation equipment is physically connected behind the meter and buried in the existing 4.1 kV and 27.6 kV customer owned internal switchboards and distribution system. It will be problematic and cost prohibitive to reconfigure and re-wire the generators to be connected directly to the LDC distribution system. It also undoes the existing micro-grid features that support our business in the case of power outages.

   If the concern is over financial settlment, use of stratigically placed revenue-grade metering could be a solution.

   If the local generation program is a an auction / bid process, even if the supplier is forecasting additional revenue from behind the meter benefits, those savings can go into the bidding strategy and result in lower potential costs to the system, and still be fair to all bidders without the need for physical reconfiguration or additional settlement metering.

   MDE would be looking for a longer contract term (perhaps 10 to 20 years) to support the investments required to recontract existing or to potentially expand facilities. A 5 year contract term is problematic for some of the longer-term maintenace and updgrade costs that need to be spread over more years.

Refurbishments, upgrades and expansions

6. Are you planning to refurbish, upgrade or expand your facility?

Our facility included an uncontracted 3.5 MW cogeneration system, and a 5 MW cogeneration system that is under contract.

Ideally the entire facilily will be recontracted at a new higher output level to incorporate the currently uncontracted output.

Much of our equipment is over 20 years in age and will in due course need refurbishment and upgrades to ensure reliability and uptime. With the confidence of a longer term contract, this does provide the incentive to re-invest for the long term. With a longer contracts, there could be a case for re-powering with more efficient and slightly larger outputs.

a. If you are planning to change your facility, when would you want to do that?

Any changes would happen shortly after a long term contract was secured. If it remains as a short term contract (ie. 5 years), upgrades and maintenace would be done only on an as needed basis only (run to failure).

7. Do you intend to increase your installed capacity or keep it the same as the existing capacity? Please describe why it might remain the same or change.

   There is newer, more efficient generation that could fit in the available space claim. If there was a longer term business case to upgrade and increase the capacity to the benefit of the IESO and the Supplier, it can be considered.

8. Do you know if your connection point and or local circuits could support an expansion or upgrade? Please provide details.

   Yes, existing LDC feeders are capabile of additional generation. A small increase (for example, 10%) could likely be accomidated even with existing transformation. With more study and increased local trasformers, I would estimate 25% to 50% expansion could be possible.

9. What risks and or challenges do you anticipate around refurbishing / upgrading or expanding your facility?

   Refurbishment and upgrades are reasonably easy technically, and we are in a location and environment where we anticipate general support for renewal/expansion within the existing facility boundary. Any work at our site would largely go unnoticed.

Other Comments/Feedback

General Comments/Feedback