

Feedback Form

Long-Term 2 RFP – June 13, 2024

Feedback Provided by:

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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 June 13, 2024, 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 LT RFP [engagement web page](#).

Please submit feedback to engagement@ieso.ca by June 27, 2024.

Developing on Agricultural Land

Topic	Feedback
<p>Do you have any comments regarding the provision proposed within the Ministerial letter to: "Provide rated criteria points for projects that avoid prime agricultural areas."</p>	<p>Capital Power thanks the IESO's continued engagement on LT2 and recognition of stakeholders' concerns.</p> <p>Capital Power respectfully disagrees with the need to assign rated criteria points to projects that avoid prime agricultural areas.</p> <p>As stated within our previous submissions, individual projects impact land use differently. Broad, overarching RFP criteria could make otherwise good projects that could easily mitigate agricultural impacts appear uncompetitive.</p> <p>Capital Power submits that regulatory and other RFP requirements are already in place to ensure effective energy development on agricultural lands. For example, landowner agreements, municipal approvals, permitting, and assessments like the Agricultural Impact Assessment provides mechanisms to ensure energy projects are properly constructed and optimized against agricultural activities. Adding a rated criteria requirement will add little benefit and will ignore other benefits energy projects provide farmers including a stable, valuable, non-agricultural income stream.</p>
<p>Do you have any comments and considerations regarding the implementation of the Agricultural Impact Assessment (AIA)?</p>	<p>Reviews and approvals of AIA's can take time and developers may not be able to receive an AIA prior to the RFP submission deadline. As the review and approval of the AIA is outside of the proponent's and IESO's control, Capital Power recommends that the AIA not be a prerequisite prior to the RFP submission but rather something that needs to be in place after contract award and before construction.</p>

Resource Eligibility

Topic	Feedback
<p>Repowering considerations: Do you have any feedback to share regarding other resource types opportunities for repowering/refurbishment under the LT2?</p>	<p>Capital Power continues to support the opportunity for repowered and refurbished resources to be eligible to participate in LT2, including repowered and refurbished wind assets.</p> <p>Though operators of existing assets have several challenges they must overcome, they remain in the best position to determine if they can extend the life of an existing asset, economically repower a facility, or if a facility needs to be decommissioned. Considering Ontario’s projected energy need, the IESO should be finding ways to extract all the useful life of existing facilities while positioning these facilities to effectively repower.</p> <p>Excluding repowered assets from participating in LT2 and adding uncertainty if repowered assets can participate in future procurements increases investment uncertainty for developers and could result in the retirement of sites that are already proven and operating within supportive communities and near transmission infrastructure.</p> <p>LT2 should remain agnostic between a new development and a repowered asset. Repowered assets should have an opportunity to participate if the operator can meet LT2’s contractual and operating obligations.</p> <p>For facilities whose contracts are set to expire in 2026 and 2027, Capital Power continues to recommend that the IESO seek extensions of their existing contracts to the end of their useful lives. Owners of these facilities must make life extension investment decisions as soon as possible and likely before MT2, even if MT2 is advanced.</p>
<p>Hybrid considerations: Do you have any feedback to share regarding hybridized facilities under the LT2?</p>	<p>Capital Power has no comments at this time.</p>

LT2 Contract Provisions

Topic	Feedback
<p>Performance Obligations: Do you have any feedback to share regarding minimum Imputed Production Factor thresholds or the proposed calculation approach for Non-Performance Charges?</p>	<p>Capital Power submits that the imputed production thresholds and nonperformance charges need to be considered in the totality of the LT2 agreement to fully determine if the parameters and provisions are appropriate. Capital Power recommends that feedback on these parameters be included in the review of the draft agreement and RFP document.</p> <p>Capital Power submits that it is foreseeable that economic curtailments and other real time directives from the grid operator could result in a generator being dispatched offline or generate less than its power potential. These situations are outside of a proponent’s control. Further, the deliverability approach being taken for LT2 impacts a proponent’s ability to fully mitigate congestion risks during siting. As such, Capital Power recommends that the nonperformance charge include an adjustment for economic curtailments and IESO directives when assessing a nonperformance charge, when calculating the performance penalty, or when determining an event of default.</p>

Topic	Feedback
<p>Excess Deemed Market Revenues: Do you have any comments regarding the percentage of the negative Grid Reliability Payment that is to be paid back?</p>	<p>As stated in previous submissions, Capital Power is generally concerned if deemed revenue will be a fair representation of what a participant with an intermittent resource may actually be able to earn over the course of the contract. A potential need to pay back a percentage of a negative grid reliability payment could exasperate the problem.</p> <p>The IESO is proposing other adjustments to deemed revenue like setting negative prices to zero. Such adjustments, in addition to FWAP being based on day ahead wind forecasts, creates several scenarios where deemed energy revenue could exceed what a good operator could reasonably make within the market.</p> <p>As the IESO's approach to resolving the DART risk for intermittent resources is to adjust actual revenue settlement, it does not resolve the risk of significant variances between deemed revenue and actual revenue.</p> <p>Any payback will need to consider these risks to the operator.</p> <p>Like imputed production factor thresholds and nonperformance charges, Capital Power submits that the Grid Reliability payback percentage needs to be contemplated in the totality of the agreement and recommends feedback on this provision be included in the draft agreement review.</p>

General Comments/Feedback