Feedback Form

Long-Term 2 RFP – August 20, 2026

Feedback Provided by:

Name: Robin Clarke

Title: Sr. Manager, Project Commercialization

Organization: Capstone Infrastructure Corporation

Email: [redacted]

Date: September 4, 2026

To promote transparency, feedback submitted will be posted on the Long-Term 2 RFP engagement page unless otherwise requested by the sender.

☐ **NO - There is confidential information, do not post**

☐ **YES - Comfortable to publish to the IESO web page**

Following the August 20th, Long-Term 2 RFP 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 Long-Term Procurement engagement webpage.

Note: The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials, please indicate if they are confidential.

Please submit feedback to engagement@ieso.ca **by September 4, 2026.**

Repowering

Do you have feedback on the proposed requirements?

- Repowering: Requirement for Commercial Operation:
  Capstone Infrastructure Corporation ("Capstone") is generally supportive of the proposed commercial operation requirements for repowering. It would be helpful if the IESO could confirm how the eligibility timing (i.e., the requirement tied to the third anniversary of the existing contract's milestone/expiry date) is intended to apply to facilities whose existing contracts expire close to the Window 2 award date. A worked example in the final RFP would help proponents assess eligibility with confidence.
  We also understand from the webinar that the quarterly progress reporting obligation applies only post-contract award. Capstone supports that approach, and it would be helpful if the RFP confirmed that progress reporting is not required as part of the proposal submission.

- Repowering: Competition Mechanics:

  Capstone's main comment on competition mechanics is that it may be helpful for the IESO to retain some flexibility to exceed the new-build target in the event the repowering stream is undersubscribed.

  As presented, the new-build target and the repowering cap are set independently. If repowering proposals do not come forward in the volume anticipated, our understanding is that the IESO would not be able to apply that unmet volume to economic new-build proposals it has already received and evaluated, even where system needs remain and competitive pricing is available. We note that a somewhat similar situation arose in the previous window, where a withdrawal left volume unprocured. We are not suggesting that the IESO should commit to procuring the full volume in any circumstance. Our suggestion is simply that the RFP language preserve the IESO's discretion — not an obligation — to award above the new-build target, up to the combined new-build and repowering ceiling, where the repowering stream falls short and remaining new-build proposals are economic and deliverable.

  Proponents invest considerable time and cost in developing and pricing a proposal, and deferring otherwise economic projects to a subsequent window 12–18 months later would, in our view, be a less efficient outcome for both ratepayers and proponents than retaining this flexibility.

  On the level of the repowering cap itself, Capstone is not in a position to comment until the proposed cap is published, and we would welcome the opportunity to comment once that figure is available.

Federal Crown Land

Please inform the IESO if you intend to site your project on federal Crown land.

Disclosure of Additional Pricing Information for Window 1

Do you have feedback the IESO should consider when determining whether to release price curves for LT2 Window 1?

Capstone would be supportive of the release of Window 1 price curves.

Publishing the distribution of submitted bid prices — anonymized, with no project name, size, technology or location attached, simply the ordered set of $/MWh bid prices — would help improve price discovery and allow proponents to better calibrate expectations for Window 2. At present, unsuccessful proponents have limited ability to assess whether they were marginally or substantially out of the money, which can lead to less efficient bidding.

We appreciate the IESO's concern about signaling to bidders returning in Window 2. Our view is that an anonymized distribution released without identifying attributes would not readily permit any individual proponent's position to be identified, and so should not materially affect competitive tension.

General Comments/Feedback

Do you have additional feedback to share with the IESO?

1. Interval between bid submission and contract award.

The schedule presented on August 20 indicates proposal submission in Q2/Q3 2027 with contract award in Q1 2028, an interval of roughly six to nine months. Holding pricing, equipment reservations, EPC positions, land agreements and financing terms open across that period carries real cost for proponents, which is ultimately reflected in bid pricing.

To the extent the IESO is able to compress this interval, Capstone would encourage it to do so. Any additional visibility the IESO is able to share on the drivers of this timeline would also be helpful for proponent planning.

2. Linked (tethered) energy and capacity proposals to enable co-located configurations.

Under the current design, it is difficult for a proponent to bid a co-located generation-and-storage configuration, because the energy and capacity procurements are sequenced and evaluated separately and a proponent cannot assume it will secure both contracts. As a result, the cost savings available from a co-located configuration generally cannot be reflected in either bid.

For the IESO's consideration, one option would be to allow a proponent to submit an energy proposal and a capacity proposal and designate them as linked, with a lower price applying to each if — and only if — both are selected. Shared interconnection, civil works, land and balance-of-plant costs could then be allocated across the two projects, lowering the price of both. A proponent could also submit the energy project on a standalone basis at a standalone price, with the storage component offered only as part of the linked pair.

We recognize that this approach would require the IESO to run the energy and capacity bid submission and evaluation concurrently, rather than sequenced as they are today, and we appreciate that this would be a meaningful change to the current process. It would not, however, appear to require a separate contract form for co-located facilities, and in concept it is not far removed from the price-quantity pair mechanism the IESO already administers. In exchange for a somewhat more complex evaluation, the potential benefits include lower pricing, better utilization of scarce interconnection capacity on constrained lines, and improved output profiles from the underlying generation. Rules would also be needed to address withdrawal where only one of the linked proposals is selected.

Capstone would welcome the opportunity to discuss this concept further with the IESO.