

Feedback Form

Long-Term 2 RFP – August 20, 2026

Feedback Provided by:

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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:

We support the proposed requirement that repowering projects demonstrate, to the satisfaction of an independent engineer, sufficient investment and refurbishment activity to support reliable operation through the contract term. Repowering existing generation assets can provide Ontario consumers with cost-effective capacity and energy while minimizing land use, permitting complexity, and transmission infrastructure requirements compared to greenfield development.

The IESO has chosen to delineate between Upgrades and Redevelopments; however, it's unclear how these subsets of repowers will be treated differently in the deliverability process or the RFP. Can the IESO please clarify any differential treatment between these subsets?

- Repowering: Competition Mechanics:

We support the overall objective of procuring repowering projects only where they provide greater value than competing new-build alternatives. That said, it's imperative that repowering and new-build projects compete on a like-for-like basis in terms of the product procured. This is of specific concern in the capacity stream, where repowering natural gas-fired facilities would be expected to compete against new-build BESS projects.

Historically, the IESO has procured capacity on a nameplate capacity basis – treating a MW of capacity from a BESS project as equivalent to a MW of capacity provided by a natural gas-fired project. Indeed, at low levels of storage penetration, the value of that capacity may be somewhat similar in terms of meeting the most acute capacity needs. However, as storage penetration increases, the capacity value of incremental storage diminishes at shorter battery durations, and eventually longer ones – in part due to being energy limited. The 4,000th MW of storage added is not nearly as valuable as the first. Conversely, gas-fired generation is generally not energy limited, meaning there are lesser diminishing returns in adding more capacity.

The above dynamic is best captured by the concept of Effective Load Carrying Capability (ELCC): a methodology for capturing the extent to which a resource can reliably contribute to overall system adequacy during peak demand or stress hours. In recent years, ELCC has become the North American industry standard for assessing capacity value, including as a means of accrediting capacity for sale into capacity auctions and RFPs. Jurisdictions including PJM, MISO, and CAISO have either implemented or are transitioning toward ELCC-based accreditation frameworks for resource adequacy purposes.

In its 2025 *IESO Resource & Plan Assessments Technical Paper: Effective Load Carrying Capacity of Energy Storage* report, the IESO found that 4-hour storage would have an ELCC of approximately 15% once the system reached 2 GW of penetration. With nearly 3 GW of 4-hour storage already

procured, the value of additional 4-hour storage is minimal. Likewise, at levels beyond 500 MW of penetration, the ELCC of 8-hour storage drops near 60% (LT2 Window 1 just procured 640 MW of 8-hour storage). Even 12-hour storage has a starting ELCC below 80% - well below the traditional ELCC of gas.

Accounting for these varying capacity contributions in the LT2 Window 2 capacity RFP – via ELCC or some similar capacity accreditation methodology – would ensure that the IESO actually receives the reliability it's seeking. Absent a robust capacity accreditation framework, and in recognition of the relative capacity value of gas vs. storage on the current system, the IESO should consider a gas-only procurement.

Additional Comments on Repowering Eligibility

For repowering projects that result in an increase nameplate capacity, will the incremental MWs count towards the repowering cap or, more appropriately, the new-build target (or neither)? The purpose of the repowering cap is to prevent reliability issues associated with losing too much existing capacity at once. Regardless of the target capacity of the repowered facility, the lost capacity from the existing facility is the same. It follows that, incremental repowered capacity should not count against the repowering cap.

For a repowering project proposing incremental capacity, will the Deliverability Assessment only assess the deliverability of the incremental MWs, taking the equivalent of the existing capacity as deliverable by? Or will the proposed expanded facility be studied as a whole?

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?

No comment at this time.

General Comments/Feedback

Do you have additional feedback to share with the IESO?

1. Implement Locational Rated Criteria

We strongly support the development of locational rated criteria and encourage the IESO to provide as much transparency as possible regarding eligible areas, methodologies, and scoring well in advance of proposal submission.

Locational incentives can help align private investment with system needs and improve overall procurement efficiency. In particular, the IESO should consider providing additional rated criteria points for projects located in:

- Areas with identified local reliability needs;
- Constrained transmission regions;
- Locations expected to require significant transmission investment in the absence of local generation; and
- Areas where generation can serve as a cost-effective non-wires alternative.

These needs are best identified in the Bulk and Regional Planning processes that already exist; the results of which can be directly leveraged in the procurement.

Strategically located generation can reduce congestion, defer or avoid expensive transmission upgrades, improve local reliability, and lower overall system costs. These benefits are not fully captured through province-wide price competition alone and should be reflected through appropriately structured rated criteria.

2. Maintain DARTA Protections in the LT2 Energy Stream

We remain concerned about the proposed reduction and future elimination of the DARTA mechanism.

We appreciate that the IESO has elected to retain DARTA protection in LT2(e-2), albeit at a reduced threshold. However, we do not believe the fundamental rationale for DARTA has changed. Generators participating in an E-PPA continue to face significant exposure to differences between day-ahead and real-time market outcomes that are largely beyond their control.

Reducing or removing DARTA protection would transfer substantial market risk to project proponents without any corresponding increase in their ability to manage that risk. That reality is not changed by the fact that proponents now have real-world experience with DA to RT spreads, which have arguably exceeded reasonable expectations of such spreads prior to the launch of MRP (as informed by experiences in other markets). This additional risk would increase financing costs, raise bid prices, and ultimately increase procurement costs for ratepayers.

We therefore encourage the IESO to maintain the DARTA framework as implemented in LT2 Window 1.