

Feedback Form

Long-Term 2 RFP – June 16, 2026

Feedback Provided by:

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Date: July 3, 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 June 16th, 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 July 3, 2026.

Domestic Content Requirements

We support the policy objective of strengthening Canadian supply chains and recognize the value of encouraging proponents to source materials and labour domestically. However, we remain concerned that a technology agnostic domestic content requirement will materially disadvantage some technologies required to serve Ontario's increasing energy needs, while failing to materially advance Canadian industrial policy.

As the IESO has noted, key solar, wind and BESS components are typically manufactured outside Canada. Accordingly, care and thought needs to be taken to ensure that domestic content requirements do not inadvertently disadvantage technologies that are cost-competitive (and forecast to become more so) but lack a domestic manufacturing base. Such an approach will simply result in the erosion of ratepayer value.

Specifically, we recommend the following:

- If the IESO determines to include the disclosure requirements and incentive features of the LLT procurement, the incentive should be carefully designed to not create an uneven playing field, and content minimums should respect that different technologies enjoy varying levels of supply chain maturity within Canada. A single domestic content benchmark applied uniformly across solar, wind, and storage will not have a uniform effect. Instead, it will reward technologies with more established Canadian manufacturing bases and penalize those without, independent of project cost-competitiveness or value to ratepayers. This result won't encourage the reshoring of manufacturing or supply chains and foreseeably deprive the IESO process of a cost-competitive result. We encourage the IESO to calibrate the incentive so that each technology can realistically compete to earn it.
- When determining domestic content requirements, the IESO should consider and recognize Canadian content in construction, labour, balance-of-system and services, not only major equipment. For solar projects, a substantial share of project value is delivered through engineering, construction, racking, electrical works and labour that can be sourced in Canada, even where modules and cells are imported. Crediting these categories provides a meaningful and achievable pathway to domestic content.
- The IESO should provide clear, objective definitions and timelines well in advance of the proposal submission deadline. Proponents need certainty on how content will be defined, evidenced and verified to make sourcing commitments and structure their supply chains. Late or shifting requirements would undermine the effectiveness of the mechanism and increase overall pricing risk.

Increased Proposal Fees

We understand the rationale for revisiting a maximum fee that has been unchanged since 2006. Proponents should also be assured that increased fees are commensurate with the work required to administer a competitive process supported by quality analysis and timely communication by the IESO with respect to conditions impacting the RFP process.

E-PPA Design: DA to RT Adjustments

We do not support removing the DARTA mechanism for renewable resources in LT2(e-2). The rationale stated in support of this design change is the goal of designing a contract with efficient risk allocation, and one that encourages efficient and competitive participation in IESO markets. However, the premise that renewable (variable generation) market participants are best positioned to manage day-ahead to real-time production risk uncertainty is undermined by the IESO's own processes and market rules that explicitly allow for the IESO to determine DA production values through the application of the IESO centralized forecast.

CarbonFree agrees that the premise cited could apply to naturally to dispatchable, fuel-secured resources that can secure their fuel on a day-ahead basis. However, wind and solar resources are intrinsically driven by weather and cannot be scheduled or firmed in the same way. Availability of historical pricing data does not, on its own, allow renewable generators to manage DA-RT volume risk. Pricing history helps proponents forecast price spreads, but it does not give variable renewable generators a tool to avoid or hedge production-driven settlement deviations. Removing DARTA would likely be priced back into proposals as a risk premium, without resulting in any corresponding enhancement of price fidelity in the IESO-administered market.

Further, when considering that the IESO market rules explicitly contemplate and allow the IESO to overrule a variable generator's DA forecast (i.e., offers) with the IESO's own centralized forecast, we believe this design proposal neglects to adequately address the fact that in many cases it will be the IESO determining the DA volume offered by the Supplier. CarbonFree agrees with the general starting principle that risk should be allocated to the party best positioned to manage it, but this specific design proposal has not adequately identified how the supplier is best positioned to manage DA-RT risk. When forecast and dispatch decisions affecting a renewable facility's settlement can be unilaterally influenced by

the IESO, transferring the associated DA-to-RT risk to the supplier results in an inefficient allocation of risk and that inefficiency will be priced into RFP offers/participation.

We strongly encourage the IESO to further consider any removal of the DARTA, or an equivalent protection, for variable renewable resources in the energy stream.

Locational Rated Criteria

We support the use of locational rated criteria, including the proposed extension to circuits with available transmission capacity and to areas where a local system benefit has been identified. Our specific feedback relates to the importance of timely guidance on locational incentives, specifically:

- Locational rated criteria are only useful if the information is provided early enough in the development cycle. Proponents must be able to identify qualifying locations, secure sites and advance development on those sites well before the proposal submission deadline. The competitive advantage the criteria are intended to create is lost if locational information arrives too late to act upon.
- Similarly, deliverability guidance should be communicated on a timely basis. The locational criteria and the deliverability framework are closely linked: a proponent generally cannot satisfy a locational criterion without confidence in the deliverability of a project at that location. We encourage the IESO to publish deliverability guidance, with enough time for proponents to align their projects accordingly.
- Late changes to qualifying locations or available capacity could foreseeably strand development effort and undermine confidence in the mechanism.

Exclusion Criteria

We agree in principle that excluding proponents who have acted in bad faith can be an appropriate tool to protect the integrity of IESO procurements. Our concerns relate to how “bad faith” is defined and established, and to the fairness of the process. Specifically:

- New rules should not be applied retroactively. As a matter of principle, conduct should be assessed against the rules in effect at the time it occurred. Exclusion criteria should apply prospectively to conduct in procurements governed by the new rules, and proponents should have clear advance notice of the standard to which they will be held.
- A finding of bad faith should be subject to an evidentiary burden and fair process. Given the significant consequence of a debarment of three years or more, a

determination that a proponent has acted in bad faith should rest on evidence of bad faith, notice of the alleged conduct, and an opportunity for the proponent to respond before any exclusion takes effect. Something akin to a strict liability offense is neither effective nor effective here.

- Declining to sign an awarded contract is not, by itself, conclusive evidence of bad faith. While unusual, there can be legitimate reasons why a selected proponent does not execute a contract and treating such an event as *ipso facto* evidence of bad faith risks penalizing sound and responsible decisions from capable developers. The IESO should evaluate the surrounding circumstances rather than relying solely on failure to execute the LT2 contract as conclusive evidence of bad faith deserving of debarment.

General Comments/Feedback

MSR requirement for repowered projects. The MSR requirement should apply to all proponents offering a project into the LT2 process. There is no basis for bifurcated treatment. Applying the municipal support requirement to some project types but not others would create an uneven competitive field and invite questions about consistency and fairness in the procurement. To the extent the IESO considers any relaxation of the requirement, that consideration should be applied uniformly to all proposals rather than to a single category.

Information transparency. We support the IESO's proposal to release additional information following the conclusion of each procurement, including a list of unsuccessful proposals and aggregated details on technology mix, project sizes, geographic distribution, submission volumes and high-level reasons for non-selection. Greater transparency of this kind helps proponents calibrate future proposals, improves overall market efficiency, and is consistent with the engagement principles of being traceable and transparent.

We appreciate the IESO's continued engagement on the LT2 RFP and the opportunity to comment on the Window 2 design. We would be pleased to provide additional detail on any of the points above and to participate in future engagement sessions.