



SEPTEMBER 12, 2024

# Medium-Term 2 RFP Stakeholder Engagement

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# Purpose

- The purpose of this engagement is to provide an overview of the recently posted draft Medium-Term 2 Capacity [MT2(c)] RFP and Medium-Term 2 Energy [MT2(e)] RFP as well as a high-level overview of the respective MT2(c) and MT2(e) Contracts.
- Stakeholder feedback will be used to inform the final Medium-Term RFPs and Contracts.

# Draft MT RFP Documents

- Drafts of the [MT2\(c\) RFP](#) and [MT2\(e\) RFP](#) were posted to the Medium-Term 2 RFP [webpage](#) on August 19, 2024.
- Drafts of the [MT2\(c\) Contract](#) and [MT2\(e\) Contract](#) were posted to the Medium-Term 2 RFP [webpage](#) on August 28, 2024.
- The IESO is seeking feedback on the draft RFPs and Contract, including any questions or comments that Stakeholders may have. Stakeholders are invited to submit questions and feedback to [MT2.RFP@ieso.ca](mailto:MT2.RFP@ieso.ca).

# Agenda

1. Overview of MT2 RFPs
2. MT2 RFPs – Registration Process
3. MT2(c) Qualification and MT2(e) Qualification
4. MT2(c) RFP and Contract
5. MT2(e) RFP and Contract
6. MT2 RFPs – Proposal Evaluation
7. Next Steps



# Overview of MT2 RFPs

# Background

- In accordance with the [January 27, 2022 Directive](#) from the Minister, the IESO can procure electricity products and services when these products and services are deemed to be required for ensuring the reliability of Ontario's electricity system via Medium-Term RFPs.
- The focus of the MT2 RFPs is meeting Ontario's system reliability needs by competitively reacquiring existing resources coming off contract no later than April 30, 2029.
- The MT2 RFPs (and future medium-term RFPs) will include both **capacity** and **energy** streams to enable the competitive reacquisition of all eligible resource types.
- A cadenced process will provide IESO flexibility to adjust to changes in system needs and adapt processes to lessons learned between procurements, in a similar fashion to the long-term RFPs.

# Medium-Term Scope & Overview

- Medium-Term RFPs provide resources greater certainty through longer forward periods and flexible five-year commitments, as compared to the annual Capacity Auction, while ensuring the IESO is not locked into commitments that are no longer reflective of changing needs.
- Medium-Term RFPs will evolve based on system needs and will likely see increased resource eligibility and competition, including the possible inclusion of new-build resources in the future.



# Medium-Term RFPs

2022

Conclusion of the first Medium-Term RFP (MT1 RFP) and procured ~310 MW (summer UCAP) of capacity resources

2025

The second Medium-Term RFP (MT2 RFP) is currently being developed and is expected to procure existing energy and capacity resources that are uncontracted or coming to the end of their contract term

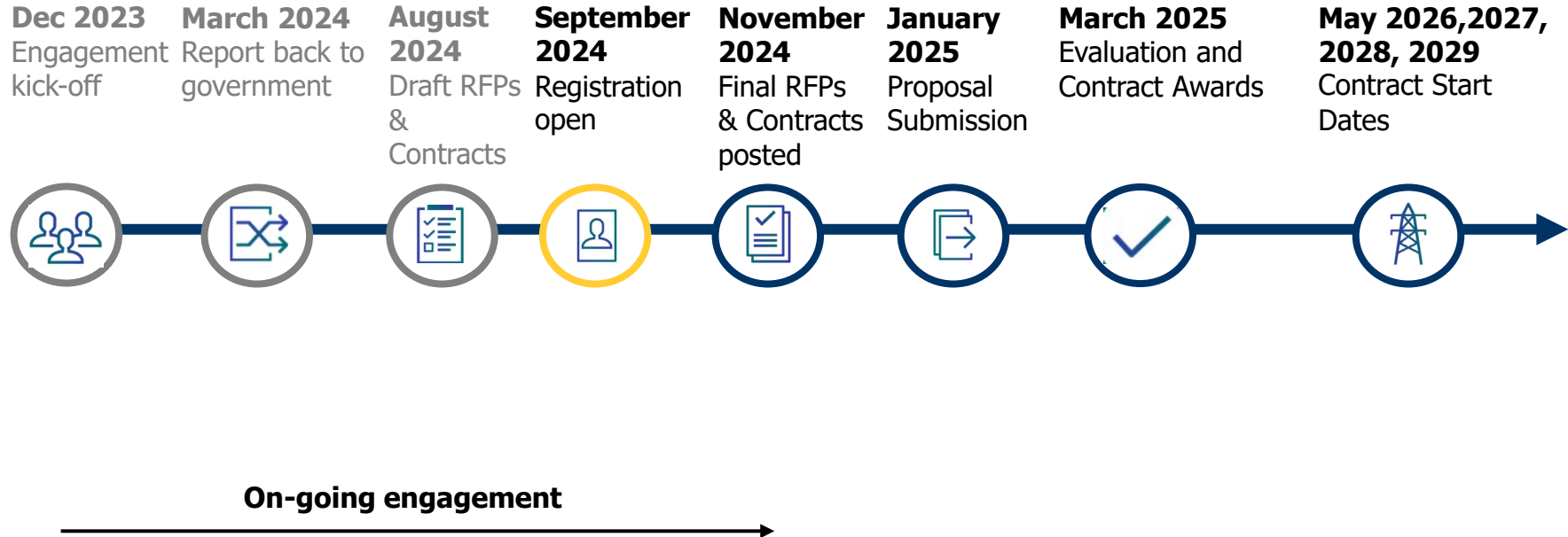
Ongoing

The IESO plans to run a series of cadenced Medium-Term RFPs every two to three years, with flexible five-year commitment periods, to secure resources with expiring contracts

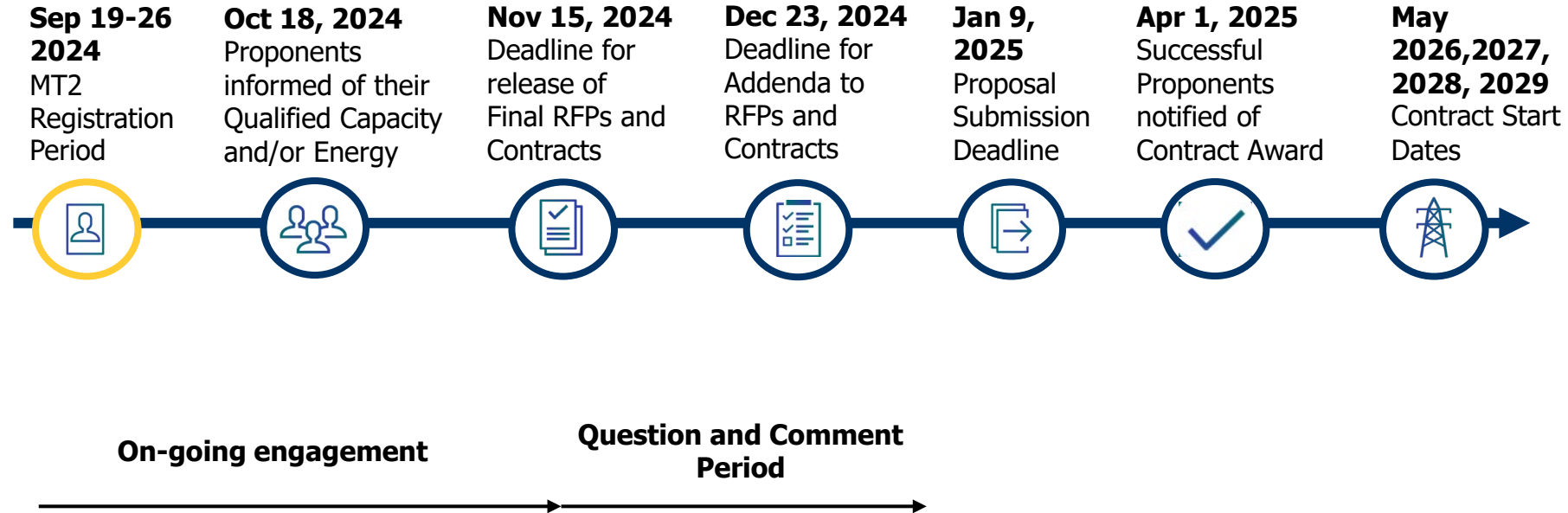
## MT2 RFPs Stakeholder Feedback

- To date, Stakeholders have been supportive of advancing timelines of the MT2 RFPs to run in advance of the LT2 RFPs. They have also expressed support in running expedited MT2 RFPs with a simple evaluation process.
- These actions will provide facilities with expiring contracts in 2026, 2027, 2028, and 2029 certainty so that Proponents have the necessary assurance to justify investments needed to extend asset lifespan.
- In addition, by advancing the MT2 RFPs, Proponents who are not ready to invest in repowering their facility for the upcoming LT2 RFPs will have additional time to prepare proposals for the future LT3 RFP with a contract in place.

# High Level Timeline – MT2 RFPs



# Detailed Timeline – MT2 RFPs



# MT2 RFPs Eligibility

- The focus of the MT2 RFPs is meeting Ontario's energy and capacity needs by competitively recommitting generation resources coming off contract between 2026-2029. Eligible facilities under the MT2 RFPs are as follows:

## MT2(c) RFP



Biofuel Facilities



Electricity Storage Facilities



Gas Facilities

## MT2(e) RFP



Biofuel Facilities



Solar Facilities



Wind Facilities

## MT2 RFPs Eligibility (2)

- Dispatchable loads and Demand Response resources will not be eligible to participate in the MT2 RFP as the technical, monitoring and control requirements for these resources under the IESO Market Rules<sup>1</sup> differ from those of generation resources.
- Dispatchable loads and Demand Response resources are encouraged to participate in the IESO's on-going Capacity Auction.

<sup>1</sup>See appendix 2.2 of the IESO Market Rules

# MT2 RFPs Contract Design

- The IESO is proposing to use two separate revenue models for the MT2 RFPs that have been developed with input and support from stakeholders.
- The MT2(c) RFP is proposing to utilize a capacity-style contract that has been adopted from the MT I RFP and refined through the E-LT1 RFP and LT1 RFP.
- The MT2(e) RFP is proposing to utilize the Enhanced Power Purchase Agreement (E-PPA) style contract that has been developed for the LT2 RFP.

# MT2 RFPs Procurement Target

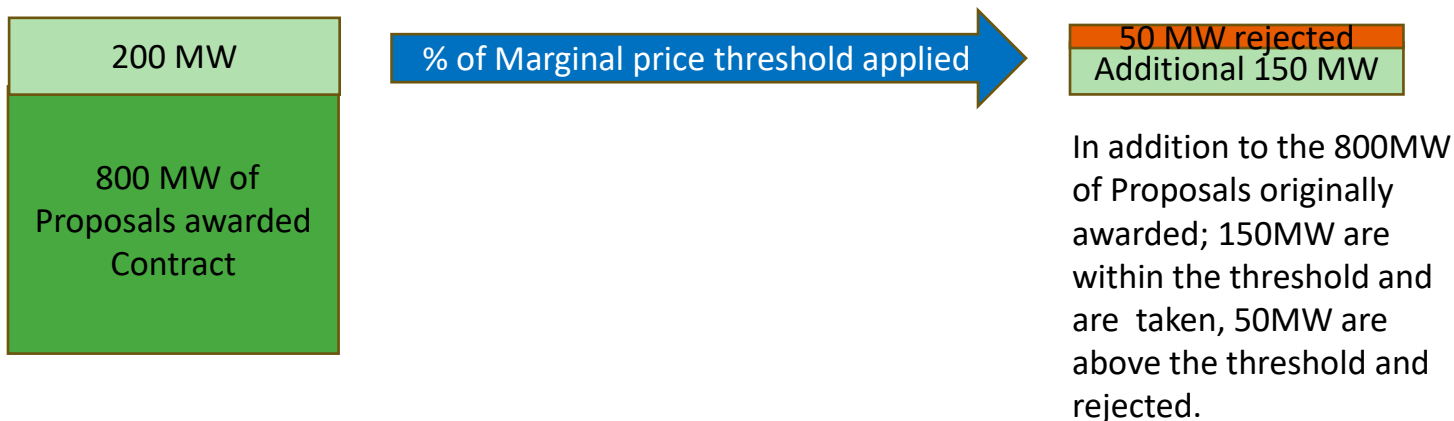
- The IESO will set separate targets for the MT2(e) and MT2(c) RFPs.
- The IESO is proposing to set the targets as a percentage of submitted proposals to drive competition in a technology agnostic manner without anchoring Proponents' bids to a single reference price.





## MT2 RFPs Procurement Target (2)

Given the nature of the need, the IESO is also proposing to introduce measures to use its discretion to take any eligible resources over and above the target, provided that their proposal prices are within a percentage threshold of the marginal proposal, so as to leverage all existing assets that submit competitive proposal prices.



# MT2 RFPs Evaluation

- Proposals will first be evaluated to ensure the proposal is complete and contains all required information per Proposal submission requirements in the RFP.
- The IESO has designed Mandatory Criteria that ensure Proponents have ownership/control of the resource, while also ensuring relevant registration requirements/agreements are in place.
- Any Proposal submission that is not received by the IESO per the requirements set out in the RFPs will be rejected and the Proposal will no longer be considered.
- The IESO is proposing **no rated criteria** points be awarded for the MT2 RFP.
- **Proposals will be ranked on the basis of their Proposal Price.**

## MT2 RFPs Contract Term

- The contract term for both energy and capacity will be the same.
- The contract term will be 5 years beginning either May 1st 2026, 2027, 2028, 2029, whichever is closest to the facility's current contract end date.
- To account for any gaps between facilities' current contract end dates and MT2 Contract term start date, and consistent with the January 27, 2022 directive, IESO will be offering bridging extensions up to a maximum of 6-months to facilities who are successful in the MT RFPs and whose existing contracts with the IESO have expiry date occur before the start of the new MT commitment period.
- The contract will contain provisions for successful Proponents to exit their MT2 Contract early if the Proponent is successful in future Long-Term procurements, consistent with the language used in the MTC I Contract.



# MT2 RFPs – Registration Process

# MT2 RFP Registration

- Proponents interested in participating in the MT2 RFPs **must register** their capacity project for the MT2(c) RFP, or their energy project for the MT2(e) RFP, between September 19 and September 26, 2024 during the MT2 Registration Period.
- The MT2 RFP Registration process will allow the IESO to determine each facility's Summer and Winter Qualified Capacity in the MT2(c) RFP and the Maximum and Minimum Annual Average Imputed Production Factor for the MT2(e) RFP.
- Based on the amount of capacity identified through the MT2 RFP Registration, the IESO may adjust the Target Capacity accordingly to ensure competition.

## MT2 RFP Registration (2)

- The [MT2\(c\) RFP Registration Form](#) and the [MT2\(e\) RFP Registration Form](#) are now posted on the MT2 RFP webpage in draft form. The Final Registration Form will be posted on September 19, 2024.
- Once Final Registration Form has been posted, registrants are encouraged to complete it and submit that completed form to [MT2.RFP@ieso.ca](mailto:MT2.RFP@ieso.ca).
- The Registration Fee will be \$500, consistent with the MT1 RFP. Banking details on where to submit the Registration Fee can be found in Section 3.4(e) the MT2(c) and MT2(e) RFPs.
- The deadline to submit your Registration Form is September 26, 2024.

# Notification of Registration and Capacity Qualification

- The IESO will provide successful registrants with a Unique Project ID for their project via the MT2 Notice of Registration and Capacity Qualification letter. This Unique Project ID will be used by a Proponent in the Proposal Submission process.
- The MT2 Notice of Registration and Capacity Qualification letter will also contain the **Qualified Capacity (for the MT2(c) RFP)** or **Maximum and Minimum Annual Average Imputed Production Factor (for the MT2(e) RFP)** as determined by the IESO via the information provided in the Registration Forms.
- In the Registration Form, registrants for the MT2(c) RFP are required to submit their Summer and Winter Seasonal ICAP values and registrants for the MT2(e) RFP are required to submit their Nameplate Capacity.

# MT2 RFP Registration Fee Reminders

- Registrants are reminded to:
  - ✓ Submit the full Registration Fee to the IESO, taking into account any 3rd party fees that may be a factor. Failure to submit the full Registration Fee will disqualify a registrant from participating in the MT2 RFP.
  - ✓ E-mail the IESO when depositing your Registration Fee as per the details specified in Section 3.4(e) of the MT2(c) RFP and MT2(e) RFP.
  - ✓ The IESO encourages submittal of your Registration Fee at the start of the registration period on September 19, 2024, so that any potential complications can be addressed prior to the Registration Deadline.



## MT2 RFP Registration Process – Rectification Notices

- The IESO may issue a rectification notice to a Proponent if it identifies a perceived error in the submitted Registration Form.
- Proponents will be provided with a single opportunity to rectify a perceived deficiency and submit a corrected or completed form.
- The IESO will not provide rectification notices for Registration Forms submitted after September 26, 2024 or for Registration Forms submitted with an insufficient Registration Fee.



# MT2(c) Qualification and Energy Qualification

# Qualification Overview

- As part of the registration process the IESO will qualify the available capacity or energy from each Proposal to ensure that the capacity or energy procured under the MT2 RFPs can contribute toward meeting Ontario's resource adequacy needs.
- Information collected during the Registration Process will be used by the IESO during the Qualification Process to determine the **Qualified Capacity** or **Qualified Energy** of a facility.
  - The **Qualified Capacity** will be determined for each capacity project and represents the capacity available from that project which will be used to establish the MT2(c) procurement target.
  - The **Qualified Energy** will be determined for each energy project and represents the upper and lower limits for a Proponent to submit their Annual Average Imputed Production Factor for a facility.

## MT2(c) RFP – Qualified Facilities

- The IESO will only determine the Qualified Capacity for a facility that is a Qualified Facility for the MT2(c) RFP and defined as follows:
  - ✓ An existing *registered facility*<sup>1</sup> as defined in the IESO Market Rules that is a dispatchable *generation facility*<sup>1</sup> and not registered as a *variable generator*<sup>1</sup> or *self-scheduling generation facility*<sup>1</sup>.
  - ✓ Able to meet the Must-Offer Obligation<sup>2</sup> of the MT2(c) Contract such that, on average over a settlement month, the quantity of its offers in the IESO Day-Ahead Market during qualifying hours would need to be equal to its Adjusted Monthly Qualified Capacity.

<sup>1</sup>See definition of italicized term in Chapter 11 of the IESO Market Rules

<sup>2</sup>See article 3.1 of the MT2(c) Contract

## MT2(c) RFP – Qualification Approach

- The IESO will determine seasonal Qualified Capacity values for each project by using the following formula:

$$\text{Qualified Capacity (MW)} = \text{ICAP (MW)} \times (1 - \text{EFOR}_d)$$

Where:

- **ICAP** = the reference seasonal installed capacity (ICAP) specified by a Proponent via e-mail during the Registration Process through the [Prescribed Form: Registration Form \(Capacity\)](#), and;
- **EFOR<sub>d</sub>** = the equivalent forced outage rate on demand as determined using a facility's historical outage data and represents the probability that a generating unit will not be available during the hours it's called upon due to forced outages or de-rates.

# Reference Seasonal ICAP Values

- Proponents are expected to submit Reference Seasonal ICAP values that are:
  - ✓ Not greater than a facility's expected offer capability under optimal operating conditions (e.g. ambient temperatures);
  - ✓ Consistent with other data submitted to the IESO through the Market Registration process or [Form 1230](#)
- For electricity storage facilities, Reference Seasonal ICAP values should account for four (4) hours of energy injections.

# Equivalent Forced Outage Rate on Demand

- The IESO will calculate the Equivalent Forced Outage Rate on Demand ( $EFOR_d$ ) for each facility by using its five (5) most recent years of outage data.
- If outage data is not available for a facility, the IESO will calculate the  $EFOR_d$  by using the median  $EFOR_d$  of all registered facilities in Ontario that are of the same technology type as the subject facility.

## MT2(e) RFP – Qualified Facilities

- The IESO will determine the Qualified Energy for a facility that is a Qualified Facility for the MT2(e) RFP and defined as follows:
  - ✓ A *registered facility*<sup>1</sup> under the IESO Market Rules that is a *variable generator*<sup>1</sup> or a *self-scheduling generation facility*<sup>1</sup>;
  - ✓ Able to maintain an Actual Performance Factor of at least 80% of its Annual Average Imputed Production Factor.

<sup>1</sup>See definition of italicized term in Chapter 11 of the IESO Market Rules



## MT2(e) RFP – Qualification Approach (1)

- The IESO will determine the Qualified Energy for a facility by determining its Maximum and Minimum Annual Average Imputed Production Factors by using the facility's five (5) most recent years of historical production data.
- The Maximum Annual Average Imputed Production Factor will be set as the highest Average Measured Performance Factor (AMPF) from the last 5 years of operation, where the AMPF is calculated as:

$$AMPF = \frac{\sum AQEI_y}{Nameplate\ Capacity \times 8760}$$

Where:

- AQEI is the Allocated Quantity of Energy Injected (i.e. the facility's actual metered injection)
- Nameplate Capacity is the value submitted by the Proponent during the Registration Process through the [Prescribed Form: Registration Form \(Energy\)](#)

## MT2(e) RFP – Qualification Approach (2)

- The Minimum Annual Average Imputed Production Factor will be determined as 75% of the Maximum Annual Average Imputed Production Factor.
- In each year where historical metered data is not available for a facility, the IESO will calculate the AMPF by using a zonal value that is equal to the median AMPF of all Registered Facilities with the same technology type in the same IESO Electrical Zone as the subject facility.
  - Note: If no more than three (3) registered facilities of the same technology type exist in the same IESO Electrical Zone, the IESO will use a province-wide value equal to the median AMPF of all Registered Facilities of the same technology type in Ontario.



# MT2(c) RFP and Contract

## MT2(c) RFP and Contract Overview

- The [MT2\(c\) RFP](#) and [MT2\(c\) Contract](#) are designed to pay Proponents through a Fixed Monthly Capacity Payment over a 5-year Contract Term.
- As indicated earlier, the MT2(c) RFP is available for capacity-based resources. Variable generators are excluded from participating in the MT2(c) RFP.

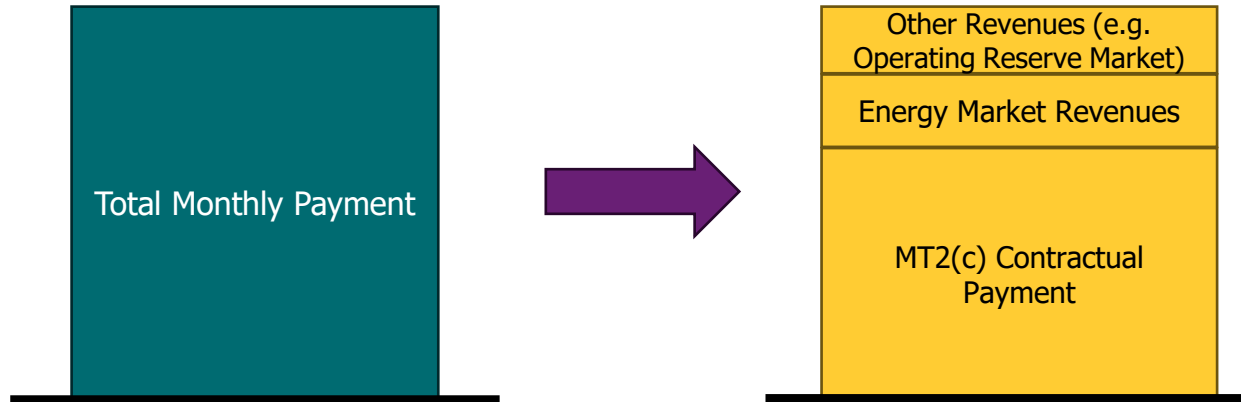
## MT2(c) Contract Design

The MT2(c) Contract is based on the **LT1 contract**:

- A “**capacity style**” contract that pays suppliers on a “**pay-as-bid**” basis to make their contract capacity available on a day-ahead basis for all **qualifying hours** (07:00 to 23:00 EST on business days, or such other continuous 16-hour period over a maximum of five (5) days in any calendar week, as prescribed by the buyer).
- All other revenue opportunities, including from the real-time energy market and from the monetization of environmental attributes, will remain with the supplier.

# Monthly Payment

- Each month, Proponents will receive a monthly payment inclusive of a contractual payment and any revenues earned in the IESO administered markets.



## MT2(c) Contractual Payment

- Each month MT2(c) Contract holders will receive a **Fixed Monthly Capacity Payment (FMCP)** based on the following equation:

$$\begin{aligned} \text{FMCP} &= \text{Fixed Capacity Payment (\$/MW-Business Day)} \\ &\quad * \text{Monthly Contract Capacity} \\ &\quad * \# \text{ business days in a month} \end{aligned}$$

Note: the Fixed Capacity Payment will be established based on the Proposal Price

- Throughout the Commitment Period of the MT2(c) Contract, the IESO will index the FMCP each year by adjusting 20% of the Fixed Capacity Payment for inflation based on the year-over-year change in CPI.

# MT2(c) RFP and Contract Overview

- The MT2(c) RFP and Contract include other provisions that include, but are not limited to, the following:

Capacity  
Verification

Performance  
Requirements

Non-  
Performance  
Changes

Supplier Event  
of Default

Force Majeure  
Claims





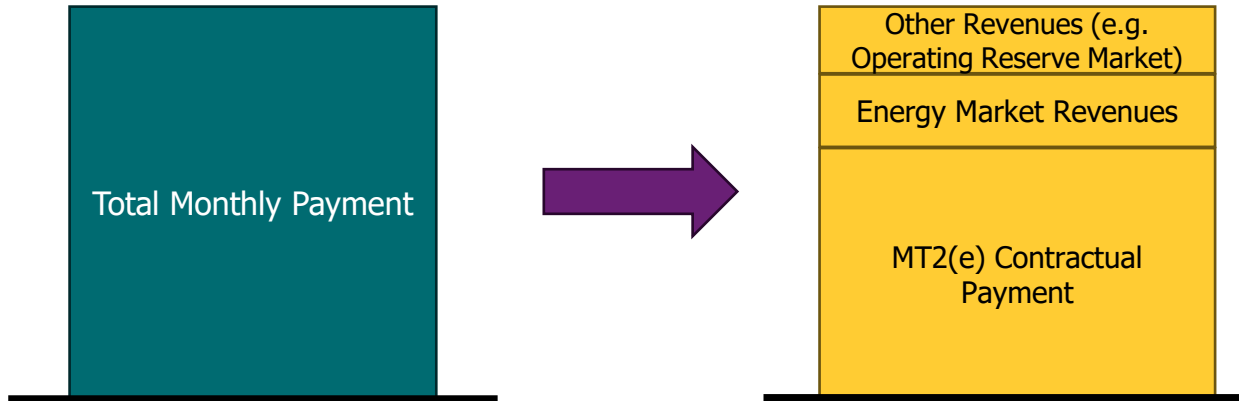
# MT2(e) RFP and Contract

# MT2(e) RFP and Contract Overview

- The MT2(e) RFP and MT2(e) Contract are based off the **LT2 Contract** and designed to pay Proponents through a monthly Grid Reliability Payment under the Enhanced PPA model over a 5-year Contract Term.

# MT2(e) RFP Monthly Payment

- Successful Proponents will receive a monthly payment inclusive of a contractual payment and any revenues earned from participation in the IESO administered markets.



## MT2(e) Contractual Payment

- Each month MT2(e) Contract holders will receive a **Grid Reliability Payment** as per Exhibit J of the MT2(e) Contract and calculated by subtracting a facility's deemed energy market revenues from its monthly revenue requirement.
- Throughout the Commitment Period of the MT2(e) Contract, the IESO will index the Monthly Revenue Requirement each year by adjusting 20% of the Fixed Price for inflation based on the year-over-year change in CPI.
- E-PPA performance obligations will be based on a single year instead of a 3-year rolling average; with no exception granted in the first year.

# MT2(e) RFP and Contract Overview

- The MT2(e) RFP and Contract include other provisions that include, but are not limited to, the following:

Capacity  
Verification

Performance  
Requirements

Non-  
Performance  
Changes

Supplier Event  
of Default

Force Majeure  
Claims



# MT2 RFPs – Proposal Evaluation

# MT2 RFPs Proposal Submission Fee

## Section 3.7(c) of MT2(c) and MT2(e) RFP

- Minimum Proposal Submission Fee of \$3,000, with a variable fee (\$/MW) of \$100/MW for existing MWs, up to a Maximum of \$10,000 (including Registration Fee), consistent with MT1 RFP.
- The MT2 Proposal Submission Fee is independent of the Registration Fee and is due at the time of Proposal Submission.

# MT2 RFPs Proposal Security

## Section 3.7(d)(ii) of MT2(c) RFP and MT2(e) RFP

- Consistent with the MT1 RFP, the IESO is proposing the following amounts for Proposal Security:
  - Proposal Security in the amount of \$10,000/MW of the maximum Contract Capacity, subject to a maximum \$2,000,000.
  - The Proposal Security shall be in the form of an Irrevocable Standby Letter of Credit as per Appendix D of the MT2 RFPs
  - The Proposal Security should be accompanied by a cover letter that clearly identifies the Proponent's name, Unique Project ID and Qualified Facility's name.



# Proposal Evaluation Overview

## Stage 1 - Completeness Requirements

- Pass/Fail

## Stage 2 – Mandatory Criteria

- Pass/Fail

## Stage 3 – Review of Economic Bid Statement

- Proposal Ranking

## Stage 4 – Selection

- Contract Award

# Stage 1: Completeness Requirements

In Stage 1, each Proposal will pass or fail depending on whether the Proposal is complete and contains all required documents, forms and declarations:

<b>Electronic Submission Requirements</b>	<b>Hard Copy Submission Requirements</b>
<ul style="list-style-type: none"><li>• All required Prescribed Forms</li><li>• Proposal Fee via EFT or wire transfer</li><li>• A scanned electronic copy of the Proposal Security</li><li>• Economic Bid Statement</li></ul>	<ul style="list-style-type: none"><li>• An original hard copy of the Proposal Security</li></ul>

## Stage 2: Mandatory Criteria

In Stage 2, each Proposal will pass or fail depending on whether the supporting documentation provided in the Proposal confirms that:

- a) the Proponent is a Qualified Applicant;
- b) the subject facility constitutes a Qualified Facility;
- c) the Qualified Facility's Nameplate Capacity provided during the Registration process is substantially accurate.

## Stage 2: Mandatory Criteria (2)

The following Mandatory Criteria must be satisfied by all Proponents in order to be eligible to participate as Qualified Applicants in the MT RFP:

- Can deliver capacity or electricity generation services in accordance with the terms of the MT2 Contracts.
- Directly connected to a Transmission or Distribution system and have all necessary permits and authorizations.
- A Qualified Facility:
  - is currently, or has previously been, the subject of a contract with the IESO, the OPA or the OEFC and whose contract has expired or been terminated (or will expire or be terminated) on or before April 30, 2029; or
  - is otherwise registered with IESO as a registered facility under the Market Rules.

## Stage 2: Mandatory Criteria (3)

- A Qualified Facility may include a connected facility, embedded generation facility, embedded electricity storage facility, or an embedded non-market participant facility.
- The Qualified Capacity that is the subject of this Medium-Term RFP may not be physically or contractually committed to any third party during the term of the Medium-Term Capacity Contract.

## Stage 3: Review of Economic Bid Statement

- Only proposals that have passed Stage 2 will have their Economic Bid Statement opened.
- The IESO will rank all Proposals that have passed Stage 2 in order of their Fixed Price as indicated in Prescribed Form: Economic Bid Statement as submitted by each Proponent.
- In the event of a tie, the IESO will determine order ranking based on:
  - MT2(c) RFP: the higher Maximum Contract Capacity
  - MT2(e) RFP: the higher Annual Average Imputed Production Factor

## Stage 4: Selection

- The IESO will offer an MT2(c) or MT2(e) Contract to each ranked Proposal from Stage 3, starting from the Proposal with the lowest Fixed Price, until the aggregate Contract Capacity of Proposals offered a contract is equal to or greater than 80%.

## Next Steps

- The IESO invites written feedback by **September 27**. All written feedback should be submitted to [engagement@ieso.ca](mailto:engagement@ieso.ca) utilizing the provided IESO Feedback Form.



# Feedback Requested

Specific areas that the IESO is seeking feedback from stakeholders on include, but are not limited to:

1. Are there any areas of the draft Medium-Term RFP that require further clarity?
2. Feedback on timelines and milestones proposed.
3. Feedback on the Registration and Qualified Capacity/Energy confirmation process.
4. Feedback on the Proposal Submission process and requirements.
5. Applicability of the fees proposed for the MT2 RFP.

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# Thank You

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# Appendix A: MT2(c) RFP and Contract

# Capacity Verification

## **MT2(c) RFP – Section 2.2(d)**

- The IESO will require all contracted facilities to demonstrate that they are able to generate their Maximum Contract Capacity through a Capacity Verification Test prior to the start of the Commitment Period.
- The Capacity Verification test will require each contracted facility to continuously deliver 100% of the Maximum Contract Capacity for at least one hour during Qualifying Hours
- Successful Proponents must complete a Capacity Verification test to begin receipt of the MT2(c) Contractual Payment and must complete the test prior to three months after the start of the Commitment Period to avoid a Supplier event of Default.

# Performance Requirements

## MT2(c) RFP – Section 2.2(f)

- The MT2(c) Contract will require that the Supplier offer sufficient capacity that is not subject to an outage into the IESO-administered markets, on Business Days for all hours from **07:00 to 23:00** (the Qualifying Hours).
- The average quantity of all offers during the qualifying hours in a settlement month must be at least **equal to** its Adjusted Monthly Contract Capacity.
- Adjusted Monthly Contract Capacity is equal to the Monthly Contract Capacity, adjusted proportionally for any Qualifying Hours in the Settlement Month that are the subject of a Planned Outage or Force Majeure Outage

## Non-Performance (1 of 2)

### **MT2(c) RFP – Section 2.2(g)(i)**

- If a Qualified Facility fails to meet its performance requirements, an Availability Non-Performance Charge will be assessed and charged to the Supplier for the applicable Settlement Month
- This charge will be equal to the Monthly Capacity Payment multiplied by the applicable percentage shortfall below the Minimum Offer Quantity

# Non-Performance (2 of 2)

## MT2(c) RFP – Section 2.2(g)(ii)

Monthly non-performance factors are set out in the table below:

Month	Factor	Month	Factor
January	2.0	July	2.0
February	2.0	August	2.0
March	1.5	September	2.0
April	1.0	October	1.0
May	1.0	November	1.0
June	1.5	December	1.5

# Supplier Event of Default for Extended Non-Performance

## MT2(c) RFP – Section 2.2(f)(ii)

- The following circumstances of extended non-performance will constitute a Supplier Event of Default that will entitle the IESO to terminate the MT2(c) Contract (among other remedies):
  - If over any rolling 12-month period after completion of the third Contract Year, the Monthly Average Offered Quantity for each month is below **75%** of the average of the Adjusted Monthly Contract Capacity over the period.



# Force Majeure

## MT2(c) RFP - Section 2.2(e)

- Any Force Majeure that is claimed by the Supplier and accepted by the IESO during the Commitment Period shall reduce the performance obligations, as applicable, for the proportion of the Qualifying Hours and the portion of the Nameplate Capacity for the Qualified Facility that is impacted by such confirmed Force Majeure event
- Any such Force Majeure shall also reduce the capacity payment being made to the Supplier by way of the same Force Majeure Capacity Reduction Factor applied to the FCP for the applicable Settlement Month
- Force Majeure will not apply to the obligation to extend or relieve requirement for Pre-Term Capacity Verification



# Appendix B: MT2(e) RFP and Contract

# Capacity Verification

## **MT2(e) Contract – Article 2.3(d)**

- The IESO will require all contracted facilities to demonstrate that they are able to generate their Maximum Contract Capacity through a Capacity Verification Test prior to the start of the Commitment Period.
- The Capacity Verification test will require each contracted facility to continuously deliver 100% of the Maximum Contract Capacity for at least one hour during Qualifying Hours
- Successful Proponents must complete a Capacity Verification test to begin receipt of the MT2(e) Contractual Payment and must complete the test prior to three months after the start of the Commitment Period to avoid a Supplier event of Default.

# Performance Requirements

## **MT2(e) Contract – Article 3.1**

- The MT2(e) Contract will require that the Supplier achieve an Actual Performance Factor that is 80% or greater of the facility's Annual Average Imputed Production Factor.
- A facility that achieves less than 80% of its Annual Average Imputed Production Factor will be subject to a Non-Performance Charge.

# Non-Performance

## MT2(e) Contract – Exhibit J

- If a Qualified Facility fails to meet its performance requirements, an Availability Non-Performance Charge will be assessed and charged to the Supplier for the applicable Settlement Month.
- This charge will be equal to the Monthly Capacity Payment multiplied by the applicable percentage shortfall below the Minimum Offer Quantity.

# Supplier Event of Default for Extended Non-Performance

## MT2(e) Contract – Exhibit F

- The following circumstances of extended non-performance will constitute a Supplier Event of Default that will entitle the IESO to terminate the MT2(e) Contract (among other remedies):
  - If the Actual Performance Factor over any rolling 12-month period is less than **65%** of the Annual Average Imputed Production Factor submitted at the time of Proposal.

# Force Majeure

## MT2(e) Contract – Article 11

- Any Force Majeure that is claimed by the Supplier and accepted by the IESO during the Commitment Period shall reduce the performance obligations, as applicable, for the proportion of the Qualifying Hours and the portion of the Nameplate Capacity for the Qualified Facility that is impacted by such confirmed Force Majeure event
- Any such Force Majeure shall also reduce the capacity payment being made to the Supplier by way of the same Force Majeure Capacity Reduction Factor applied to the FCP for the applicable Settlement Month
- Force Majeure will not apply to the obligation to extend or relieve requirement for Pre-Term Capacity Verification