



Medium Term 2 RFPs (MT2 RFPs) Frequently Asked Questions, Comments and IESO Responses

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Document Change History

Version	Reason For Change	Date
1	Medium Term 2 RFPs Frequently Asked Questions	October 1, 2024
2	New FAQs: 2.3, 2.4, 3.4, 3.5, 3.6 Revised answers: 1.1, 2.1, 3.3	October 22, 2024

Frequently Asked Questions

The following questions have been submitted to the IESO via a number of channels, including via the MT2.RFP@ieso.ca inbox and through stakeholder engagement feedback. Capitalized terms used but not defined in this FAQ have the meaning given to them in the Market Rules, the MT2(c) RFP, the MT2(e) RFP, the MT2(c) Contract and the MT2(e) Contract, each as applicable.

This document will be continuously updated with questions and responses pertaining to the MT2(e) RFP and MT2(c) RFP throughout 2024.

1. Eligibility

1.1. What facilities are eligible to participate in the MT2(e)/(c) RFPs?

Existing Facilities that are “Qualified Facilities” are eligible to participate.

For the MT2(c) RFP, a Qualified Facility is an existing and operating dispatchable generation facility with a Nameplate Capacity larger than 1 MW that either previously had a contract, or has contract that expires on or before April 30, 2029, with the IESO, the Ontario Power Authority or the Ontario Electricity Financial Corporation for the delivery of Electricity or capacity services. A variable generation facility, dispatchable load or hourly demand response resource are not eligible to participate in the MT2(c) RFP as a Qualified Facility. A self-scheduling generation facility seeking to participate in the MT2(c) RFP will be required to register with the System Operator as a fully dispatchable registered facility prior to the start of the Commitment Period under the MT2(c) Contract.

For the MT2(e) RFP, a Qualified Facility is an existing and operating dispatchable or self-scheduling generation facility with a Nameplate Capacity larger than 1 MW that either previously had a contract, or has a contract that expires or can be terminated on or before April 30, 2029, with the IESO, the Ontario Power Authority or the Ontario Electricity Financial Corporation for the delivery of Electricity or capacity services. A dispatchable load or hourly demand response resource are not eligible to participate in the MT2(e) RFP as a Qualified Facility.

1.2. Are wind facilities that are currently contracted with the IESO under a RESOP contract eligible to participate in the upcoming MT2 RFPs?

Yes, as described in Section 2.1 of the MT2(e) RFP, wind facilities that are currently contracted under a RESOP contract are eligible to participate as a Qualified Facility in the MT2(e) RFP only, if they are able to meet the eligibility requirements in Section 2.1 of the MT2(e) RFP (including registration as a

registered facility under the IESO Market Rules) and have contracts that will expire or can be terminated on or before April 30, 2029.

2. Contract

2.1. What revenue model will be used for the MT2(c) RFP and MT2(e) RFP?

Successful Proponents awarded an MT2(c) Contract under the MT2(c) RFP will be subject to a capacity-style contract with a Must-Offer Obligation (similar in substance to the LT1 Contract). The Monthly Payment in the MT2(c) Contract will be an amount that is based on a Fixed Capacity Payment and calculated in accordance with Exhibit J of the MT2(c) Contract. In addition to the Fixed Capacity Payment, Suppliers under the MT2(c) Contract would receive any market revenues achieved in the IESO-Administered Markets (e.g. energy market, operating reserve market) and are entitled to retain revenues associated with Environmental Attributes.

Successful Proponents awarded an MT2(e) Contract under the MT2(e) RFP will be subject to an energy-style contract where the Monthly Payment will be based on the Enhanced PPA (E-PPA) revenue model developed for the draft LT2(e) RFP through stakeholder feedback. The Monthly Payment by the IESO under the MT2(e) Contract is calculated by subtracting the Facility's imputed market revenues from the Facility's monthly revenue requirement as calculated in Exhibit J of the MT2(e) Contract. In addition to this payment, Successful Proponents would receive any market revenues achieved in the IESO-Administered Markets (e.g. energy market, operating reserve market) and are entitled to retain revenues associated with Environmental Attributes.

2.2. How will the IESO treat a Facility that is awarded an MT2 Contract but has an existing contract that expires before the MT2 Commitment Period Start Date?

To account for any gaps between a Qualified Facility's current contract end date with the IESO and the Commitment Period Start Date, the IESO will, as a separate process from the MT2(e) RFP and MT2(c) RFP offer a bridging extension up to a maximum of 6-months. This extension will be applied to the existing IESO contract of the Qualified Facility.

2.3. How will the IESO determine the Contract Capacity that will be used to calculate my monthly contractual payment?

For the MT2(c) Contract, the IESO will use the Monthly Contract Capacity to determine the monthly contractual payment for a Successful Proponent. As defined in the MT2(c) Contract, the Monthly Contract Capacity is either the Summer Contract Capacity for all months of the Summer or the Winter Contract Capacity for all months of the Winter, which are both submitted values at the time of

Proposal. The submitted Summer Contract Capacity and Winter Contract Capacity must be less than or equal to the Qualified Capacity established by the IESO during the registration process under Section 3.4 of the MT2(c) RFP.

For the MT2(e) Contract, the IESO will use the Contract Capacity submitted at the time of Proposal under the MT2(e) RFP to determine the monthly contractual payment for a Successful Proponent. The Contract Capacity must be less than or equal to the Qualified Facility Nameplate Capacity submitted at the time of Proposal minus the Supplier Reserved Capacity established at the time of Registration.

2.4. The Actual Performance Factor for my Qualified Facility has been decreasing over recent years and is expected to continue to decrease over the Commitment Period of the MT2(e) Contract. How would the IESO evaluate performance of this Qualified Facility if the Annual Performance Factor is not attainable as it is no longer relevant?

Proponents are encouraged to submit Imputed Production Factors that they believe they can achieve for the full Commitment Period of the MT2(e) Contract. The Non-Performance Charge described in section 2.2(c) of the MT2(e) RFP and Exhibit F of the MT2(e) Contract, including the 80% threshold, is applicable to all Proponents awarded an MT2(e) Contract.

3. Additional Questions and Feedback Received

3.1. Will there be a deliverability process for the MT2 RFPs?

No, the IESO will not evaluate Proposals for deliverability as the MT2 RFPs are for existing, operating facilities that are already connected to the IESO-Controlled Grid or distribution system.

3.2. Will there be a rectification period for the MT2 Registration Process?

Yes, the IESO may issue a rectification notice to a Proponent if it identifies a perceived manifest error in the submitted Registration Form or Registration Fee.

3.3. How will the IESO qualify capacity or energy for my Facility?

The capacity qualification in the MT2(c) RFP will be determined by inviting prospective proponents during the registration period to indicate the portion of the nameplate capacity of their Qualified Facility for both the summer and winter that will constitute the Qualified Facility's reference seasonal ICAP. The IESO will then use historical data from each facility to determine Qualified Capacity seasonal values based on each Qualified Facility's reference seasonal ICAP. These Qualified Capacity

values will dictate, for each facility, the amount of capacity that is eligible to be the subject of a Medium-Term Capacity (MT2(c)) Contract.

The capacity qualification in the MT2(e) RFP will be determined by inviting prospective proponents during the registration period to submit a nameplate capacity value for their Qualified Facility. The IESO will then determine maximum and minimum threshold values for the Qualified Facility's Average Annual Imputed Production Factor based on historical production data.

A detailed breakdown of the qualification process including how the IESO will determine maximum and minimum threshold values for the Qualified Facility's Average Annual Imputed Production Factor for facilities that do not have historical production can be found in [the MT2 RFP Capacity and Energy Qualification Guidance document](#).

3.4. What should I do if the Nameplate Capacity for my Qualified Facility has changed since my original agreement was signed?

For a Qualified Facility currently registered as a *registered facility* under the IESO Market Rules, Proponents are expected to submit a Nameplate Capacity as part of their Proposal that is consistent with values registered with the IESO and those indicated in Form 1230. If the Nameplate Capacity has changed, Proponents are to submit a Nameplate Capacity reflective of their current Nameplate Capacity and are encouraged to update values registered with the IESO by contacting market.registration@ieso.ca.

For a Qualified Facility that is not currently a *registered facility* (e.g. certain Qualified Facilities with a RESOP agreement), Proponents are expected to submit a Nameplate Capacity as part of their registration that reflects the capacity of the facility over the Commitment Period of the MT2(e) or MT2(c) Contract. Proponents are expected to submit this same value as their Nameplate Capacity when registering their Qualified Facility to become a *registered facility*.

3.5. What procurement opportunities exist for a currently contracted, or recently off-contract, Facility that is 1 MW or less in size?

The IESO is currently considering a program to contract new and existing Facilities that have a capacity equal to or less than 1 MW. The IESO is also working to enable such Facilities as Market Participants through its Enabling Resources Program. Stakeholders are encouraged to participate in on-going [engagements](#) to learn more about the program.

3.6. What information should I submit to identify the existing Contract or Capacity Auction Obligation for my Qualified Facility when submitting the Proposal Workbook?

When submitting the Proposal Workbook, Proponents must submit the Unique Project ID provided by the IESO during the registration process and the following information:

- the existing name of the Qualified Facility as identified on the [IESO's Active Generation Contract List](#);
- the type of existing Contract as identified as identified on the [IESO's Active Generation Contract List](#) (if applicable); and,
- the Contract ID or Capacity Auction Obligation ID associated with the Qualified Facility as identified by contacting contract.management@ieso.ca (if applicable).