



Long Term RFP (LT1 RFP): Frequently Asked Questions, Comments and IESO Responses for Municipalities

Version 1

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Document Change History

Version	Reason For Change	Date
1	Long-Term 1 RFP Frequently Asked Questions for Municipalities	January 9, 2024

Frequently Asked Questions

This document is intended to provide specific information in response to questions that have been submitted from municipalities to the IESO via a number of channels about the LT1 RFP. Capitalized terms used but not defined in this Frequently Asked Questions document have the meaning given to them in the IESO's Market Rules¹, and the LT1 RFP.

These should be read in tandem with the Frequently Asked Question resource documents already [online](#) related to Deliverability Testing and more general LT1 RFP questions.

1. Municipal Support Confirmation

1.1. Can a Municipal Support Confirmation be given with conditions?

The LT1 RFP Proposal Submission Deadline (December 12, 2023), has now passed and evaluation of proposals is ongoing. Prior to the deadline, municipalities were able to grant support or not, at their own discretion through a Municipal Support Confirmation for the purpose of Rated Criteria Points. A Municipal Support Confirmation could take the form of either a Municipal Support Resolution ("Resolution") or a Blanket Municipal Support Resolution, as each is defined in the LT1 RFP.

The Municipal Support Confirmation had to express the support of the Municipality for the development, construction and operation of the project solely for the purposes of the LT1 RFP or LT1 Contract. The Municipal Support Confirmation may be subject to "all Laws and Regulations", however other conditions on the Municipality's support for the development, construction and operation of the Long-Term Reliability Project on the Municipal Lands may lead to the resolution being rejected by the IESO. This is consistent with the fact that the Municipal Support Confirmation does not replace or impact applicable land use or environmental regulatory approvals required under applicable Laws and Regulations.

Further to the above, in order for a Municipal Support Resolution to be accepted by the IESO, it must be substantially in accordance with Exhibit A of the [Prescribed Form](#).

1.2. Will the IESO allow a Municipal Support Confirmation to be rescinded?

The IESO evaluates Proposal submissions based on the materials submitted by the Proponent on or before the Proposal Submission Deadline. While the Municipal Support Confirmation is not a Mandatory Criteria at the Proposal submission stage, the IESO's evaluation does take into account the Municipal Support Confirmation as submitted for the purpose of determining Rated Criteria Points. As a result, while it may be within the discretion of a Municipality to rescind support at a later date, this will not impact the eligibility of a Proposal during Proposal evaluation, and will also not have an impact on the Rated Criteria Points assigned to the Proponent at the time of evaluation.

¹ The objectives of the IESO's Market Rules are to govern the IESO-controlled grid and to establish and govern efficient, competitive and reliable markets for the wholesale sale and purchase of electricity and ancillary services in Ontario.

1.3. What happens if Municipal Support Confirmation is not provided on or before the Proposal Submission Deadline?

If a Proposal was submitted without a Municipal Support Confirmation, the Proposal would not obtain the assigned Rated Criteria Points at the time of evaluation, which may impact the ranking of a Proponent's Proposal. However, this would not impact the eligibility of a Proposal at the time of evaluation, since the Municipal Support Confirmation is not a Mandatory Criteria at this stage.

Once the IESO evaluates Proposals and determines which are successful, Parties that enter into LT1 Contracts with the IESO ("Counterparties") that did not submit evidence of municipal support at the Proposal submission stage are required to submit a Municipal Support Resolution to the IESO no later than sixty (60) days after the eighteen (18) month anniversary of the Contract Date. For clarity, only a project specific Municipal Support Resolution can be submitted at the Contract stage.

Where a Municipal Support Resolution is not provided to the IESO by the deadline set out in the LT1 Contract, this constitutes a Supplier Event of Default, pursuant to which the IESO may terminate the contract and return the Completion and Performance Security.

1.4. If a Municipal Council was to endorse a project, are there further opportunities for a project to be considered for support again by a Municipality once the required environmental assessment and/or other local approvals are completed?

If a Municipal Council has endorsed a project by providing a Municipal Support Confirmation under the LT1 RFP by the Proposal Submission Deadline, the IESO will consider that submission during the Proposal evaluation stage and will not re-evaluate that support at a later stage.

Where a Municipal Support Confirmation was not submitted with a Proposal, a Proponent is required to submit a Municipal Support Resolution to the IESO no later than sixty (60) days after the eighteen (18) month anniversary of the Contract Date, to demonstrate that the project is supported by the Municipality in which it is proposed to be located.

Regardless of when the Municipal Support Confirmations were provided, it does not replace or impact applicable land use or environmental regulatory approvals required under applicable Laws and Regulations. Counterparties are subject to all applicable Laws and Regulations, including local by-laws and planning, permitting, or zoning requirements.

1.5. What happens if a Project that has a Municipal Support Confirmation does not meet the requirements of an Environmental Assessment and/or other required local approvals?

Municipal Support Confirmations do not replace any applicable laws, permitting requirements, regulations, and/or local planning processes and approvals. Counterparties are responsible for working with municipal and provincial agencies to ensure that all relevant permitting and approvals processes have been met. In the event that a successful Proponent is unable to obtain a relevant permit and/or approval, this may result in a Force Majeure and/or termination under the LT1 Contract. Where the Counterparty is unable, despite Commercially Reasonable Efforts, to obtain a permit and/or approval, they may claim Force Majeure, which may, after the applicable timelines have expired, result in the termination of the contract and the return of security. Where Force Majeure is not claimed and/or accepted by the IESO, and the failure to obtain a permit/approval

could reasonably be expected to have a Material Adverse Effect on the Supplier, the IESO may terminate the contract and retain the security.

2. Project Zoning & Permitting

2.1. If a Municipality is being asked to support a Project on prime agricultural land, can municipalities refuse and direct the Project to poorer class soils or require Project sites to be rezoned?

Prior to the Deliverability Test and Proposal Submission, Proponents were responsible for working with various stakeholders and technical experts to determine where their project should be located, based on local support, as well as connection availability/parameters based on feedback from the transmitter (i.e., Hydro One) or the local distribution company. Prior to the Deliverability Test, and to a more limited extent up to the Proposal Submission Deadline on December 12, 2023, municipalities were able to work directly with Proponents in order to modify certain aspects of their proposed project, including the Project Site, in order to grant support.

Proponents were required to submit their Connection Point as part of their Deliverability Test application. Only those projects that were deemed “deliverable” or “deliverable but competing” in the Deliverability Test, based on a technical assessment of their Connection Point and size, were able to participate in the LT1 RFP. The Deliverability Test results limit the ability of a Proponent to change a project’s Connection Point, which in turn may limit changes in the Project Site. See question 3.3 for additional information on siting considerations resulting from deliverability testing. After a Proponent has entered into a contract with the IESO, the Counterparty would need the IESO’s consent to change the Facility address or Connection Point.

2.2. Can Municipalities require the Project site to go through site plan control under the *Planning Act*?

Municipalities are able to require Proponents to satisfy any legal requirements within their jurisdiction, whether as a precursor to granting support or following the granting of support. The IESO does not manage this process or other local land-use requirements.

3. Additional Questions

3.1. What are the minimum siting and safety requirements for a Project?

Counterparties are responsible for working with municipalities and provincial agencies to ensure that all relevant permitting and approvals processes are met prior to entering service. In addition, there are several organizations such as the Electrical Safety Authority (ESA), the Technical Standards and Safety Authority (TSSA) and the Office of the Fire Marshal, that are responsible for developing the standards and regulations that govern the safe operation of electricity facilities in Ontario and the protection of workers and the environment.

Under the LT1 Contract, in order for a Facility to achieve Commercial Operation, an Independent Engineer must state that the Facility has all necessary permits and approvals (s. 2.5(a)(i)(G)), and it is a contractual requirement that the Supplier complies, in all material respects, with all Laws and

Regulations required to comply with their contractual obligations, including maintaining necessary permits.

3.2. What is the process for Community and Indigenous Engagement?

The LT1 RFP community engagement requirements aim to ensure that municipalities, Indigenous communities and members of the public are informed about potential projects that may be sited in their community. The IESO has encouraged Proponents to reach out to Indigenous Communities and Local Municipalities as early as possible to discuss potential projects.

Under the LT1 RFP, a Proponent was required to create a project Website, to post information regarding the project, and was required to hold at least one public community meeting that was open to the public prior to the Proposal Submission Deadline, but no earlier than February 17, 2023. Notice of such public community meeting was required to have been delivered at least 15 days prior to the date of the public community meeting, in accordance with Section 2.1(f)(ii) of the LT1 RFP. This notice was required to be shared with the Chief Administrative Officer (or equivalent) of any municipality in which the Project Site is proposed to be located, to ensure that municipalities have the most up-to-date information about the project and the community engagement process. Where the Project Site is located on Indigenous Lands, the notice was required to be shared with the Indigenous Community corresponding with those Indigenous Lands.

The IESO will check that these requirements have been met as part of the evaluation of the Proposal. In accordance with Section 4.2 of the LT1 RFP, each Proposal will pass or fail depending on whether it meets the Mandatory Requirements of the LT1 RFP, including whether the community engagement provisions described above have been met. Please see Section 2.1(f) of the LT1 RFP for details on the requirements for Community and Indigenous Engagement. The IESO reserves the right to verify whether a submission contains misrepresentations or any other inaccurate or misleading information.

3.3. Where will the new generation or storage facilities be located?

The IESO will be unable to comment on the location of projects that are successful in the LT1 RFP until the evaluation process is complete and Counterparties have entered into LT1 Contracts with the IESO.

Generally speaking, the IESO is responsible, at the direction of the Ontario government, for securing sufficient capacity and energy to meet Ontario's emerging system needs via its procurements. While in its procurement role, the IESO prescribes certain project requirements (i.e., the need for municipal support, minimum engagement requirements and minimum technical requirements), the LT1 RFP does not take a view towards project siting. Proponents were responsible for working with various stakeholders and technical experts to determine where their project should be located. Locational considerations include local support and connection availability/parameters, based on feedback from the transmitter (i.e., Hydro One) or the local distribution company.

Prior to participating in the LT1 RFP, projects were required to undergo deliverability testing carried out by the IESO, based on the project's proposed site and Connection Point. Only projects that the IESO found to be 'deliverable' or 'deliverable but competing', based on transmission availability at their proposed site, were eligible to participate in the procurement. More information on this process can be found here: [Final Deliverability Test Guidance Document v2.3](#) (June 16, 2023).

The Connection Point of a project that is submitted into the RFP must be consistent with the Connection Point in that project's Deliverability Test results, with the implication that Proponents are largely restricted from moving their Connection Point, and by implication the project location, between the Deliverability Test and Proposal Submission Date. More information about project siting resulting from the LT1 RFP Deliverability Test can be found here: [LT1 Deliverability Test Results](#) (September 29, 2023).

3.4. Where can I find out more about battery energy storage systems technologies, and related safety considerations?

More information on the importance of energy storage to the Ontario grid can be found here:

- [Energy Storage \(ieso.ca\)](#)
- [Energy Storage: Powering Ontario's Communities - YouTube](#)
- [Ontario's electricity system moves forward with largest energy storage procurement ever in Canada \(ieso.ca\)](#)

The LT1 RFP did not include specific requirements for a fire safety plan, or an environmental spill plan. However, Counterparties are responsible for working with municipal and provincial agencies to ensure that all relevant permitting and approvals processes have been met, prior to entering into service.

Project siting at or near Hydro One infrastructure is managed by Hydro One, which recently issued final guidance on the siting of battery energy storage facilities and fire risks. More information on that process can be found here: [Transmission-connected Generators \(hydroone.com\)](#). In addition, there are several organizations such as the Electrical Safety Authority (ESA), the Technical Standards and Safety Authority (TSSA) and the Office of the Fire Marshal, that are responsible for developing the standards and regulations that govern the safe operation of electricity facilities in Ontario and the protection of workers and the environment.

Questions around siting and fire safety plans could also be managed directly by municipalities and Proponents during the process for obtaining municipal support.