

Ministry of Energy and Mines Ministère de l'Énergie et Mines

Office of the Minister

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MC- 994-2026-670

May 7, 2026

Ms. Lesley Gallinger
President and Chief Executive Officer
Independent Electricity System Operator
1600 – 120 Adelaide Street West
Toronto ON M5H 1P1

Dear Ms. Gallinger:

I would like to thank you and your team at the Independent Electricity System Operator (IESO) for your continued efforts on designing standard offer contracts for the province's existing hydroelectric facilities. I am grateful for the IESO's achievement in launching the Small Hydro Program (SHP) and your ongoing efforts in preparing the Northern Hydro Program (NHP) to launch later this year.

It has come to my attention there are several hydroelectric facilities that, due to their specific circumstances, are either not currently eligible for, or well-suited to, the SHP or NHP. I understand these facilities could be placed into two categories:

1. The IESO contracted hydroelectric facilities which:
 - i) Are owned by a municipality that owns three or fewer hydroelectric facilities;
 - ii) Meet the definition of "redeveloped station" or "upgraded station" under O. Reg. 124/02 (Taxes and Charges on Hydro-electric Generating Stations) made under the *Electricity Act, 1998*; and
 - iii) Currently hold a Renewable Energy Standard Offer Program (RESOP) or Hydroelectric Contract Initiative (HCI) contract with a capacity of less than 5MW.

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2. Hydroelectric facilities which currently hold a contract with Ontario Electricity Financial Corporation (OEFC).

To provide these facilities with a clear, sustainable path to their ongoing operation and future investment, the government would like to explore options for contracting arrangements which could enable them to eventually move into the IESO's standard offer hydroelectric programs of SHP and NHP.

To achieve this, I ask the IESO to report back to me by August 7, 2026, on contract options for these facilities with the ultimate goal of eventually moving them all into the SHP or NHP, where appropriate.

Upon receiving the IESO's responses, the government will determine the most appropriate next steps, including whether to issue a Minister's Directive to the IESO.

Please accept my thanks for the IESO's ongoing leadership in maintaining the reliability and affordability of our electricity system.

Sincerely,

A handwritten signature in blue ink, appearing to read 'S. Lecce', with a long horizontal flourish extending to the right.

Stephen Lecce
Minister

c: Ken Hartwick, Board Chair, IESO
Matt Hiraishi, Chief of Staff to the Minister of Energy and Mines
Susanna Laaksonen-Craig, Deputy Minister of Energy and Mines