NOVEMBER 4, 2025

Corporate Power Purchase Agreements (C-PPAs) Engagement

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Agenda

1. Welcome & Purpose
2. Background & Regulation
3. C-PPA Framework Overview
4. Supporting Documents & Guidance
5. Next Steps
6. Q&A

Purpose

- To provide an overview of the C-PPA framework and what it means for generators and customers
- To outline the key topics of today's session including background and regulation, participation requirements, design features, and supporting documents
- To gather stakeholder feedback to help refine the framework and materials, and provide time for Q&A

Overview of Corporate Power Purchase Agreements

C-PPA Framework Background

- In June 2025, the Government of Ontario amended the Industrial Conservation Initiative (ICI) Regulation (O. Reg. 429/04)
- Amendments enable **Corporate Power Purchase Agreements (C-PPAs)** between eligible customers and renewable generators in Ontario
- These regulatory amendments were introduced by the government to support broader provincial priorities
- Under the amended regulation, the IESO is required to process certain adjustments to ICI participants' Peak Demand Factors (PDFs) where it is "satisfied" that the regulatory requirements have been met
- To fulfill this obligation, the IESO developed a regulatory framework to guide consistent and appropriate review of these requirements - referred to as the **C-PPA framework**

Amendments to Ontario Regulation 429/04

Background

- On May 7, 2024, the Ministry of Energy and Mines posted draft amendments to Ontario Regulation 429/04, Adjustments Under Section 25.33 of the Act for consultation
- Final amendments approved in June 2025 after stakeholder input and government review
- Changes enable Corporate Power Purchase Agreements (C-PPAs) between Class A customers and renewable generators

Intended Government Outcomes

- Provide cost-saving opportunities for Class A customers through Global Adjustment (GA) reduction
- Create alternative revenue streams for generators via eligible C-PPAs, supporting new clean energy investment
- Enables flexibility by allowing facilities and customers to hold multiple PPAs, creating opportunities to stack agreements
- Respond to consumer demand for clean electricity procurement

ICI & Global Adjustment Overview

Industrial Conservation Initiative (ICI):

- Encourages eligible industrial and commercial customers to reduce demand during peak periods, helping to defer investment in new electricity infrastructure
- Class A participants pay Global Adjustment based on their share of demand during the top five peak hours over a 12-month base period
- By managing peak demand, ICI participants can significantly reduce their electricity costs through lower GA charges

Global Adjustment (GA):

- GA is a key part of electricity bills in Ontario, covering the costs of new infrastructure, maintaining and refurbishing generation, and delivering conservation programs to ensure long-term grid reliability

Corporate Power Purchase Agreement (C-PPA)

What is a C-PPA?

A C-PPA is typically understood as a contract where a company (or companies) purchases renewable electricity from a generator at a fixed price over a set period. This arrangement is typically intended to help purchase customers:

- Meet sustainability goals by sourcing clean energy
- Manage energy costs and mitigate market price fluctuations

Different Types of Corporate PPAs:

- On-Site PPA – Electricity is generated and consumed at the same location (behind the meter)
- Off-Site "Virtual" PPA – Electricity is generated at a different location than where it is consumed

Amendments to Ontario Regulation 429/04

- The amendments facilitate **Virtual C-PPAs**

Timeline of C-PPA Framework Rollout

June 4, 2025
Regulation Amendments Approved by LRC

June 12, 2025
C-PPA website launched

October 2025
Draft C-PPA framework guidelines, FAQs, Prescribed Forms and Workbooks posted on C-PPA website

November 2025
Host Stakeholder engagement session

Nov 2025 – Jan 1, 2026
Finalize and post C-PPA framework guidelines, FAQs, Prescribed Forms, Workbooks and other associated documents

Feb 1 - March 30, 2026
Submission Window for 2026 -2027 base period

Submission Deadline is March 30, 2026

*The IESO strongly recommends submitting early within the submission window to ensure adequate time to address any issues.

C-PPA Eligibility Requirements

Purchase Customer Eligibility

An Eligible Purchase Customer:

- Must be a **market participant** with a load facility
- Must be classified as **Class A** at the start of the adjustment period
- May be **distribution connected**, if registered as a market participant and settled in the IESO-administered market
- Must have a **binding Eligible Purchase Agreement** with an Eligible Generator in effect for the entire base period

Generator Eligibility

An Eligible Generator:

- Must be a **market participant** with at least one Eligible Generation Facility
- May be **distribution-connected**, if registered as a market participant and settled in the IESO-administered market
- Must have a binding **Eligible Purchase Agreement** with an Eligible Purchase Customer for the entire base period

Generation Facility Eligibility (Existing)

An Eligible Generation Facility:

- Generates electricity **exclusively from wind, water, biomass, biogas, biofuel, solar, or geothermal**
- Must **produce more electricity than it consumes**
- Must be **identified in the Eligible Purchase Agreement** as a source of Eligible Electricity
- Must **deliver some volume of Eligible Electricity each hour** of the base period (unless exempt)
- Must be in **commercial operation** by the binding date of the agreement

Exceptions to Hourly Electricity Supply Requirement

The Eligible Generation Facility must deliver some volume of Eligible Electricity each hour of the base period except under the following circumstances:

- Facility outages
- Delivery constraints not caused by the generator
- Insufficient wind or sunlight
- Compliance with IESO dispatch instructions
- Circumstances beyond the generator's control

New Generation Facility Eligibility

New generation facilities (not in commercial operation by the binding date of the Eligible Purchase Agreement) may participate in the C-PPA framework if they meet the following criteria:

- Must meet all Generation Facility Eligibility criteria
- Must **not be located on Prime Agricultural Land**
- Must have a **municipal resolution** in a form approved by the IESO (Confirm municipal resolution requirements early to avoid delays, particularly where municipalities use their own format)

Eligible Electricity

Eligible Electricity:

- Must be purchased under an **Eligible Purchase Agreement** and not be classified as Compensated Electricity (as defined in the regulation)
- Must be **physically supplied** from the Eligible Generation Facility to the IESO-controlled grid or distribution system, **without temporary storage (storage is not eligible under C-PPA framework)**
- Must be **settled through the IESO-administered market**

Eligible Purchase Agreement

An Eligible Purchase Agreement:

- Must be a **contract between an Eligible Purchase Customer and an Eligible Generator**, both registered as market participants
- Must **remain in effect** for the entire applicable base period
- **Must identify** the load facility(ies) and the Eligible Generation Facility(ies)
- Must confirm that the electricity supplied is **not Compensated Electricity**

Compensated Electricity

Electricity is considered Compensated if it:

- Has already been **paid for, credited, or committed** under another contract or program
- Is **covered by IESO capacity auctions, pilot programs, or contracts** with IESO or the Ontario Electricity Financial Corporation (OEFC)
- Is **sold under more than one agreement,** including multiple Eligible Purchase Agreements
- Receives **additional payment or credit** beyond their Eligible Purchase Agreement

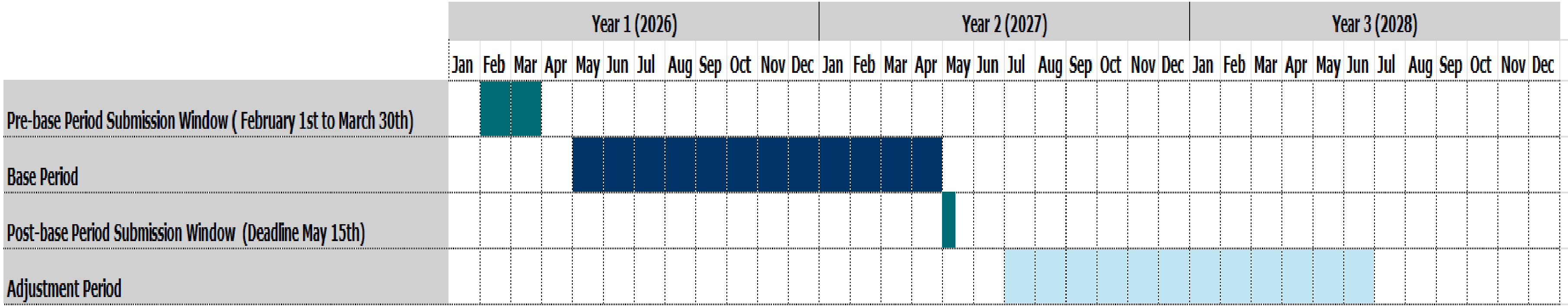
C-PPA Framework Process

C-PPA Framework Process

- The following section explains the process of the C-PPA framework and how it works in practice
- It covers the stages of participation across the pre-base, base, and post-base periods
- It outlines the roles and responsibilities of customers, generators, and the IESO
- It also describes the documentation and settlement requirements needed to participate

C-PPA Framework Process Timeline

The timeline provides a high-level overview of the C-PPA framework process over a three-year timeframe, outlining the key phases from the pre-base period submission window through to the adjustment period.



***Submit early in both submission windows to ensure sufficient time for review and clarifications. Complete and accurate information must be provided to the IESO by the Pre-base requirement date (April 20) and the Post-base requirement date (May 20). Failure to provide complete information by these dates will result in ineligibility for the applicable base period.**

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Pre-base Period Requirements

Prior to the start of the first applicable base period, and within the submission window from February 1 to March 30, both the purchase customer and the generator must submit the following Pre-base Period Submission package to the IESO:

- **Prescribed Form: Attestation for Eligible Purchase Agreement – Pre-base Period**
- **Eligible Purchase Customer Workbook**
- **Eligible Generator Workbook**
- **Eligible Purchase Agreement**
- **Municipal Support Resolution** - if applicable
- **Proof of Commercial Operation**- if applicable

Note: Documentation is required only once before the start of the first applicable base period. If the Eligible Purchase Agreement expires and counterparties wish to continue, they must resubmit all required documentation.

Base Period Obligations

During the base period, the Eligible Purchase Customer and Eligible Generator must maintain their eligibility.

Generator obligations:

- **Supply Eligible Electricity** into the IESO-controlled grid or distribution system during each hour of the base period
- *Exceptions apply for events reasonably beyond control (e.g., outages, insufficient wind/sunlight)*

Customer obligations:

- **Notify the IESO in writing within 5 days** of any changes to the Eligible Purchase Agreement (including amendments, assignments, transfers, or terminations)

Generator and Customer obligation:

- **Notify the IESO within 10 business days** of any material changes to previously submitted documents or information

Post-base Period Obligations

Within 15 days after the end of each applicable base period (April 30), the Eligible Purchase Customer and the Eligible Generator must jointly submit the following Post-base Period Submission package to the IESO for each of their C-PPAs:

- **Prescribed Form: Attestation for Eligible Purchase Agreement - Post-base Period**, completed and submitted together by both counterparties, one per C-PPA

IESO Role and Obligations in the C-PPA Framework

Under the amended ICI Regulation (O. Reg. 429/04), the IESO is responsible for administering the C-PPA Framework.

Administering

- Reviews attestation letters, workbooks, agreements, and municipal resolutions
- Acknowledges eligibility and adjusts Peak Demand Factors (PDFs) where requirements are met

Supporting compliance

- Provides clear forms, guidelines, and FAQs to help participants meet obligations
- Offers clarification and follow-up where issues arise

Monitoring compliance

- Conducts monthly monitoring of generator supply and reviews post-base period attestations
- Tracks notifications of changes (agreements, submitted information)
- Follows up with counterparties if obligations are not met

C-PPA Framework Document Overview

C-PPA Guidelines	FAQs	Pre-Base Period Attestations	Post-Base Period Attestations
• Overview of the C-PPA Framework • Eligibility, submission process, key dates, milestones	• Answers to common stakeholder questions • Helps build understanding of the C-PPA framework	• Documents required before the first base period • Includes: Prescribed Form - Pre-base Period, Purchase Customer Workbook, Generator Workbook, Power Purchase Agreement	• Documents required after each base period • Includes: Prescribed Form - Post-base Period

Submitting C-PPA Framework Materials

All C-PPA submissions must be sent by email to corporateppa@ieso.ca, with all required documents attached in PDF or Excel format.

- *Proponents should send a test email to the C-PPA email address prior to the submission window to ensure deliverability.*

Subject line format

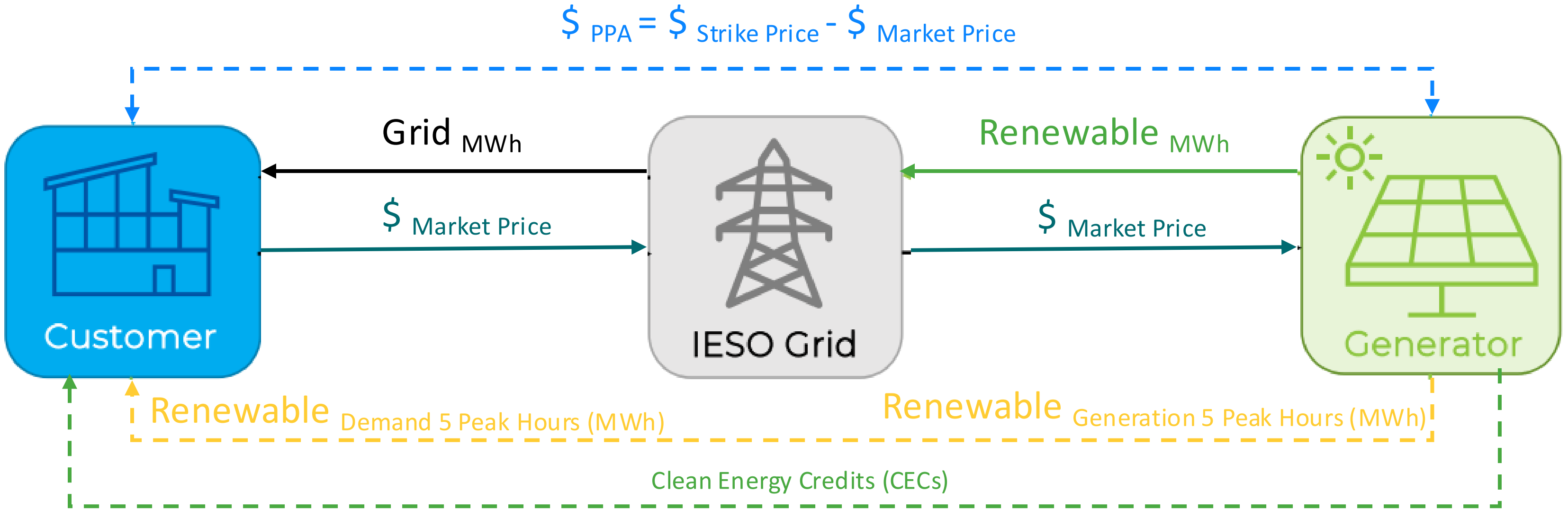
- Add party name(s) and submission type
- If multiple emails are needed, include numbering (1 of 3, 2 of 3, etc.)

Example:

- [Customer & Generator Names] - Pre-Base Period Eligibility Package (2 of 3)

C-PPA Settlement Mechanisms

C-PPA Settlement Mechanisms



- The C-PPA framework that IESO is responsible for administering provides a mechanism for Class A customers to reduce Global Adjustment charges through the ICI program by (virtually) offsetting peak demand with renewable energy during the top five peak demand hours.
- We expect that the underlying C-PPA contracts will enable electricity to flow through the IESO grid and be settled at the applicable market price as per the graphic above. The customer and generator each settle the market price through the IESO and separately settle the difference between the strike price and market price. This is consistent with how virtual PPAs typically work in other markets.

Next Steps and Stakeholder Feedback

Next Steps

- Feedback window – Open until November 18, 2025
- Final documents – December or January 2025 (TBD)
- C-PPA Submission window opens – February 1, 2026
- C-PPA Submission deadline – March 30, 2026

Planning to submit during the upcoming C-PPA submission window? Please contact the IESO at corporateppa@ieso.ca with any questions about the C-PPA program, eligibility, or submission process. Early engagement is encouraged to ensure clarity and timely support.

C-PPA Stakeholder Feedback

The IESO invites written feedback on the materials presented today and the below draft documents by **November 18, 2025**. Written feedback should be submitted to engagement@ieso.ca using the IESO Feedback Form posted on the engagement webpage.

The following draft documents are open for stakeholder feedback (posted on the C-PPA website):

- C-PPA Framework Guidelines
- FAQs
- Pre-base Period Submission(Attestation Letter, Customer + Generator Workbooks)
- Post-base Period Submission

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Q&A

Thank You

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