

Stakeholder Feedback and IESO Response

Local Generation Program

Following the Local Generation Program session on webinar on April 23, 2025, the Independent Electricity System Operator (IESO) invited stakeholders to provide comments and feedback on the materials presented.

The IESO received written feedback submissions from:

Canadian Biogas Association
Capstone Infrastructure
Community Energy Co-operatives Canada (CECC)
Community Energy Development Co-operative Ltd. (CED Co-op)
CHP Canadian Advisory Network (CHP CAN)
Electricity Distributors Association (& on behalf of Ontario Energy Association
Energy Services Niagara Inc.
Enlightened Clean Energy
Energy Storage Canada
Escarpment Renewables
Essex Power
Fepro Farms
Markham District Energy Inc.
Northland Power
Ontario Clean Energy Alliance
Ottawa Renewable Energy Co-operative (OREC)
Ontario Waterpower Association (OWA)
Pollution Probe
Solarbank
SolarShare
The Atmospheric Fund
Toromont



The presentation materials and stakeholder feedback submissions have been posted on the IESO [Local Generation Program webpage](#). Please reference the material for specific feedback as the information below provides excerpts and/or a summary only.

LDC Role In Program Delivery

Feedback/Common Themes	IESO Response
LDC Role In Program Delivery	The IESO acknowledges that LDCs have expressed a strong interest in supporting the LGP and recognizes their essential role in successful program delivery. LDCs bring valuable local system knowledge and operational experience. At the same time, to address stakeholder concerns about fairness and transparency across Ontario, the IESO is committed to working with LDCs to achieve a consistent and coordinated approach to program implementation province-wide.

Existing Facility Contract Transition

Feedback/Common Themes	IESO Response
Uncertainty about post-contract operations	The IESO understands that the end of a contract introduces uncertainty. Facilities are not required by the IESO to cease operations at contract expiry. The LGP re-contracting stream is intended to be one opportunity to continue the operations of existing facilities in a cost-effective manner. Some facilities may choose temporary or permanent shutdowns depending on site-specific factors such as lease terms, safety or regulatory issues, fuel availability, or capital needs. The original 20-year contracts were designed to recover full life-cycle costs and enable a stable investment environment. The LGP re-contracting stream is intended to enable facilities with some remaining useful life to operate after the original contract expires. Going forward, continued operation will depend on each facility's economics, condition, and readiness to participate in LGP or other current or future IESO, LDC or OEB programs. As a last resort, any existing facility will receive the "Ontario Electricity Market Price" (\$/MWh) through the IESO market, with

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	financial settlement via the LDC. Energy injected to the grid does not need to be “given away” to the IESO or LDC for no remuneration.
Transition pathways and continued value recognition	The IESO acknowledges and appreciates the contributions of existing facilities to Ontario’s energy system. The IESO is committed to supporting a smooth transition for cost effective facilities post-contract. The LGP is intended to provide a viable re-contracting option where the facility remains cost-effective. However, it is only one of several potential pathways. Facility owners are encouraged to also explore Save on Energy’s enhanced DSM offers and the Enabling Resources Program (ERP), among other options which are being developed to support broader participation and different value streams.
DER evolution and long-term opportunity	The IESO, OEB, and LDCs are actively working to define the future role of DERs in Ontario’s electricity system. As this landscape evolves, the level of choice available to DER owners is expected to increase. The LGP should be viewed as a first step in a longer-term framework that aims to expand the range of services DERs can provide. The IESO is confident that where sites remain viable and aligned with system needs, facility owners will continue to have meaningful options for participation. Stakeholders are also encouraged to follow the discussions about the IESO's Enabling Resources Program (ERP) and the Long Term RFP as these programs provide additional options and flexibility.
Flexible Contract Start Dates	The IESO understands that facility owners have different priorities at contract expiry. Some may wish to begin their new contract immediately, while others may prefer a delay to allow for site upgrades, equipment replacements, or operational adjustments. The LGP will offer some flexibility in contract start dates to accommodate these different approaches.

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Contract duration	The LGP re-contracting stream is intended to facilitate medium-term re-contracting, with a default 5-year term to reflect the age and maturity of most participating assets. Longer-term contracts are more appropriate for new builds or significant redevelopments, which will be addressed in the 2nd stream of LGP. Contract length is under consideration for refurbished/redeveloped facilities.
Contract Aggregations	While we appreciate that some asset owners manage portfolios of small sites, aggregation under the LGP may create significant administrative challenges for both the IESO and LDCs. The IESO is open to receiving further information to ensure aggregations would reduce administrative burden for all parties, and to understand how they might deliver value to the electricity system and ratepayer on simplicity and individual facility-level contracting.

Diverse Nature of LGP Eligible Facilities

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Ontario's Diverse DER Portfolio	Stakeholders consistently emphasized the diversity of existing facilities — including differences in technology, capital and operating costs, and ownership structures. This complexity reinforces the IESO's view that a single, uniform procurement model is not appropriate. LGP re-contracting stream will use fuel type specific groupings.
Facility Complexity and Procurement Models	The IESO agrees that technology-specific procurement streams are more appropriate for re-contracting. Existing facilities will compete against similar resource types (e.g., solar will bid against solar). This approach supports fairness and transparency.

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Stakeholders want rooftop solar installations to be allowed in LGP	Currently contracted rooftop solar systems >100 kW are eligible for re-contracting. New rooftop solar PV development (up to 1 MW) is currently supported through Save on Energy. Rooftop solar installations greater than 1 MW will be eligible through the LGP.
Smaller facilities (under 100kW installed capacity) requested to be eligible for the LGP	The IESO acknowledges that some smaller facilities can provide value to the system. The IESO also agrees with stakeholders that these types of facilities may have unique needs distinct from larger systems. The IESO is committed to continuing discussions to determine how these facilities can be supported in a manner that is cost effective for ratepayers.
Larger facilities (over 10MW installed capacity) requested to be included in the LGP	The LGP is intended for smaller distribution-connected resources. Facilities over 10 MW typically require connection impact assessments, more complex permitting, and management by the IESO and LDCs. As such, eligibility for the LGP will be capped at 10 MW (AC installed capacity). At present, facilities larger than 1MW are eligible to participate in the IESO administered markets and or Capacity Auction.

Pricing and Evaluation

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Requests for a standard offer price	As stakeholders pointed out, there is a lot of diversity in the eligible facilities. While a standard price may appear efficient, implementing one would be costly for ratepayers and would delay program launch. Stakeholders have described significant diversity in facility conditions — and if owners themselves struggle to define a fair price for their own assets, the IESO cannot credibly do so across the province. Instead, the LGP will use a transparent, competitive price submission process that accounts for site-specific economics, ensuring the delivery of the lowest-cost energy to

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	Ontario through this program and from eligible facility types.
Concern that evaluation criteria prioritize price over other factors such as local value, timing, dispatchability, or technology type	The IESO has heard the feedback that a more differentiated evaluation framework is needed to recognize characteristics such as type of generation, dispatchability, or regional value. The LGP will not require facilities to be dispatchable. LGP prioritizes cost-effectiveness and simplicity in re-contracting energy supply. The IESO will work with the Province and LDCs around how different benefits could be reflected in this program. LGP is open to exploring value stacking, provided it does not amount to 'double-dipping' on ratepayer funds.
Interest in enabling revenue stacking (bulk + distribution services)	The LGP is focused on energy procurement from individual facilities and does not intend to restrict participation in other markets. The LGP is intended to be an electricity supply contract which is designed to allow for compensation to operate a facility and is also structured to allow for certain other forms of payment that may be able to increase the competitiveness of a specific project. Future initiatives, including the Enabling Resources Program (ERP), are expected to provide greater access to stacked value streams and broader market integration for DERs.

Metering

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Behind-the-meter facilities	The IESO understands that some legacy facilities were designed with behind-the-meter generation. While new unmetered or behind-the-meter facilities will not be permitted under the LGP, the IESO is engaging with existing asset owners to explore cost-effective transition solutions.

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Requests for net/virtual net metering to be permitted under LGP	The IESO recognizes the appeal of net/virtual net metering as a way to facilitate local participation and support smaller owners and energy co-operatives. However, net metering is a billing and credit mechanism regulated by the OEB and not within the scope of the LGP

Grid Access and Changes to Existing Facilities

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Interest in expansions, refurbishments, and repowering	The IESO understands that some facility owners are actively exploring expansion or refurbishment opportunities, while others are uncertain. We will continue stakeholder engagement to assess how these changes can be incorporated into the program while maintaining grid reliability and cost-effectiveness.
Need for information on areas with additional energy needs (or constraints)	The IESO heard from stakeholders that they desire more information and transparency around areas with electricity system needs. The IESO is working with LDCs to identify regions where new or continued generation is most valuable. This work is informed by Ontario's regional planning processes and will be used to help guide LGP participation.
Concerns about grid access and LDC processes	The IESO recognizes that connection processes, timelines, and fees vary across LDCs. These processes are generally governed by the OEB. While we do not control LDC operations the goal will be for LGP to offer greater transparency and consistency to support informed participation.

Local Support and Ownership

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Requests for clarity on municipal support and permitting	The IESO understands that the permitting environment in Ontario is complex and evolving. The IESO continues to engage with the provincial government to clarify future expectations.
Clarification requested on whether Indigenous support forms are required for re-contracting	At this time, the IESO continues to engage with the provincial government on this matter, and further guidance will be provided as policy direction evolves.
Questions about how local ownership factors into eligibility or program terms	At this time, the IESO continues to engage with the provincial government on this matter, and further guidance will be provided as policy direction evolves.