



JUNE 2025

The IESO's Local Generation Program

Stakeholder Engagement Session #2

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Territory Acknowledgement

The IESO acknowledges the land we are delivering today's webinar from is the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit First Nation.

As we have attendees from across Ontario, the IESO would also like to acknowledge all of the traditional territories across the province, which includes those of the Algonquin, Anishnawbe, Cree, Oji-Cree, Huron-Wendat, Haudenosaunee and Métis peoples.

Local Generation Program

Purpose and Agenda

Purpose

- The purpose of this session is to share stakeholder feedback received following our [April 23, 2025 engagement session](#) and continue discussing design considerations related to the development of the Local Generation Program (LGP)
- We are requesting additional feedback from stakeholders around various issues to inform the IESO report back to the government due by July 2025

Agenda

- Review of stakeholder comments and IESO responses
- Summary of major design decisions to date
- Introduction to other DER offers by the IESO
- Review areas where more feedback is required
- Summary
- Next steps

Local Generation Program

Stakeholder Feedback

Summary of Feedback Responses

Today we will provide a high-level summary for the purposes of this presentation.

Feedback forms received, detailed feedback summaries and IESO responses will be available at the [LGP Stakeholder Engagement page](#)

The IESO appreciates all of the feedback we receive. We have endeavored to address the majority of it in this presentation and look forward to continuing the conversation around this program.

Key Messages from the IESO on the LGP

- LGP is an energy supply procurement for existing and new DERs, focused on simplicity and continuity
- The IESO is committed to supporting DER evolution in collaboration with the Government, OEB and LDCs
- The IESO is currently working on various initiatives pertaining to DERs which will offer more options to existing DER owners and developers
- Continued engagement with stakeholders is expected to continue through 2025

LDC Role In Program Delivery

LDC Role in Program Delivery

Feedback Received:

Suggestion of a defined role for local distribution companies (LDCs) in the overall LGP process

Stakeholders emphasized the desire for a consistent province-wide approach across the various LDCs

IESO Response:

- The IESO recognizes LDCs as essential delivery partners
- Will collaborate closely with LDCs to align processes and ensure province-wide consistency in application of program rules

Existing Facility Contract Transition

Uncertainty About Post-Contract Operations

Feedback Received:

Stakeholders expressed uncertainty about what happens when their IESO contracts expire. Some were unclear about market access, compensation, or whether shutdowns would be required. Others indicated that shutdowns might occur due to site-specific limitations or economic viability.

IESO Response:

- The LGP re-contracting stream is one opportunity for existing facilities with useful life remaining after existing contracts expire
- Facilities are not required to cease operations at the end of their contract
- Uncontracted energy will continue to be compensated at the Ontario Electricity Market Price via LDCs

Transition Pathways and Continued Value Recognition

Feedback Received:

Stakeholders requested clear re-contracting pathways and emphasized the need to recognize the contributions of legacy facilities. They stressed the importance of having predictable, transparent options to maintain revenue and asset value.

IESO Response:

- LGP offers a re-contracting option for cost-effective facilities
- The IESO believes there is an opportunity to gain value for ratepayers by facilitating life extensions for existing facilities
- There will be other options available to existing DER owners in the coming years

DER Evolution and Long-Term Opportunity

Feedback Received:

There is interest in broader, long-term participation opportunities for DERs. Stakeholders want assurance that the system is evolving to support flexibility, innovation, and the full range of DER services.

IESO Response

- IESO/OEB/LDCs are working to expand DER integration
- LGP is a step toward more comprehensive DER integration
- Stakeholders are encouraged to follow the discussions about the IESO's [Enabling Resources Program \(ERP\)](#) and the [Long Term RFP](#)

Flexible Contract Start Dates

Feedback Received:

Stakeholders were interested in the ability to propose contract start dates that reflect site-specific operational needs. Some seek immediate renewal, while others need downtime for equipment upgrades or site work.

IESO Response:

- LGP will allow some flexibility in contract start dates to accommodate different facility needs

Contract Duration

Feedback Received:

Many participants indicated that five-year contracts may not be long enough to support reinvestment or upgrades. Some stakeholders suggested longer term (10+ year) contracts, while others asked for flexibility for variable term lengths.

IESO Response:

- The IESO will recommend that the re-contracting length be five years. This is aligned the medium-term RFP and provides an opportunity to invest in continued operation of existing facilities.
- Longer term contracts will be made available for eligible new build.
- Contract length is under consideration for refurbished/redeveloped facilities.

Contract Aggregations

Feedback Received:

Stakeholders expressed interest in aggregating small facilities into one contract to reduce their administrative burden.

IESO Response:

- The IESO is seeking 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

Diverse Nature of LGP Eligible Facilities

Ontario's Diverse DER Portfolio

Feedback Received:

Stakeholders highlighted the diversity of Ontario's sub-10 MW generation fleet, including solar, biogas, hydro, CHP, storage, and community-owned facilities. They emphasized that this diversity makes it difficult to apply uniform program rules or pricing.

IESO Response:

- We recognize that facility characteristics vary
- LGP is being designed to reflect this diversity in its approach
- Simplicity remains a goal of this program

Facility Complexity and Procurement Models

Feedback Received:

Stakeholders have suggested that the LGP be designed to reflect technology specific attributes, sizes and ownership structure. Many prefer competing against similar technologies (e.g., solar with solar) or by size.

IESO Response:

- LGP re-contracting stream will use fuel type specific groupings

Rooftop Solar and Net Metering

Feedback Received:

Stakeholders want rooftop solar to be eligible under LGP. They view rooftop solar as a key part of Ontario's clean energy mix.

IESO Response:

- 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

Facility Size Thresholds

Feedback Received:

Stakeholders requested changes to eligibility thresholds. Some advocated for the inclusion of smaller systems (<100 kW), while others asked that facilities larger than 10 MW be allowed to participate.

IESO Response:

- The program's upper cap will remain at 10 MW due to impacts of larger facilities on the IESO and LDCs and as such should participate in the MT/LT RFPs.
- The IESO is open to discussing if and how facilities smaller than 100kW can cost effectively deliver system value without adding complexity to program administration
- MicroFIT facilities will not be in scope for LGP

Pricing and Evaluation

Standard Offer Price Requests

Feedback Received:

Many stakeholders expressed a desire for a standard offer price, citing the need for simplicity, administrative efficiency, and a predictable revenue model.

IESO Response:

- The IESO recognizes the diversity of eligible facilities, no standard pricing can work for all resources
- Establishing a standard price would increase costs to ratepayers
- LGP will use a consistent, simple, competitive process for price submissions where proponents can request the price they need to operate

Evaluation Criteria Concerns

Feedback Received:

Stakeholders mentioned that the program should account for the broader value of different technologies. They suggested considerations for factors such as local system benefits, dispatchability, generation timing, and regional constraints.

IESO Response:

- 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



Metering

Metering and Behind-the-Meter Facilities

Feedback Received:

Stakeholders raised concerns about existing behind-the-meter configurations, especially the cost of upgrades needed to meet new program requirements. Some existing sites were built under earlier rules and may struggle to comply without financial burden.

IESO Response:

- Metering standards must ensure fairness and transparency for ratepayers
- New-build facilities will be front-of-meter
- The IESO will work with existing BTM facility owners to understand the options and constraints of metering energy generation

Net Metering

Feedback Received:

Stakeholders expressed interest in using some of their own energy and sending surplus energy to the grid through net metering or virtual net metering arrangements.

IESO Response:

- Net metering is a billing and credit system between generator and LDC, currently governed by OEB and remains outside LGP scope

Grid Access and Changes to Existing Facilities

Grid Access and Hosting Capacity

Feedback Received:

Stakeholders want clearer visibility into which parts of the distribution system can support continued or expanded generation. Some noted that inconsistencies in LDC connection processes and fees make it difficult to plan or invest confidently.

IESO Response:

- LGP will be informed by regional planning and local system needs
- The OEB has begun a process to improve visibility into LDC grids and numerous LDCs have begun posting capacity maps online

Refurbishments, Expansions, and Repowering

Feedback Received:

Many stakeholders are considering refurbishments, expansions, or equipment upgrades to extend the life and output of their facilities. However, decisions are highly dependent on contract certainty, LDC approvals, and market conditions.

IESO Response:

- LGP will accommodate facility upgrades, expansions and redevelopments where appropriate
- Coordination with LDCs is essential for grid reliability
- Ongoing engagement with the sector through LGP and the [Long Term Procurement](#) will guide future parameters for rebuilds

Local Support and Ownership

Municipal and Indigenous Support Requirements

Feedback Received:

Stakeholders asked whether municipal council resolutions or Indigenous support forms would be required to participate in the LGP, especially for re-contracting scenarios where facilities are unchanged.

IESO Response:

- IESO continues to work with the Province for policy alignment and future guidance on these issues

Community Ownership

Feedback Received:

There is interest in recognizing community, co-operative, and Indigenous ownership models. Some participants expressed concern about “token” partnerships being used to qualify for preferential treatment.

IESO Response:

- The IESO will work with Government to determine if or how community-based and or Indigenous ownership may be considered in the new build stream

Summary of Design Items

Design Items to be Recommended in the Report-Back

- Net metering / virtual net metering is not in scope for LGP
- Facilities larger than 10 MW will not be eligible for LGP
- MicroFIT facilities will not be eligible for LGP
- Re-contracting stream will be conducted by fuel type
- LGP will offer contracts to competitively priced facilities
- No overlap between LGP and IESO / Save on Energy options

Design Items Where More Information Is Needed

- Smaller facilities eligibility
- Flexible term start dates
- Aggregations
- Existing behind the meter resources
- Refurbishments, upgrades and expansions

Items for Consideration by Government

- The IESO will report to government in July with a proposal to establish the program
- The report will document the progress to date and address any areas where there may still be some need for further stakeholder feedback
- The IESO will request direction around policy issues such as local support requirements and local and Indigenous economic participation
- The Government may provide additional direction and criteria to the IESO around the design issues or timelines

Options for smaller generators and DERs

LGP is One of Many Options

- The IESO is developing multiple options for DERS to address the different value propositions in a manner that protects ratepayer value and enhances system reliability
- The following section provides a high-level description of options that could be of interest to DER owners and developers
- If you are interested in more information about these other options, please follow the links on the slides in the appendix below

Options for DERs

- IESO eDSM – [Save on Energy](#) solar incentives for roof top solar up to 1 MW
- [Medium Term](#) and [Long Term RFPs](#) – options for contracts for electricity supply and capacity for facilities 1 MW or larger
- [Capacity Auction](#) – new and existing facilities (and loads) may offer capacity services to the IESO on an annual basis
- [Enabling Resources Program \(ERP\)](#) - will enable smaller facilities(<1MW) and storage more options and flexibility
- Corporate PPA legislation (O.Reg 429/04) – will enable DER owners to sell electricity directly to certain other electricity users



Timeline, summary and next steps

Timeline



Summary

- LGP is an energy supply procurement for existing and new DERs, focused on simplicity and continuity
- The IESO will work with LDC partners to implement and deliver the program
- Numerous other DER initiatives and offers are available and or under development which could be of interest to those considering the LGP
- Stakeholder feedback has helped refine the design of the LGP and we have been able to make some design decisions as well as identify areas where we need more information

Next steps

- The IESO invites written feedback on the materials presented by **June 19, 2025**. All written feedback should be submitted to engagement@ieso.ca utilizing the IESO Feedback Forms posted on the [engagement webpage](#).
- We intend to submit the report back to government in July.
- Information about future engagement sessions and stakeholder feedback will be posted on the [webpage](#). Subscribe to the [IESO Bulletin](#) for updates.
- Our plan above supports the IESO intention to launch the LGP in 2026. We appreciate your time, feedback, and support in designing the program.

Thank You

ieso.ca

1.888.448.7777

customer.relations@ieso.ca

engagement@ieso.ca



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linkedin.com/company/IESO



Appendix – Options for DERs

- Demand Side Management (DSM) / Save On Energy
- Enabling Resources Program (ERP)
- Corporate PPAs



ERP DER Integration Stream Updates

ERP DER Integration Stream Updates

- The Enabling Resources Program (ERP) is an integrated set of projects that will enable key emerging resources (storage, hybrids, and DERs) to provide required system services and contribute to the safe and reliable operation of the bulk power system in Ontario
- ERP's DER Integration stream will be developing a market participation model enabling DER aggregations with dispatchable capabilities access to wholesale markets
 - Participation in the IESO-Administered Markets is expected to be backstopped through other mechanisms (e.g. procurements, capacity auction, non-wire solution, etc.)

ERP DER Integration Stream Updates

- ERP plans to initially implement a participation model incorporating elements of no-regret – those with broad sector alignment and immediate ratepayer value – to bridge DERs in the short-term
 - This model is expected to undergo incremental changes as the regulatory landscape evolves and the sector becomes increasingly capable of fully utilizing DERs and maximizing their value
- The IESO will continue to collaborate with the OEB, distribution utilities, DER operators/aggregators, and others through public stakeholder engagement and targeted outreach as it progresses through ERP's planning, design, and implementation phases
- More information will be available when the DER Integration stream launches a public engagement in Q4 2025



Save on Energy Retrofit Program Commercial Solar Photovoltaic Incentives

About Save on Energy

- Delivered by the IESO, Save on Energy is Ontario's trusted source for energy-efficiency programs, education and awareness.
- Save on Energy has been delivering energy-efficiency programs to help Ontarians reduce their electricity costs and reduce demand on the province's electricity grid since 2011.
- Save on Energy programs, tools, product advice and purchasing guides help consumers use energy more wisely, save money and increase their home comfort.



14 Years of the Save on Energy Brand



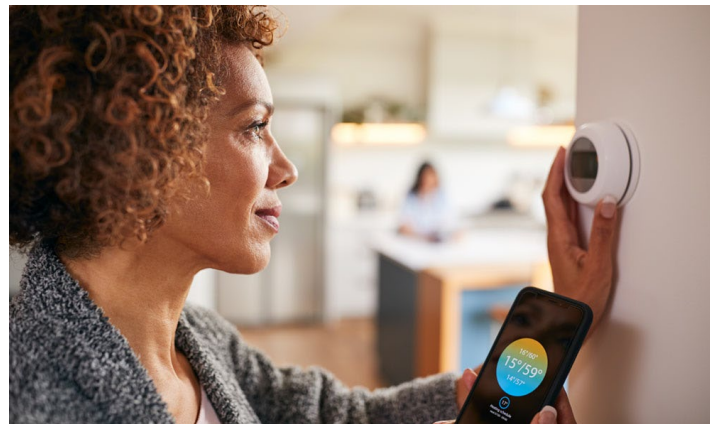
19.9 TWh of energy saved since 2011 – This is equivalent to powering a city the size of Ottawa for more than two years.



Over 80 million energy efficient actions undertaken – includes products installed, purchased, or recycled through programs



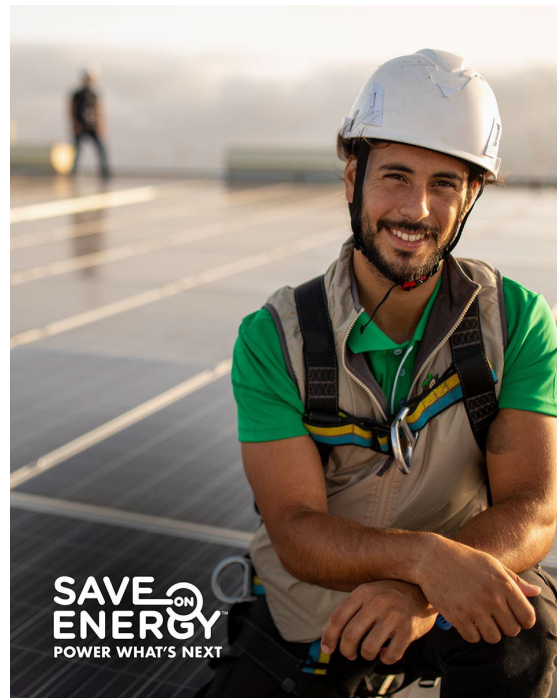
Almost 450 thousand consumers have participated in a Save on Energy program since 2011



Save on Energy has proudly provided energy efficient opportunities to all Ontarians to help them better manage their electricity use.

Save on Energy Retrofit Program

- Offers financial incentives to businesses to install capital upgrades that reduce their facility's electricity consumption
- Benefits include: reduced electricity costs, operational savings, up-to-date technology, improved employee comfort and productivity
- Eligible buildings include: commercial, industrial, municipal, university, colleges, schools, hospitals, agricultural facilities



Retrofit Program Commercial Solar Photovoltaic Incentives



*Projects > 1 MW-AC are eligible, but the incentive is capped at 1 MW-AC

Available Across Ontario

Incentives cover up to 50% of eligible project costs for installation of load displacement-only Solar PV based on system capacity:

1. Microgeneration ≤ 10 kW-DC eligible for \$1,000/kW-DC
2. Small/medium generation > 10 kW-AC to 1 MW-AC eligible for \$860/kW-AC*

Must not receive compensation for injection (e.g., not enter into net-metering agreement)

Retrofit Program Resources

Key Documents and Resources

- Visit the Save on Energy Retrofit Program website for more information and resources to apply:
<https://saveonenergy.ca/Retrofit>
- For program questions and support with applying, please contact Retrofit Support Services: 1-844-303-5542 or retrofit@ieso.ca



Find answers to the most commonly asked Retrofit questions at:
<https://saveonenergy.ca/retrofit-faqs>



Overview of Proposed Amendments to Ontario Regulation 429/04

Proposed Amendments to Ontario Regulation 429/04

Background

- On May 7, 2024, the Ministry posted draft regulation amendments to [Ontario Regulation 429/04, Adjustments Under Section 25.33 of the Act](#).
- These changes reflect stakeholder feedback from late 2023 and aim to support the growth of non-emitting generation in Ontario.

Objective

- The amendments aim to improve the economic viability of Corporate Power Purchase Agreements (C-PPAs) by enabling Class A market participants under the Industrial Conservation Initiative (ICI) program to lower their peak demand factor (PDF) through contracts with eligible non-emitting generation facilities.

Proposed Amendments to Ontario Regulation 429/04

Mechanism

- **Peak Demand Reduction:** Class A participants could lower their Global Adjustment charges by offsetting demand during the top five peak hours of a base period using energy from a C-PPA.
- **Eligibility Criteria:** The C-PPA must be with a non-emitting generation facility, such as wind, solar, hydroelectric, or biofuel, that is off-site, not behind the Class A participant's meter, and registered as a market participant.

C-PPA Framework: Upcoming Information

- The Ministry has proposed draft amendments to Ontario Regulation 429/04, which remain under review and have not yet been finalized.
- The IESO will provide further information on the Corporate Power Purchase Agreement (C-PPA) framework once the regulation amendments have been approved and published.
- Stakeholders are encouraged to monitor the IESO Bulletin for future updates, including:
 - Implementation timelines
 - Supporting guidance and materials
 - Opportunities to provide input