
Independent Electricity System Operator

1600-120 Adelaide Street West
Toronto, ON

June 19, 2025

Re: Local Generation Program – June 5th Engagement

The Atmospheric Fund (TAF) appreciates the opportunity to provide feedback on the ongoing design of the Local Generation Program (LGP). As a regional climate agency working across the Greater Toronto and Hamilton Area (GTHA), we support efforts that advance local, non-emitting electricity generation to support reliability, affordability, and decarbonization. We offer the following comments and recommendations for consideration:

1: Accessible information and capacity data

We are encouraged by the province's efforts to improve transparency through enhanced distribution capacity mapping, as outlined in Ontario's recently published Integrated Energy Plan, [Energy for Generations](#). Phase 1 of this initiative is complete, and transparency has improved by requiring all local distribution companies (LDCs) to publish public capacity maps showing where new connections can be supported. We look forward to Phase 2, which will provide more detailed information and functionality to show hosting capacity for distributed energy resources (DERs). For developers of new local generation projects, this information is essential to identify viable project sites and reduce interconnection costs.

We recommend using region-specific capacity data to support better program design. Rather than applying a uniform province-wide approach, evaluating projects based on regional capacity targets would better reflect local needs and ensure that projects in high-cost, urban areas receive appropriate compensation. This approach would support the program's goals of accessible information and process simplicity while enabling more efficient and better-sited local generation projects.

2: Community ownership and participation

We welcome the IESO's commitment to work with the provincial government to determine how community-based ownership may be integrated into the new-build stream. As TAF outlined in our previous submission, the LGP presents a valuable opportunity to enable local ownership, deliver community benefits, and facilitate Indigenous participation. Community ownership can play a critical role in expanding access to clean energy, particularly in dense urban areas.

TAF recommends that IESO include project evaluation adders for evaluating proposals that deliver defined benefits. For example, these should be available for projects that:

- Include community ownership models, including those led by Indigenous communities;
- Prioritize non-emitting generation;
- Locate in areas with grid constraints.

However, we are concerned that municipal council resolution requirements, particularly for small-scale projects like rooftop solar, may pose unnecessary barriers to participation. **While we support appropriate local engagement, we encourage the IESO to consider more flexible approaches that do not unintentionally restrict community or individually led projects.**

Enabling diverse ownership models while minimizing administrative barriers will be key to ensuring the LGP remains accessible and aligned with Ontario's clean energy goals.

3: Eligibility for smaller rooftop facilities

We are concerned by the proposed eligibility restriction that would limit new-build rooftop solar PV participation in the LGP to systems between 1 MW and 10 MW, despite the program's broader facility size range of 100 kW and 10 MW. While rooftop solar projects under 1 MW are eligible for Save on Energy incentives, these incentives are limited to load-displacement only. This creates a major gap for buildings with suitable rooftop space but insufficient onsite load, effectively excluding them from contributing to the grid. In these cases, hosts are forced to downsize or abandon projects that could support local generation and support grid resilience.

These mid-sized projects are ideally suited to the goals of the LGP, and we urge the IESO to reconsider this restriction. A more equitable and practical approach would be to allow rooftop solar projects between 100 kW and 1 MW to participate in either Save on Energy or the LGP. Where technically feasible, it should be allowed to divide a single system between the two programs, with the portion serving onsite load receiving Save on Energy incentives and the balance participating in the LGP. This would enable building owners to fully utilize available rooftop space without being constrained by onsite demand, while still preventing double compensation for the same portion of generation. With appropriate safeguards in place, this approach can maintain administrative simplicity, while enabling a broader range of viable, grid-supporting projects.

4: New generation project stream

TAF supports the development of a new generation stream within the LGP that prioritizes non-emitting, renewable energy projects. These technologies align closely with the program's objectives: they are rapidly deployable, highly scalable, cost-effective, and contribute directly to local energy resilience. Beyond their system value, renewable energy projects support emissions reductions, align with municipal climate action plans, and are well-suited to community and Indigenous ownership models.

While re-contracting existing facilities is an immediate priority of the LGP, it is essential that new-build projects receive equal consideration and are supported with sufficiently ambitious capacity targets. The IESO has indicated that separate targets will be set for re-contracting and new builds, and we urge that meaningful resources and ambition be allocated to the new generation stream. This approach is consistent with the province's recognition, as stated in the Integrated Energy Plan, of the potential for DERs to meet emerging system needs.

5: Cogeneration facilities

To ensure that cogeneration (CHP) facilities participating in the LGP are aligned with decarbonization and efficiency goals, we recommend making eligibility contingent on meeting the [federal Class 43.2 efficiency](#) criteria. Specifically, this includes achieving a heat rate of less

than 4,750 BTU/kWh, equivalent to at least 72% efficiency. This threshold provides a guardrail to ensure CHP systems operate efficiently and are deployed where both electricity and thermal energy are needed. Without this safeguard, there is a risk that facilities may run continuously to maximize revenue from the LGP, even when there is little or no thermal load – resulting in wasted heat and reduced overall efficiency. Aligning LGP eligibility with this federal standard will help ensure that CHP systems contribute meaningful local energy value without compromising environmental performance.

In conclusion, TAF appreciates the opportunity to provide feedback on the Local Generation Program and looks forward to continued collaboration through future stakeholder engagement sessions. We remain committed to working collaboratively to help advance a decarbonized, affordable, and resilient electricity system in Ontario. Thank you for considering our input.

Sincerely,

Bryan Purcell



VP of Policy & Programs

The Atmospheric Fund

About the Atmospheric Fund

The Atmospheric Fund (TAF) is a regional climate agency that invests in low-carbon solutions for the Greater Toronto and Hamilton Area (GTHA) and helps scale them up for broad implementation. Please note that the views expressed in this submission do not necessarily represent those of the City of Toronto or other GTHA stakeholders. We are experienced leaders and collaborate with stakeholders in the private, public and non-profit sectors who have ideas and opportunities for reducing carbon emissions. Supported by endowment funds, we advance the most promising concepts by investing, providing grants, influencing policies and running programs. We're particularly interested in ideas that offer benefits in addition to carbon reduction such as improving people's health, creating local jobs, boosting urban resiliency, and contributing to a fair society.