

JANUARY 28, 2026

Long Lead-Time Request for Proposals

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Purpose

The purpose of this session is to continue discussing design considerations related to the Long Lead-Time Request for Proposals (LLT RFP).

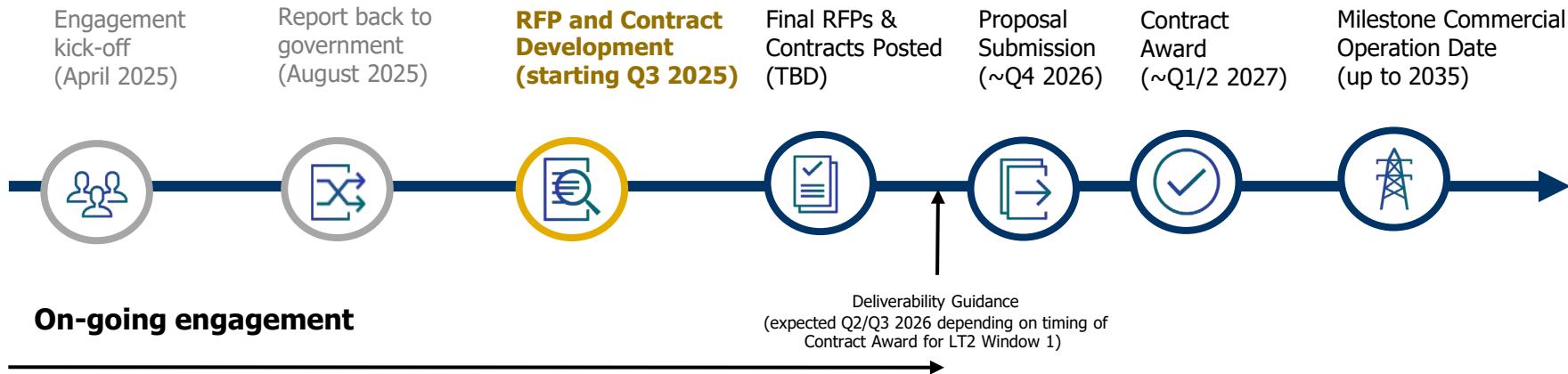
Agenda

Today's engagement will cover the following topics:

1. Policy Considerations
2. RFP Design Considerations
3. Contract Design Considerations
4. Response to Stakeholder Feedback
5. Next Steps

Recap - Procurement Timelines

As a reminder, procurement timelines are under development and will need to be coordinated with activities related to Window 1 of the LT2 RFP.



The timelines presented above are approximate and are subject to change pending policy direction from the Ministry, and when final RFPs and Contracts are posted.

Overview of LLT RFP Design Considerations

Items Discussed Today

OPEN

- Buy Local Policy Considerations
- Municipal and Indigenous Support Confirmations
- Access Rights Requirements
- Periods of Reduced Water Availability (Energy)
- Regulation Service Readiness Requirements (Capacity)

CLOSED

- Resource Eligibility
- Team Member Experience
- Must Offer Requirements (Capacity), including Qualifying Hours
- Mid-Term Extended Outages

Additional Closed Design Items

- Minimum Duration (Capacity)
- Proposal Security and Completion and Performance Security
- Environmental Attributes
- Optional Termination
- Contract Escalation
- Post Proposal Applicable Tariffs

Items under Ongoing Consideration

- Deliverability
- Early Commercial Operation
- Independent Engineer Report Requirement (Capacity)
- Policy Related Considerations
- Rated Criteria
- Reserve Price

Policy Considerations

Indigenous Community Participation

- The IESO expects that rated criteria will continue to apply to incentivize Indigenous Community Participation, including Local Indigenous Community Participation
- With respect to Local Indigenous Community Participation, the LLT RFP, Contract and Prescribed Form: Evidence of Indigenous Community Participation will be updated to better align with the policy intent to recognize projects that are proposed to be sited on:
 - (a) Indigenous Lands of participating Indigenous Communities; or
 - (b) Lands within the treaty area, or the established or asserted traditional territory or homeland, of the participating Indigenous Community or Indigenous Communities
 - In both cases, the economic interest held by the participating Indigenous Community must be at least 10%

Local Supply Plan (1)

- In alignment with the Buy Ontario Act, the Ministry of Energy and Mines is considering including policy provisions as part of the LLT RFP which would encourage Proponents to prioritize Ontario/Canadian based goods, services and workforce in their project
- As part of Proposal submission, Proponents may be required to:
 - Submit a Local Supply Plan that identifies major goods, services and workforce resources and their source (e.g., Ontario made, Canadian made or sourced elsewhere), including rationale for any elements that cannot be sourced domestically
 - Provide an attestation that the Proponent plans to source at least 50% of goods, services and workforce from domestic suppliers
 - Provide an attestation that the Proponent plans to prioritize domestic labour, including details on how this is being achieved (i.e., a list of domestic contractors)

Local Supply Plan (2)

- As part of Proposal review, the IESO would verify that:
 - The Local Supply Plan was included in the Proposal; and
 - The Local Supply Plan demonstrates that the Proponent will seek to source at least 50% of its expenditures for goods, services and workforce from Ontario and/or Canada
- Under the LLT Contract, Suppliers would be required to report on progress against their plan, and any changes thereto, providing rationale in instances where they were not able to accomplish parts of the plan (reporting expected to be annual)
- The IESO would share the initial plan of any Selected Proponents with the Ministry of Energy and Mines once the procurement is concluded. Progress reports would also be shared, up until the project reaches Commercial Operation

Buy Local Policy Provisions – Stakeholder Feedback

What we've heard from stakeholders

- Stakeholders estimated that ~20-50% of capital expenditures for goods, services and labour related to the project can be sourced from Ontario and/or Canada
 - In general, labour, consulting (engineering, permitting, etc.), site preparation costs, construction services, and certain construction materials can be sourced from Ontario/Canada; percentages depend on the project type
 - Mechanical and insulation equipment are likely to be sourced internationally
- One stakeholder indicated that equipment procurement could account for up to 50% of project costs; ability to source certain components in Ontario/Canada is limited and a requirement to do so may come at a premium



RFP Design Considerations

Prescribed Forms & Guidance Documents

- A set of draft prescribed forms are now available on the IESO website for review
- The following additional forms will be shared over the coming weeks:
 - Proposal Workbooks (EXCEL)
 - Registration Workbooks (EXCEL)
 - Independent Engineer Certificate (PDF; Class II LDES Technologies only)
 - Evidence of Indigenous Community Participation (PDF)
- The IESO is in the process of reviewing and revising guidance documents that will support Proponents in understanding requirements under the RFPs and Contracts (e.g., guidance for projects locating in Prime Agricultural Areas)

Resource Eligibility

CLOSED DESIGN ITEM



Capacity Stream

- Projects with a **minimum size of 10 MW** that are capable of registering as market participants
- New build, eligible Class I and II Long Duration Energy Storage (LDES) Technologies, including:
 - Compressed Air Energy Storage
 - Pumped Hydro Storage
 - Liquid Air Energy Storage
 - Pumped Thermal Energy Storage



Energy Stream

- Projects with a **minimum size of 1 MW** that are capable of registering as market participants
- New build hydroelectric projects that are not pumped hydro storage

For clarity redevelopments, upgrades and expansions will not be eligible to participate in the LLT RFP. Proponents are encouraged to look for participation opportunities under other procurements such as window 2 of the LT2 RFP



As a reminder, the IESO is developing a proposal for the IE certificate requirement to confirm certain project details that would be applicable to Class II technologies only

Resource Eligibility -Energy

CLOSED DESIGN ITEM

- For further clarity, the IESO has determined that **separately metered hydro expansions will not be eligible to participate in the LLT RFP**
- Similar to redevelopments, hydro expansion project timelines are highly variable and may not meet the long lead time requirement (i.e., take 5 or more years to develop)
- In addition, the IESO has seen hydroelectric expansion projects participate in past IESO procurements with 20-year contract terms, as such these projects are more suitable to be developed under other opportunities, such as window 2 of the LT2 RFP

Resource Eligibility – Capacity (1)

- To ensure LLT Capacity Projects can charge most effectively on a daily basis, the IESO will be updating the resource eligibility requirements to reflect that **the instantaneous maximum withdrawal capability of the Facility must be equal to or greater than the project's proposed Nameplate Capacity**
- For example, a project with a proposed Nameplate Capacity of 200 MW must be sized such that it is at least capable of withdrawing 200 MW on an instantaneous maximum basis during its charging cycle

Resource Eligibility – Capacity (2)

- Proponents will also be asked to provide both the Nameplate Capacity and withdrawal capability as part of Proposal Submission for review by the IESO, and are encouraged to discuss these details as part of any pre-deliverability consultations
- This information will be considered as part of deliverability testing
 - Projects that oversize the withdrawal capability of their facility to improve charging efficiency may negatively impact their deliverability assessment where available capacity to withdraw power is limited

Deliverability

- The IESO would like to thank stakeholders who scheduled early deliverability discussions over the past several weeks; discussions will continue until the end of January
 - Stakeholders who have not yet had a chance to request a meeting can do so by following the instructions available on the [LLT RFP webpage](#)
- Information and insights obtained during the discussions will be used to inform the deliverability approach that will apply for the LLT RFP
- The IESO will share updates during the February stakeholder engagement session, with the goal to finalize the deliverability approach by procurement launch

Team Member Experience

CLOSED DESIGN ITEM

All energy and capacity project proposals



At least two (2) Designated Team Members who have experience in each of Planning, Developing, Financing, Constructing and Operating at least one Qualifying Project

Qualifying Project - an Electricity generation or Electricity Storage Facility that has reached commercial operation in the last 15 years in Canada or the US

ENERGY - Qualifying Projects must be at least 1 MW

CAPACITY - Qualifying projects must be at least 10 MW

Additional Requirement for Class II LDES Technologies



At least two (2) Designated Team Members who have experience in each of Planning and Developing at least one Same Technology Qualifying Project

Same Technology Qualifying Project - a project that is the same storage technology as the proposed LLT Capacity Project that has a Nameplate Capacity of at least 1 MW and is expected to reach commercial operation in any jurisdiction in Canada, the US, the UK, Italy, France, Australia, Germany, South Africa, Slovakia, or Japan on or before December 31, 2029

Support Confirmations (1)

- The IESO expects that LLT RFP policy direction will require Proponents to obtain support confirmations from municipalities and/or Indigenous communities prior to Proposal submission, as applicable, depending where the project is proposed to be located
- In addition to support confirmations, the Pre-Engagement Confirmation Notice ("Notice") is a mandatory requirement under the LLT RFP for Proposals with Project Sites on Indigenous Lands and/or Municipal Project Lands, as applicable.
 - The Notice must be delivered no later than **60 days prior to the date of the support confirmation**; receipt will be confirmed within the Municipal/Indigenous Support Confirmation
 - Sample Notices are provided as part of the draft Prescribed Forms: Evidence of Indigenous Support and Evidence of Municipal Support

Support Confirmations (2)

- The IESO continues to encourage early engagement with municipalities and Indigenous communities and intends to provide near final drafts of Prescribed Forms that can be used for this purpose in late February
 - Should these forms change prior to the launch of the procurement, Proponents will be responsible for working with the community to ensure all requirements are met
- The IESO initially proposed that the Municipal Support Confirmation (MSC) be dated no later than August 21, 2026, as reflected in recent draft documents. Following further engagement with the Association of Municipalities of Ontario and stakeholder feedback, **the IESO has decided to remove the "no-later-than" limitation around when the MSC can be issued**. Proponents remain responsible for coordinating with municipalities to understand any implications of the 2026 Municipal election and to ensure that it is obtained prior to Proposal submission

Additional Advice for Engaging with Municipalities

- As part of municipal engagement efforts, Proponents are reminded to consult the source protection plan for the municipality in which they are intending to locate, if applicable, and be prepared to discuss this as part of engagement efforts
 - Under the Clean Water Act, source protection plans contain a series of locally developed policies that, as they are implemented, protect existing and future sources of municipal drinking water. Updates to plans require consultation and they need to be submitted to the Minister for approval
- Proponents are also encouraged to provide municipalities with updates on Indigenous engagement progress

Access Rights (All Projects)

- As part of a Proposal, Proponents are required to demonstrate Access Rights to the Properties included in the Project Site. This may include:
 - One or more parcel registers (or equivalent for lands not registered on the Ontario land titles system) evidencing the registered owner of the Properties included in the Project Site
 - Where title to one or more Properties included in the Project Site is not in the name of the Proponent, a letter addressed to the IESO stating the Proponent has the right to acquire the property or rights to build, operate and maintain the LLT Energy Project or LLT Capacity Project
 - Where the Project is proposed to be located on provincial Crown land, an MNR Confirmation Letter, a Crown Land Shapefile and an attestation that the Project Site information contained in the Crown Land Shapefile is consistent in all material respects with the Project Site information included in the Proponent's Crown Land Site Report Form

Access Rights for LLT Energy Projects (1)

- The IESO acknowledges the unique nature of hydro project sites and is looking to modify the Access Rights Prescribed Form and requirements to reflect this
- Specifically, the IESO is looking to add requirements related to accessing federal Crown lands or federally owned waterbodies that are required for the project
- The IESO is also considering how to define the Project Site for hydro projects, especially in the case where adjacent lands will be flooded or for projects that are located on cascading river systems
- The Ministry of Natural Resources (MNR) will also be modifying their Crown Land Site Report (CLSR) form to include additional requirements for proposed hydro projects and will attend a future webinar to discuss these changes with Proponents

Access Rights for LLT Energy Projects (2)

The IESO is seeking stakeholder feedback on the following items:

Requirements for Projects Locating on Federal Crown Lands

- Process for obtaining access rights to federal Crown lands
- Timelines related to obtaining a federal priority permit and what stage Proponents would expect to have reached by the Proposal Submission Deadline (e.g., priority permit granted)

Modifications Required to the Project Site Definition

- The LLT(e) RFP currently defines Project Site as *all Properties on which the proposed LLT Energy Project is to be located, excluding any Connection Line*
 - The IESO would like to understand whether this should be updated to consider other impacts of hydro projects (e.g., flood zones) that will be known at the time of Proposal Submission Deadline



Contract Design Considerations

Must Offer Obligations (Capacity)

CLOSED DESIGN ITEM

- Under the LLT(c) Contract, Suppliers are required to offer Electricity output from the Facility into the Day-Ahead Market (DAM) during Qualifying Hours, which are currently defined as all hours from 07:00 to 23:00 EST on Business Days
- The IESO understands that Long Duration Energy Storage technologies have round trip efficiencies (RTEs) that are lower than those referenced for inverter-based battery energy storage systems, as such many stakeholders have expressed concerns with meeting this requirement as they may not be able to fully charge overnight
- While Suppliers are expected to make commercially reasonable efforts to charge overnight, they would still be able to meet Must Offer Obligations under the LLT(c) Contract by offering their full Contract Capacity into the DAM, even if they are not able to fully charge overnight, as they will only be scheduled based what they can provide

Must Offer Obligations (Capacity)

CLOSED DESIGN ITEM

- For further context, under the Enabling Resources Program, the IESO is looking to enhance tools to have better visibility of actual state of charge and RTE of storage resources, this would be used to inform resource scheduling (i.e., regardless of offers into the DAM, facilities would only be scheduled based on what they can provide)

Qualifying Hours (Capacity)

CLOSED DESIGN ITEM

- At this time, the IESO has decided not to expand Qualifying Hours to include weekends and holidays for the following reasons:
 - Some stakeholders have indicated the intent to use weekends and holidays for regular maintenance activities that are required at the facility
 - The Must-Offer Obligation represents the minimum obligation on every Facility; any Facility may make offers in the Day Ahead or Real Time markets outside of Qualifying Hours as they see fit, and the IESO expects market signals to guide such behaviour
 - Anecdotally, the IESO has observed such behaviour from the earliest of the storage facilities contracted through the E-LT1 RFP

Mid-Term Extended Outages (1)

CLOSED DESIGN ITEM

- Under the LLT Contract, a Supplier can request to take **Mid-Term Extended Outages starting in Contract Year 11 for a total period of up to 12 months**
 - To provide flexibility, this can be taken **over a maximum of 4 instances** on a whole Facility basis during the contract term (e.g., four, 3-month outages); each Mid-Term Extended Outage must be a minimum of one month, taken in monthly increments, and begin on the first day of a Settlement Month
 - This will allow Proponents to optimize outages and to decide how they want to use the 12 months over the term
- No restrictions regarding the months in which Suppliers can request to take Mid-Term Extended Outages after Contract Year 11; outages will be subject to IESO approval

Mid-Term Extended Outages

CLOSED DESIGN ITEM

- **During a Mid-Term Extended Outage, the IESO will offer partial payments should a portion of the facility continue to operate**
- Contract modifications will be reflected in subsequent drafts of the LLT Contracts

Periods of Reduced Water Availability (Energy)

- The IESO has received stakeholder feedback highlighting that the E-PPA settlement mechanism may have significant financial impacts on Suppliers in instances of high market pricing where Facility production is impacted by conditions that are outside of the Supplier's control
- For instance, if reduced water availability results in prolonged periods where the actual production factor is lower than the Monthly Imputed Production Factor and energy market prices are higher on average than the Supplier's Fixed Price, it could result in negative total revenues, when considering both contract payments and market settlement

Expected Revenues Under the E-PPA (Simplified)

Monthly Revenue = Revenue Required – Deemed Revenue + Market Settlement

Fixed Price (FP)*
Contract Capacity (CC) *
Imputed Production
Factor Annual (IPF_{AA}) *
Hours

Imputed Production Price
Monthly(IPP_m)* Contract
Capacity (CC)* **Imputed**
Production Factor Monthly
(IPF_M)* Hours

Realized Market Price * **Production**

- When the monthly Imputed Production Price (the simple average of the Average Day Ahead Locational Marginal Price) is higher than the Indexed Fixed Price and actual production is lower than the monthly Imputed Production Factor, the resulting total revenue for the Settlement Month could be negative.

Expected Revenues Under the E-PPA - Example

Revenue Required	Deemed Revenue	Market Settlement
Fixed Price=\$100/MWh	Imputed Production Price Monthly=\$200/MWh	Realized Market Price=\$200/MWh
Contract Capacity=100 MW	Contract Capacity=100 MW	Contract Capacity=100 MW
Imputed Production Factor Annual= 40%	Imputed Production Factor Monthly= 40%	Actual Production (PF _{Actual}) = 15%
Hours=744	Hours=744	Hours=744
Fixed Price * CC * IPF_{AA} * Hours	IPP_m * CC * IPF_m * Hours	Realized Market Price * CC * PF _{Actual} * Hours
Monthly Revenue Required= \$2,976,000	Deemed Revenue= \$5,952,000	Market Settlement= \$2,232,000
Total Monthly Revenue= 2,976,000-5,952,000+2,232,000= -\$744,000		

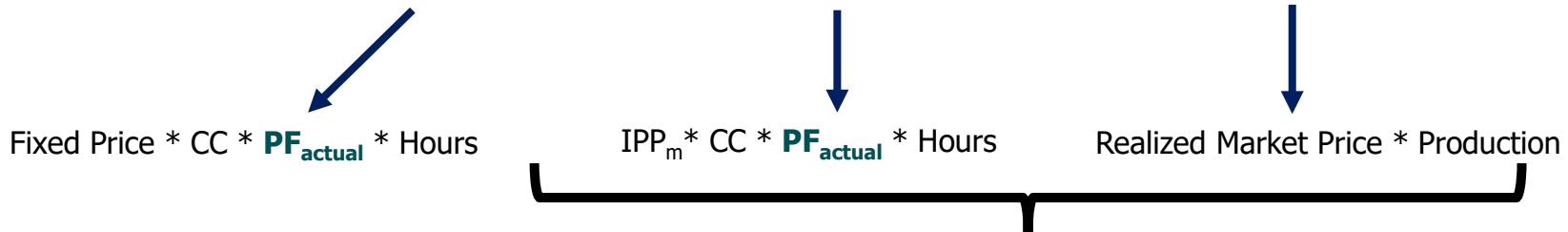
Proposed Approach (1)

- To help manage the potential risk to Proponents, for months in which the monthly Imputed Production Price is greater than the Indexed Fixed Price, the IESO is proposing to **replace the Annual Average and Monthly Imputed Production Factor in the Exhibit J settlement formula with the actual production factor for the purposes of contract settlement**
- This would result in an adjustment to both the "revenue required" and the "deemed market revenue" for that month; a decrease (in the case of low production) and an increase (in the case of high production)
- This approach protects against negative total revenues and maintains incentives for a facility to follow market signals

Proposed Approach (2)

- In any Settlement Month, when $IPP_m > \text{Fixed Price}$:
- Replace IPF_{AA} and IPF_m with $\text{PF}_{\text{actual}}$

Monthly Revenue = Revenue Required – Deemed Revenue + Market Settlement

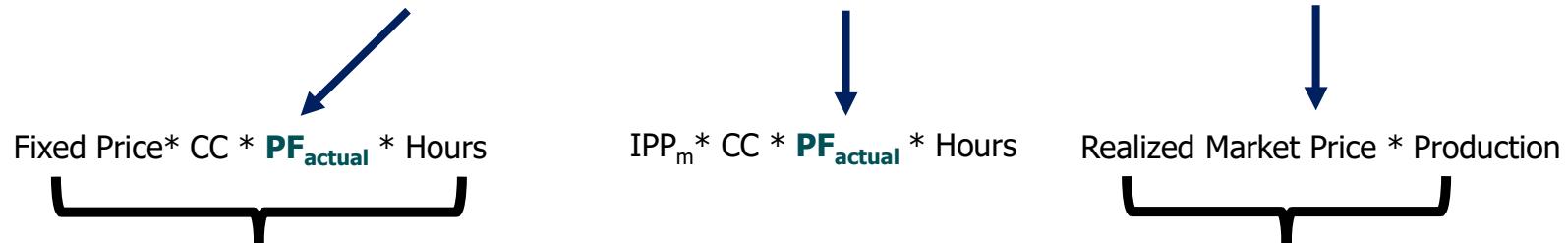


If a supplier cannot respond to market signals these quantities will tend to cancel each other out

Proposed Approach (2)

- In any Settlement Month, when $IPP_m > \text{Fixed Price}$:
- Replace IPF_{AA} and IPF_m with $\text{PF}_{\text{actual}}$

Monthly Revenue = Revenue Required – Deemed Revenue + Market Settlement



The supplier will be left with a settlement of approximately their production multiplied by the Fixed Price

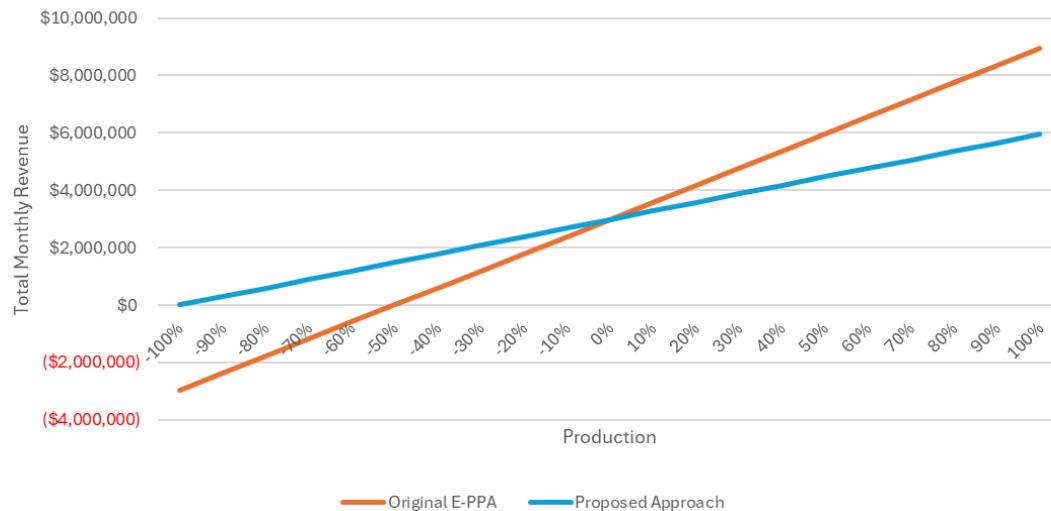
Suppliers that can respond to price signals can earn more

Expected Revenues Under the Proposed Approach

Revenue Required	Deemed Revenue	Market Settlement
Fixed Price=\$100/MWh	Imputed Production Price Monthly=\$200/MWh	Realized Market Price=\$200/MWh
Contract Capacity=100 MW	Contract Capacity=100 MW	Contract Capacity=100 MW
Actual Production(PF_{Actual}) = 15%	Actual Production(PF_{Actual})= 15%	Actual Production (PF_{Actual}) = 15%
Hours=744	Hours=744	Hours=744
Fixed Price * CC * IPF_{AA} PF_{Actual} * Hours	IPP_m * CC * IPF_m PF_{Actual} * Hours	Realized Market Price * CC * PF_{Actual} * Hours
Monthly Revenue Required= \$1,116,000	Deemed Revenue= \$2,232,000	Market Settlement= \$2,232,000
Total Monthly Revenue= \$1,116,000-\$2,232,000+\$2,232,000= \$1,116,000		

Proposed Approach Vs Original E-PPA

In Settlement Months with a high IPP_m the proposed approach reduces Supplier downside during periods of low water availability, but also reduces Supplier upside should the Facility be capable of producing more than their IPF_m



Proposed Approach Summary

- The proposed approach aligns with provision offered in the Northern Hydro Program (NHP)
- Removes risks outside of the Supplier's control that are difficult to factor into the Imputed Production Factors submitted at the time of Proposal submission while preserving all incentive mechanisms built into the E-PPA design
- Aligns with protections provided to wind and solar facilities under the LT2(e-1) Contract, where IPP_m was set to the Forecast Weighted Average Price (FWAP) , determined based on the Facility's forecasted production

Regulation Service Readiness Requirement (1)

- Regulation service is one of four Ancillary Services that the IESO utilizes to ensure stable operation of the power system and is used to meet NERC Reliability Standards by continuously balancing small mismatches between supply and demand on a minute-to-minute basis
- With an increasing penetration of variable generation resources and industrial loads with highly fluctuating load profiles connecting to Ontario's grid, the IESO has forecasted an increased need for future regulation services in [Section 6.1 of its Annual Planning Outlook](#)
- In order to respond to these future needs, the IESO indicated its intent to require/incentivize facilities contracted under the LLT RFP to be “regulation ready” at the [October 21, 2025 Stakeholder Engagement Webinar](#) and outlined relevant IESO Market Rules and Manuals that state the requirements needed for a facility to achieve a regulation ready state

Regulation Service Readiness Requirement (2)

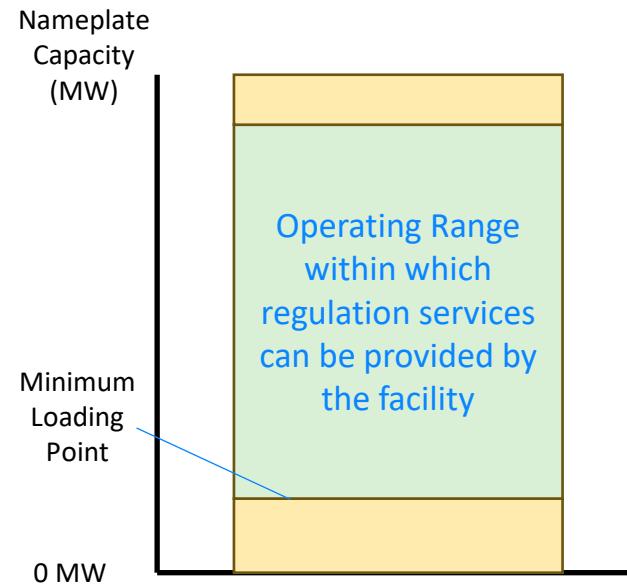
- For **LLT RFP Capacity Projects only**, the IESO is proposing that **all facilities connected to the Transmission System with a Nameplate Capacity $\geq 20 \text{ MW}$ be required to install necessary equipment to provide regulation services** in accordance with the IESO Market Rules and Manuals
- This equipment includes, but is not limited to, the following:
 - Equipment that allows the facility to achieve a **ramp rate $\geq 5 \text{ MW/min}$**
 - **Telemetry equipment, control systems (software) and control equipment (hardware)** that meet requirements specified under the IESO Market Rules, where applicable, so that the facility can receive energy output targets sent by the IESO and adjust its output accordingly (i.e. via control of equipment such as hydraulic gate, turbine governor valve, inverter, etc.)

Regulation Service Readiness Requirement (3)

- Some stakeholders have expressed that the cost to install the equipment that would be required to provide regulation may be insignificant when considering the 40 year contract term under the LLT(c) Contract. However, the actual provision of regulation service can impact project economics due to increased equipment cycling
- For clarity, the Regulation Service Readiness Requirement **does not contract or obligate a facility to provide regulation service upon commercial operation**
- This requirement ensures that an LDES facility is **capable of providing** regulation services upon commercial operation. In addition to the implementation of required software and equipment necessary to respond to regulation service signals sent by the IESO, the facility will be required to complete a System Impact Assessment for providing regulation service, as well as any performance and model validation, conducted by the IESO, in advance of Commercial Operation

Regulation Readiness - RFP and Contract Considerations

- As part of the Proposal, Proponents will be required to provide a declaration that their facility will meet the Regulation Service Readiness Requirement, including the ability for the Facility to achieve a minimum ramp rate of 5 MW/min
- Prior to Commercial Operation, Suppliers will be required to indicate the operating range, in MW, within which regulation services can be provided as well as the minimum ramp rate, in MW/min, of the Facility



Operating Profile for a LDES Facility
(for illustrative purposes only)

Regulation Readiness - Contract Considerations

- The LLT(c) Contract will be updated to include Regulation Service Readiness Requirements, such as:
 - An additional Commercial Operation requirement for the Supplier to undergo a test that evaluates its ability to provide regulation services; and,
 - Provisions that enable Suppliers to participate in future regulation opportunities using capacity that is contracted under an LLT(c) Contract
- Updates will be reflected in the next draft of the LLT(c) Contract

Regulation Service Test

- Prior to Commercial Operation, Suppliers will be required to pass a regulation service test as a part of the IESO's performance and model validation for the facility that demonstrates the technical ability to provide regulation services by achieving a ramp rate $\geq 5 \text{ MW/min}$ within the facility's pre-specified operating range
- Prior to the test, the IESO will notify Suppliers of a pre-determined time during which the test will occur. During the test, the IESO will send signals requiring a facility to lower and raise its output, within the operating range for regulation service, to measure if the facility can achieve its minimum ramp rate and meet the requirements of Market Rules App. 4.2
- During the Commitment Period, the IESO, at its own cost, will reserve the right to audit regulation service capability annually during normal business hours and with reasonable notice. If a facility is contracted in the future to provide regulation service, the terms of such contract will supplant this requirement during the duration of such contract term



Response to Stakeholder Feedback

Team Member Experience

What we've heard from stakeholders

- For Class II LDES Technologies, the Team Member Experience requirements should be revised to allow Proponents to meet the requirements by engaging with engineering consultants with specialized expertise without requiring them to be Designated Team Members

IESO Response to Feedback

- Under the RFP, a Designated Team Member means *an individual who is either a director, officer or an employee of the Proponent or a Control Group Member of the Proponent*. The requirement was designed to ensure that experienced team members will continue to be part of the project team through to commercial operation. While consultants can be used to support project development, they may not be enduring members of the project team and as such cannot be used to meet this requirement

Post Proposal Applicable Tariffs

What we've heard from stakeholders

- The review process should be shortened. The IESO requires up to 50 business days to review documentation, and Suppliers have 10 business days to provide additional information. This 60-day turnaround puts critical construction windows at risk, especially given in-water work restrictions (April 1–July 15)
- **IESO Response to Feedback**
- The IESO will maintain review timelines consistent with the LT2 RFPs
- It should be noted that these times are upper limits and in the event a Tariff Adjustment Notice is submitted by the Supplier, the IESO will process these as soon as possible, which may result in a shorter timeline than the 60-day turnaround indicated above

Post Proposal Applicable Tariffs

What we've heard from stakeholders

- If the evidence in the Tariff Adjustment Notice(s) provided by a Supplier is substantiated, the IESO should not have the absolute discretion to terminate a Contract without payments of costs incurred to date by the Supplier

IESO Response to Feedback

- The IESO will keep this provision consistent with the LT2 RFP to maintain alignment across all contracts
- Submitting tariff adjustment price notices should be done with careful consideration, only if and to the extent the submitted price change is absolutely critical to maintain viability of the Facility and should not be used or considered as a negotiating mechanism. This measure is intended to ensure that all tariff adjustment price notices are submitted with due diligence and only if necessary

Difference between the NHP and LLT(e) Contracts

What we've heard from stakeholders

- The IESO should provide a high-level comparison between the Draft NHP and LLT(e) Contracts with rationale for differences

IESO Response to Feedback

- The LLT RFP is a distinct procurement with objectives and design features that differ significantly from the NHP contract; as such, it should be reviewed as a standalone framework rather than compared directly at a high level

Contract Escalation

What we've heard from stakeholders

- The IESO should increase the percentage of the contract price that is escalated (e.g., from 20% to 60%) during the Commitment Period to better align with the expected split between operating and sustaining capital expenses for long lead time resources

IESO Response to Feedback

- To maintain consistency with the LT2 Contracts and given the 40-year contract terms, the IESO **will maintain the escalation of 20% of the Fixed Price/Fixed Capacity Payment during the Commitment Period**

Reserve Price

What we've heard from stakeholders

- The reserve price should:
 - (For the energy stream) not be based on LT2 RFP outcomes, but instead should anchor to 2016 LRP hydro results or to hydro specific procurement bids
 - Adjust for inflation using appropriate indices (e.g. Handy-Whitman, Industrial Product Price Index)
 - Add premiums for items such as new regulatory obligations, and unique value of long lead resources

IESO Response to Feedback

- To ensure cost effective procurement outcomes, pricing outcomes of the LT2 RFP will be factored into the determination of the Reserve Price. The IESO will also consider other value streams/system benefits being provided by long lead time resources (e.g., regulation readiness). The IESO will consider stakeholder feedback as it continues to develop the calculation methodology for the confidential reserve price. To the extent possible, further details will be shared in an upcoming engagement



Next Steps

Next Steps

- The IESO invites stakeholder feedback on the materials presented today, including the proposed procurement considerations by **February 11, 2026**
- Drafts Prescribed Forms are now available for your review. Please include your comments on these as part of your feedback form in response to this webinar.
- All written feedback should be submitted to engagement@ieso.ca utilizing the IESO Feedback Form posted on the engagement webpage
- If you have any questions regarding the LLT RFP, please send them to LLT.RFP@ieso.ca



Q&A

Thank You

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