LT2 RFP Contract Award Municipal Guide

Next Steps for Municipalities

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Table of Contents

Background

The IESO has successfully concluded window 1 of the Energy Stream of our Long-Term 2 Request for Proposals (LT2(e-1) RFP). Securing these reliable energy projects underscores the vital role of municipal support and partnership in strengthening our provincial electricity grid.

13 proponents have been awarded a 20-year contract by the IESO, including 12 new solar projects and one new wind project, which are slated to begin commercial operation in 2030. The projects will be the first large-scale renewable generation built in Ontario in a decade.

The new resources will provide more than 2.3 terawatt hours (TWh) of electricity supply annually and help to ensure the energy needs that are forecast to emerge in the early 2030s and beyond are met.

Moreover, the procurements ensured affordability for ratepayers remained a top priority; the weighted average price for wind and solar in this procurement round is 21 per cent lower than the IESO's last competitive procurement for renewables.

With Ontario's electricity demand projected to grow 65% by 2050, the latest procurement results mark a key milestone in procuring more electricity generation to secure a reliable, affordable, and sustainable energy future for every corner of our province.

Contract Award: Next Steps for Municipalities

Contract award represents one stage in the development process. The Supplier assumes full responsibility for all local commitments established during the bidding phase. Project development and commercial operations are managed through a collaborative partnership between the Supplier and the municipality. While a Municipal Support Confirmation (MSC) is a core component of the IESO application, it does not supersede subsequent obligations.

Post-award requirements include compliance with all applicable regulatory and legislative requirements, as defined in the IESO contract. In addition, the IESO encourages suppliers to adhere to their community engagement standards and to fulfill Community Benefit Agreements as negotiated with local municipalities, recognizing that these practices support a smooth development process and help foster positive community relationships. Details are outlined below.

Appropriate Zoning

- Confirmation of appropriate zoning (including, if needed, an Official Plan and/or zoning by-law amendment or minor variance) and site plan approval (if required);

- The Ontario Ministry of Municipal Affairs and Housing provides guidance on legal and regulatory requirements related to land use, such as zoning and buffer zones for specific types of generation. Visit their contact page here.

Environmental Approvals

- Environmental approvals include engagement and consultation requirements with municipalities, Indigenous communities, and interested stakeholders;
    - The Ontario Ministry of the Environment, Conservation and Parks may conduct a Renewable Energy Approval (REA) assessment for some wind, solar and bioenergy projects. Visit their contact page here.
    - Under the *Environmental Assessment Act*, project proponents must demonstrate that they have actively sought and considered input from these groups before a project can receive approval. You can find information on preparing an environmental assessment here, and find further information on the Environment Assessment Process, submission and evaluation here.

Grid-connection Approvals

- Suppliers must complete a connection process to ensure the project can safely connect to the grid without compromising system reliability.
    - The process to connect a new facility or to modify an existing facility involves up to six stages. a detailed step-by-step guide can be accessed here.

    - New or modified connections to a transmitter's system are generally subject to all six stages, while new or modified connections to a distributor's system may only be subject to the first three. To begin commercial operation, the Supplier must successfully complete all applicable stages to receive final approval.
    - The entire process can take anywhere from a few months for small modifications to existing facilities, to more than three years for major modifications or to connect new facilities.

Local Permitting

- Building & Road Permits: The Supplier must secure municipal permits for construction activities, including heavy-load transport on local roads and standard building code compliance.

- Site Plan Control: Municipalities can use site plan control to influence the layout, landscaping, and visual buffering of the energy facility to minimize local impacts.

Agricultural Impact Assessment Components

- Satisfying the AIA Components Two and Three Requirement (if applicable) within 18 months of contract-award. For more information visit: OMAFA Guidelines for the LT2 AIA Components Two and Three Requirement
    - The Ontario Ministry of Agriculture, Food and Agribusiness (OMAFA) provides guidance on zoning requirements and other regulatory restrictions. Visit their contact page here. More information is provided below regarding projects on agricultural land.

Safety Requirements

- The following third-party organizations provide independent oversight and certification of project safety:
    - Electrical Safety Authority (ESA)**:** The ESA is the primary authority for the installation and approval of BESS connected to the grid. They oversee the **Ontario Electrical Safety Code (OESC)** and conduct ongoing inspections during construction and a final inspection before the system can be energized.
    - Technical Standards and Safety Authority (TSSA)**:** While the ESA handles the electrical aspects, the TSSA regulates fuel storage, pressure vessels, and boilers. For BESS projects, their role typically focuses on **environmental protection** related to any pressurized systems or fuel handling.
    - Office of the Fire Marshal (OFM): The OFM provides guidance on fire safety and the application of the **Ontario Fire Code (OFC)**. Utility-scale projects are often required to develop a comprehensive **Emergency Response Plan** in consultation with local fire departments to manage risks.

Additional Information

The IESO encourages community members to continue engaging through established local and democratic processes, including participating in municipal consultations, communicating with their elected councillors, and engaging directly with Suppliers through the engagement channels made available over the life of a project. Ongoing local dialogue remains an important part of project development, even after a procurement decision has been made.

Below is some additional context that may be helpful for community conversations about renewable energy projects.

Projects on Agricultural Land

During the procurement process, Proponents must confirm the project site's land-use designations with the local municipality, specifically identifying **Prime Agricultural Areas (PAAs)** as defined by the 2024 Provincial Planning Statement and the Local Municipality's Official Plan.

Under the LT2 procurement:

- Consistent with a June 2024 ministerial directive, **Ground-mounted solar** is prohibited in designated PAAs.
- **Other resource types** (e.g., wind) in PAAs require a multi-stage **Agricultural Impact Assessment (AIA)**.
- **AIA Stage 1** focuses on avoiding agricultural impact, and must be verified through the Municipal Support Confirmation process before proposal submission.
- **Subsequent AIA stages two and three** focus on minimizing and mitigating agricultural impact, and must be completed within 18 months of contract award.
- The Local Municipality is responsible for reviewing and confirming that AIA requirements are met.
- Questions related to projects on Agricultural Land should be directed to OMAFA: ag.info.omafa@ontario.ca

Projects on Crown Land

Crown lands are owned and managed by the Province. The Ontario Ministry of Natural Resources (MNR) controls land use decisions under the Public Lands Act. Developers must:

- Secure **provincial authorization to use Crown land**
- Demonstrate alignment with **provincial energy priorities**
- Complete **environmental assessments and regulatory approvals**
- Participate in the **provincial procurement process**

The Province has a legal Duty to Consult and, where appropriate, accommodate Indigenous communities. There is no equivalent constitutional duty to consult municipalities or the general public. Engagement with local communities typically occurs through:

- The Environmental Assessment / Renewable Energy Approval processes
- Developer-led engagement
- Coordination with provincial ministries

The Ontario Ministry of Natural Resources provides guidance on the use of crown lands, including approvals, rules for access, and the role of municipalities. Visit their contact page here.

Safety requirements for Battery Energy Storage Systems (BESS)

The IESO contract requires facility owners and operators to follow Good Engineering and Operating Practices once in operation, and project developers bear responsibility for working with municipal and provincial agencies to ensure that all relevant permitting and approvals processes have been met, prior to entering into service.

In addition to existing provincial and municipal laws, there are a number of organizations such as the ESA, the TSSA and the Office of the Fire Marshall, that are responsible for developing the standards and regulations that govern the safe operation of generation facilities in Ontario and the protection of workers and the environment.

The ESA is Ontario's official electrical safety regulator responsible for enforcing electrical safety laws, therefore ESA is the **lead authority for Battery Energy Storage Systems (BESS)**, because battery storage systems are electrical systems.

- It administers and enforces:
    - The Ontario Electrical Safety Code (OESC)
    - Regulations governing electrical products, installations, and contractors
    - ESA's mandate includes:
        - Inspection, licensing, investigation, and enforcement activities to improve public safety

TSSA is a provincial regulator responsible for technical safety in specific sectors. It administers and enforces the Technical Standards and Safety Act. TSSA is involved in BESS projects only where additional systems create risks, such as:

- Hydrogen storage
- Compressed gases
- Thermal or pressure systems

The Office of the Fire Marshal (OFM) provides provincial leadership on fire safety, prevention, and emergency response in Ontario. For Battery Energy Storage Systems (BESS), the Fire Marshal's role is to ensure that fire risks are properly understood, mitigated, and managed.

The OFM:

- Develops fire safety guidance, best practices, and codes (often working with the Ontario Building Code and Fire Code)

- Supports municipalities and fire services in understanding emerging risks, such as battery fires and thermal runaway
- Provides training, tools, and technical advice to local fire departments responding to incidents
- Investigates fires (where necessary) to identify causes and improve safety practices

Additional Resources

- Municipal TookKit: How Electricity Projects Are Developed
- OMAFA Guidelines for the LT2 Agricultural Impact Assessment (AIA): OMAFA Guidelines for the LT2 AIA Component One Requirement and OMAFA Guidelines for the LT2 AIA Component Two and Three Requirement
- AMO Municipal Energy Procurement Toolkit: Energy-Procurement-Tool-Kit_02032025_FINAL.pdf
- Quest Canada: Integrating energy planning and land-use planning - AIRE Protocol
- Ontario Ministry of the Environment, Conservation and Parks: Technical Guide to Renewable Energy Approvals | ontario.ca
- Ontario Ministry of Natural Resources: Renewable energy project approval and permit requirements | ontario.ca
- Technical Standards and Safety Authority in Ontario focuses on public safety within the energy sector by ensuring the safety of energy-related infrastructure and operations
- Electrical Safety Authority regulates and promotes electrical safety in Ontario