Municipal Guide

Role of Municipalities in the IESO's Second Long-Term Request for Proposals (LT2 RFP)

Version 1

July 16, 2025

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Document Change History

Version	Reason for Change	Date
1	Municipal Guide	July 16, 2025

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Background

The Independent Electricity System Operator (IESO) is committed to sharing information to support community participation in the ongoing Second Long-Term Request for Proposals (LT2 RFP) procurement process.

This guidance document provides an overview of the province's need for increased electricity supply and details of the IESO's LT2 RFP with a specific focus on the important role of municipalities in ensuring Ontario continues to have a reliable, affordable and sustainable electricity system. This document will be reviewed and updated as required to reflect community feedback and other matters such as evolving system needs. Capitalized terms used but not defined in this document have the meaning given to them in the LT2 RFP and Contract.

Ontario's Demand for Electricity is Significantly Increasing

As the province's electricity system operator and planner, the IESO is responsible for ensuring there is enough power to meet the province's electricity needs reliably and cost-effectively today and in the future. In April 2025, the IESO released the 2025 Annual Planning Outlook that forecasts annual electricity demand will grow by 75 per cent by 2050. Key drivers for this significant growth in electricity demand include economic growth, population increase, new technology, and electrification of industries. Ontario will outgrow the electricity system if expansion efforts are not accelerated.

To ensure reliable and affordable electricity is available where and when it is needed into the future, the IESO is moving forward with ambitious plans to procure a significant amount of new supply and transmission infrastructure, as well as expand energy efficiency programs through Save on Energy. As part of its Resource Adequacy Framework, the IESO has implemented a multi-pronged approach to ensure the necessary resources are in place to meet Ontario's rapidly growing electricity needs. Alongside planning new transmission lines and investing in energy efficiency, a key pillar of our strategy is the procurement of new electricity generating resources.

In November 2024, the Ontario government issued a Directive to the IESO to launch the Second Long-Term Request for Proposals (LT2 RFP). On June 26, 2025, the Ontario government issued an amendment to the Directive that directs the IESO to recognize Proponents who have and retain, Canadian status, for the purposes of the first LT2 RFP submission window.

Supply Mix and Generation

Ontario's demand for electricity varies throughout the day, requiring a diverse supply mix — including hydroelectric, nuclear, natural gas, energy storage, and renewables — to perform different roles to maintain reliability. Each resource generates electricity differently and has unique operating characteristics. Because no single resource can always meet all of the system's needs, maintaining a diverse supply mix is an effective way to ensure the ongoing reliability of Ontario's electricity system. Refer to Appendix A for more information on the different types of resources.

Second Long-Term Request for Proposals

The Second Long-Term Request for Proposals (LT2 RFP) will be the largest competitive electricity procurement for electricity generation in the province's history as the IESO seeks to procure 14 terawatt-hours (TWh) of annual generation from energy producing resources[1] and 1,600 megawatts (MW) of capacity resources[2] to meet electricity needs emerging from 2029–2034. To achieve this, the LT2 RFP will be structured to include multiple proposal submission windows run on an annual basis. Final documents for the first window were posted on June 27, 2025, with proposal submission in Q4 2025.

The LT2 RFP will take an "all of the above" approach to resource eligibility as a variety of resource types are required to ensure the ongoing reliability of Ontario's electricity system. For the first LT2 RFP proposal submission window, resources that are eligible to participate include, but are not limited to, wind, solar, bioenergy, energy storage, combined heat and power facilities, hydroelectric, and natural gas. These resources must be New Build resources that are 1 MW or greater and capable of achieving commercial operation by May 1, 2030, or earlier. Resources that are successful in the RFP evaluation process will be awarded a 20-year contract term.

The final documents for the first window of both the Long-Term 2 Energy RFP (LT2(e-1) RFP) and the Long-Term 2 Capacity RFP (LT2(c-1) RFP) have been posted. As this competitive procurement is now underway, it is important that we all observe the communication protocols described in the RFPs so as to maintain the integrity and fairness of the procurement process.

During this period, the IESO remains committed to collaborating with communities and we encourage communities to email communityengagement@ieso.ca if you have any general questions around the purpose of the procurement, the IESO's role and that of Municipalities. Engagement activities, such as information sessions, will be held with municipalities and Indigenous communities as required during this period as well. While we endeavour to engage and respond to inquiries expeditiously, the speed of response and availability of information may change now that the procurement has launched, and during the Proposal evaluation stage, to ensure fairness in the procurement process. During this period, the IESO may have limited ability to communicate directly with communities; however, the IESO will endeavour to continue supporting through general communications and public webinars.

[1] Energy-producing resources are focused on the total amount of electricity it can produce over time, measured in megawatt-hours (MWh). These resources are essential for meeting the ongoing, day-to-day electricity needs of consumers. Examples include, bioenergy facilities, solar facilities, wind facilities and cogeneration facilities. Their value lies in how much energy they contribute over hours, days, and seasons, rather than their instant availability during peak demand.

[2] A capacity resource is one that can reliably provide power when it's most needed, typically during peak demand periods. Capacity is measured in megawatts and represents the maximum output a resource can deliver on short notice to ensure the electricity grid has enough supply to avoid blackouts. Examples include, hydro storage facilities, electricity storage facilities, gas facilities and bioenergy facilities. These resources are valued for being available when system reliability is at risk and not for how much energy they produce over time.

Any questions specific to a Proponent, Proposal, or the content of the LT2(e-1 & c-1) RFPs and Contracts, should be submitted to LT2.RFP@ieso.ca so as to be answered as part of the Question and Comment Period.

Role of Municipalities

A Part to Play for Everyone

Municipalities play a critical role in Ontario's energy transition and local decisions are shaping the future of Ontario's electricity system. Municipal governments determine whether their community will be a willing host of electricity projects, and they also oversee local development approvals. Without municipal support, the province may be unable to procure enough electricity generating resources to meet growing demand. It is critical that municipalities remain engaged and informed on the importance of securing our shared energy future.

Municipalities can expect to be approached by developers to discuss potential projects and are encouraged to set expectations and minimum community engagement standards with developers directly. This allows municipalities to determine what is sufficient community engagement and allows the IESO to rely on a Municipal Support Confirmation as a confirmation that engagement has been completed in a satisfactory manner and that the municipality supports the developer submitting their Proposal to the IESO for evaluation under the procurement process.

Step 1: Engagement with Developers

Except for the form of Pre-Engagement Confirmation Notice, the LT2 RFP does not prescribe specific engagement requirements; we recognize that community engagement is not "one size fits all". Instead, the IESO encourages the Local Municipality to set expectations and minimum community engagement standards with developers directly. This allows the Local Municipality to determine what is sufficient engagement for their community and allows the IESO to rely on a Municipal Support Confirmation (MSC) as a confirmation that engagement has been completed in a satisfactory manner.

The IESO requires developers to provide the municipality with a Pre-Engagement Confirmation Notice at least 60 days prior to the Proposal Submission Deadline. This form serves the purpose of sharing preliminary project details, including a request that the **Local Municipality confirms the land use designation of the proposed project site**, and begins the collaborative work between the Local Municipality and the developer to establish an agreed-upon engagement plan.

As all developers are required under the LT2 RFP to provide the Local Municipality with a Pre-Engagement Confirmation Notice at least 60 days prior to Proposal Submission Deadline, this may be the first form of formal engagement. A sample Pre-Engagement Confirmation Notice is provided within the Prescribed Form: Evidence of Municipal Support LT2(e-1) PF-MS100 and LT2(c-1) PF-MS100.

Step 2: Protections for Agriculture – applicable to Project Sites located in Prime Agricultural Areas as defined by the Provincial Planning Statement, 2024 and designated in the Local Municipality's Official Plan

Municipalities can expect to be asked by the developer to confirm the land use designation(s) of the proposed project site. There are additional requirements and restrictions if the project is proposed to locate entirely, or partially in a Prime Agricultural Area.

On June 6, 2024, the IESO received a letter from the Minister of Energy and Mines (formerly known as the Ministry of Energy) and the Ontario Ministry of Agriculture, Food, and Agribusiness (formerly known as the Ontario Ministry of Agriculture, Food, and Rural Affairs) outlining policy considerations for developing projects in agricultural areas. These policy considerations were reinforced by the Directive that states all new electricity projects are prohibited in Speciality Crop Areas, and all new ground-mounted solar projects are prohibited in Prime Agricultural Areas. All other eligible projects that are proposed in Prime Agricultural Areas (as designated by the Local Municipality's Official Plan) require the completion of an Agricultural Impact Assessment (AIA). There are three components of an AIA (avoid, minimize, and mitigate), which may be completed in two different stages for projects proposed under the LT2 RFP:

- The AIA Component One Requirement considers ways to avoid potential impacts (i.e., prevent impacts, where possible, through a project siting process that considers options outside prime agricultural areas and lower priority soils, if necessary).
- The AIA Components Two and Three Requirement considers strategies to minimize potential impacts (i.e., keep impacts to a minimum by incorporating specific measures in the design of a project or via the project's operational plan) and approaches to mitigate potential impacts (i.e., implement measures to reduce the severity of impacts such as noise, dust and traffic).

The AIA Component One Requirement must be met as of the Proposal Submission Deadline and the AIA Components Two and Three Requirement must be met within 18 months of the IESO awarding a Contract. These requirements are completed by the developer and reviewed to the satisfaction of the Local Municipality. To support the completion and review of the AIA requirements, the Ontario Ministry of Agriculture, Food, and Agribusiness has published guidelines documents here: OMAFA Guidelines for the LT2 AIA Component One Requirement. Once the OMAFA Guidelines for the LT2 AIA Component Two and Three Requirement are published this document will be updated with the hyperlink. Additionally, the IESO in conjunction with OMAFA, has published an AIA Questions and Answers document; an updated version was published in the "General LT2 Documents" section of the LT2 RFP webpage on July 9, 2025.

Confirmation that the AIA Component One Requirement has been completed to the satisfaction of the Local Municipality is built into the Municipal Support Confirmation process (see below) via the Prescribed Form: Evidence of Municipal Support LT2(e-1) PF-MS100 and LT2(c-1) PF-MS100.

Confirmation that the AIA Components Two and Three Requirement has been completed to the satisfaction of the Local Municipality is evidenced via Exhibit T: Form of AIA Confirmation Certificate of the LT2(e-1) Contract and LT2(c-1) Contract.

Step 3: Municipal Support Confirmations

Once a developer has completed, (or has committed to completing) the agreed upon community engagement plan, the developer will ask the Local Municipality to issue a **Municipal Support Confirmation**.

Per the Ministerial Directive, all projects coming forth under the LT2 RFP that are being proposed on Municipal Project Lands must include an **MSC** as part of the Proposal submission. The MSC is the instrument used by the IESO to confirm that the developer has undertaken (or is committed to undertake) engagement activities to the satisfaction of the Local Municipality and that the Local Municipality supports the submission of the Proposal.

During this stage, municipalities and developers can negotiate community engagement requirements and community benefit agreements.

Developing a decommissioning plan is a key component of the Ministry of Environment, Conservation and Parks' Renewable Energy Approval (REA) process under O. Reg. 359/09 of the *Environmental Protection Act*. While the REA, which applies to most facility types, must be obtained prior to a facility injecting electricity into the grid, the decommissioning activities themselves would take place after the LT2 Contract has concluded. Accordingly, while no conditions have been included in the LT2 RFPs regarding decommissioning, under the LT2 Contracts: (a) all applicable laws and regulations, including those pertaining to decommissioning, must be adhered to by a Supplier in order for the Contract to remain in good standing; and (b) the proponent must agree to assume all risk and provide an indemnity in respect of all damages or costs arising out of (among other things) any legal requirements relating to decommissioning.

The MSC does not guarantee that the project will be awarded an IESO Contract and does not supersede any applicable permits or approvals (zoning, etc.) under applicable Laws and Regulations. The MSC can be in the form of a **Municipal Resolution in Support of Proposal Submission** or a **Blanket Municipal Support Resolution** provided together with a Blanket Municipal Support Confirmation Letter.

Municipalities are welcome to develop their own resolution, however, a writable form that includes all necessary information has been posted to assist as part of the LT2 RFP Prescribed Form: Evidence of Municipal Support LT2(e-1) PF-MS100 and LT2(c-1) PF-MS100. Municipalities can work with the proponent on filling in the relevant details. As there are minimum requirements that must be included, municipalities developing their own resolution should follow the guidance for municipalities provided within the LT2 RFP Prescribed Form: Evidence of Municipal Support (linked above).

Step 4: Contract Award and Beyond

Proposals submitted to the IESO are evaluated in accordance with the requirements set out in the LT2 RFPs. The Proposals that meet the LT2 RFP requirements are then allocated rated criteria points (as applicable) prior to being evaluated based on price, and only those Proposals that do not exceed the maximum price threshold will move on to the deliverability assessment stage. During the deliverability assessment the IESO evaluates Proposals in order from lowest price to highest price to ensure that the proposed projects are deliverable, meaning that proposed project can connect to Ontario's electricity grid; this assessment is done to ensure that submitted projects can contribute effectively to addressing emerging reliability needs. Projects assessed to be "deliverable" are added to the offer list for LT2 Contracts until such point as the procurement target is reached.

Projects that are unsuccessful in the LT2 RFP and are not awarded a Contract may participate in subsequent procurement windows (each window is a standalone procurement), if the Municipality and developer are interested. This would require further engagement between the two parties to ensure compliance with the LT2 RFP issued in the applicable window.

Over the course of the project's development, municipalities engage directly with project developers to ensure compliance with all applicable laws, regulations and local requirements.

Before construction, successful projects must obtain several permits and approvals from various entities, including but not limited to:

- 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);
- environmental approvals (including engagement and consultation requirements with Indigenous communities);
- Regulatory approvals;
- grid-connection approvals;
- permits for new roads and other infrastructure; and
- satisfying the AIA Components Two and Three Requirement (if applicable)

The following government organizations (and others) play an oversight role to ensure projects are safe and appropriately sited. Some examples include:

Topic	Government Organizations
Environmental Assessments	The Ontario Ministry of the Environment, Conservation and Parks provides guidance on environmental approval requirements and enforces compliance with environmental laws. Most solar, wind or bio-energy projects in Ontario will require a Renewable Energy Approval (REA) and smaller renewable projects may be eligible to register through the Environmental Activity Sector Registry (EASR) Waterpower facilities and natural gas facilities may require a comprehensive or streamlined Environmental Assessment (EA), followed by subsequent permissions including Environmental Compliance Approvals or registration on the EASR depending on the impacts of the projects. Stand-alone battery energy storage systems (BESS) may be eligible to register through the EASR process; however, associated components may trigger additional environmental approvals. If integrated with generation facilities, BESS components may be incorporated into existing approvals for the overall facility. All projects may need to obtain an authorization under the *Endangered Species Act*. For questions about environmental approval requirements, please contact the ministry at: • REAprogramdelivery@ontario.ca (renewable energy projects and BESS) • enviropermissions@ontario.ca (non-renewable energy projects) • SAROntario@ontario.ca (projects with protected species)
Land Use and Municipal Requirements	The Ontario Ministry of Municipal Affairs and Housing is responsible for the *Planning Act*, which provides the legislative framework for land use planning in Ontario, and the PPS, which provides province-wide policy direction on the province's interests in land use planning. Municipalities and planning authorities are required to be consistent with the PPS in their official plans, zoning by-laws, and day-to-day decisions on land use planning matters.
Agricultural Land	The Ontario Ministry of Agriculture, Food and Agribusiness (OMAFA) has published a draft guidance document for Agricultural Impact Assessments (AIAs). For general inquires, please contact them at ag.info.omafa@ontario.ca
Crown Land	The Ontario Ministry of Natural Resources (MNR) is responsible for managing Ontario's public lands, which includes authorizing the occupation of public lands to enable the development of renewable energy projects. For general inquires, please contact them at MNRFRenewableEnergySupport@ontario.ca

Topic	Government Organizations
Fire and Safety	Third parties such as the Electrical Safety Authority and Technical Standards and Safety Authority ensure that project proposals and development comply with all applicable laws and regulations.

Appendices

Additional information on resources and IESO initiatives can be found below.

Appendix A: Electricity Supply Resources in Ontario

Ontario has a clean electricity grid with a range of diverse resources. Each resource generates electricity differently and has unique operating characteristics. Because no single resource can meet all of the system's needs, maintaining a diverse supply mix is an effective way to ensure the ongoing reliability of Ontario's electricity system.

Natural Gas

Natural gas plays a crucial role in maintaining the reliability of our system. There is no other technology available today that can provide the same level of operational flexibility needed to respond to changing electricity needs throughout the day and across the province. And while the province is making significant investments in new non-emitting generation that will eventually reduce reliance on natural gas generation, those investments will take time to come into service. For example, Ontario is currently making significant investments to refurbish and expand its fleet of nuclear generators. In the interim, we must continue to rely on natural gas as an important contributor to our diverse supply mix to ensure we can maintain a reliable and affordable system.

While the IESO continues to work toward reducing emissions in our electricity system, there is potential for significantly greater emissions reductions in the broader economy including the electrification of transportation. These broader economy-wide emissions reductions can only be achieved if our electricity system remains reliable and affordable and grows in parallel with demand growth.

Energy Storage

Energy storage facilities can act as a form of both supply and demand, drawing energy from the grid during off-peak hours when demand is low and injecting that energy back into the grid when it is needed most. Energy storage is particularly useful in supporting the wide-scale integration of renewable resources, such as wind and solar, because it can help smooth out changes in energy output caused by unpredictable weather.

Several government agencies and authorities determine environmental assessment processes and standards for the safe maintenance and operation of electrical equipment. Proponents/Suppliers are required to obtain and comply with all existing permits and processes, including obtaining an OEB license, before a facility can officially operate. Additional resources include:

- A video and a webpage explaining the benefits of energy storage for communities, such as supporting the integration of renewable resources, spurring economic development and providing back-up power during emergencies.

- The Ontario Association of Fire Chiefs, the Canadian Renewable Energy Association and Energy Storage Canada released the Solar Electricity and Battery Storage Systems Safety Handbook for Firefighters. More information can be found in the press release here.

Wind and Solar Photovoltaic

New wind and solar projects are well-suited to participate in long-term procurements as they can be developed in four to five years once a contract has been issued. Variable generation will become more valuable to the system as electricity consumption patterns change. The province's peak demand periods are expected to shift from summer to winter as home heating electrifies; this is when wind output is generally much higher. Additional Ministry of the Environment, Conservation and Parks resources include:

- Location/Site Considerations Checklist for Renewable Energy Projects.
- Technical Guide to Renewable Energy Approvals that provides information on land use planning, siting considerations and decommissioning.

Hydroelectricity

Hydroelectricity is generated by falling or moving water. Hydro is expected to contribute to meeting emerging energy needs both through existing and incremental energy. These resources require significant time for new-build development and/or significant expansions. The cadenced procurement approaches, coupled together with some flexibility on in-service dates, should provide options for hydroelectric resources to emerge in the mid-2030s.

Biofuels

Ontario has many sources of biofuel such as residual materials from forestry, waste matter from agriculture, by-products from food processing, and waste from municipal landfills, compost and water treatment facilities. The LT2 RFP provides an opportunity for biofuels to compete for contracts.

Appendix B: Resources

In addition to engaging with developers, additional resources to help inform important decisions can be found below:

- A dedicated community engagement webpage for the IESO's procurements, featuring webinar recordings with updates and joint session with other ministries, as well as posted feedback and our written responses.
- A video presentation to learn more about the IESO's approach to meet electricity needs, and the important role of municipalities.
- A hub for municipalities to access at www.ieso.ca/community including a webpage explaining how electricity projects are developed.
- A frequently asked questions (FAQ) document created by the Ministry of Energy and Mines
- A toolkit created by the Association of Municipalities of Ontario (AMO) to guide municipalities on the development of electricity projects.

Appendix C: Willing Hosts

Given the competitive nature of the procurement process, the IESO is prevented from speaking about projects to ensure fairness. To proactively indicate to the sector that your municipality is a willing host to developers, you may wish to:

- Connect with Energy Storage Canada, Association of Power Producers of Ontario (APPrO) and the Canadian Renewable Energy Association (CanREA) on ways they can share your municipality's interest in hosting a facility with their members as part of the IESO's ongoing long-term procurements.
- Consider engaging your Council to pass a motion that your municipality is a willing host to new energy facilities.

Appendix D: Long-Term Procurement Results Summary

The results from previous Long-Term Procurements are summarized below:

Timing	Activity	Result
May 2023	Expedited Long-Term 1 RFP (E-LT1 RFP)	1,177 MW • 882 MW energy storage • 295 MW non-storage
May 2023	Same Technology Upgrades Solicitation (Same Tech)	286 MW
May 2024	Long-Term 1 RFP (LT1 RFP)	2,195 MW • 1,784 MW energy storage • 411 MW non-storage

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