

SEPTEMBER 20, 2022

Meeting Ontario's Future Electricity Needs

Update and Discussion

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Purpose

During today's session, we will provide an update on the IESO's procurements for new electricity resources in the province including the Long-Term RFP (LT1 RFP) and Expedited Process (E-LT1 RFP) and seek input on the procurement process. In particular, today's session will include:

- A recap of the feedback we heard from the July discussion
- An update on the progress to date in the LT1 RFP and E-LT1 RFP, including an overview of the draft E-LT1 RFP and contract which are now posted
- An opportunity to ask questions about the process
- Seek input from municipalities to inform and prepare for the next steps in the procurement process

What We Heard So Far - Municipalities

- Appreciation for regular update communications at key milestones
- Seeking information tailored to support their work with projects/proponents as well as support discussions with their constituents
- Support for Municipal Council Support Resolutions- these resolutions provide an opportunity for communities to understand and evaluate projects and to discuss their impacts/benefits
- Emphasis on the importance of being fully engaged in the procurement process, helping to build the necessary trust between proponents and local communities

What We Heard So Far – Indigenous Communities

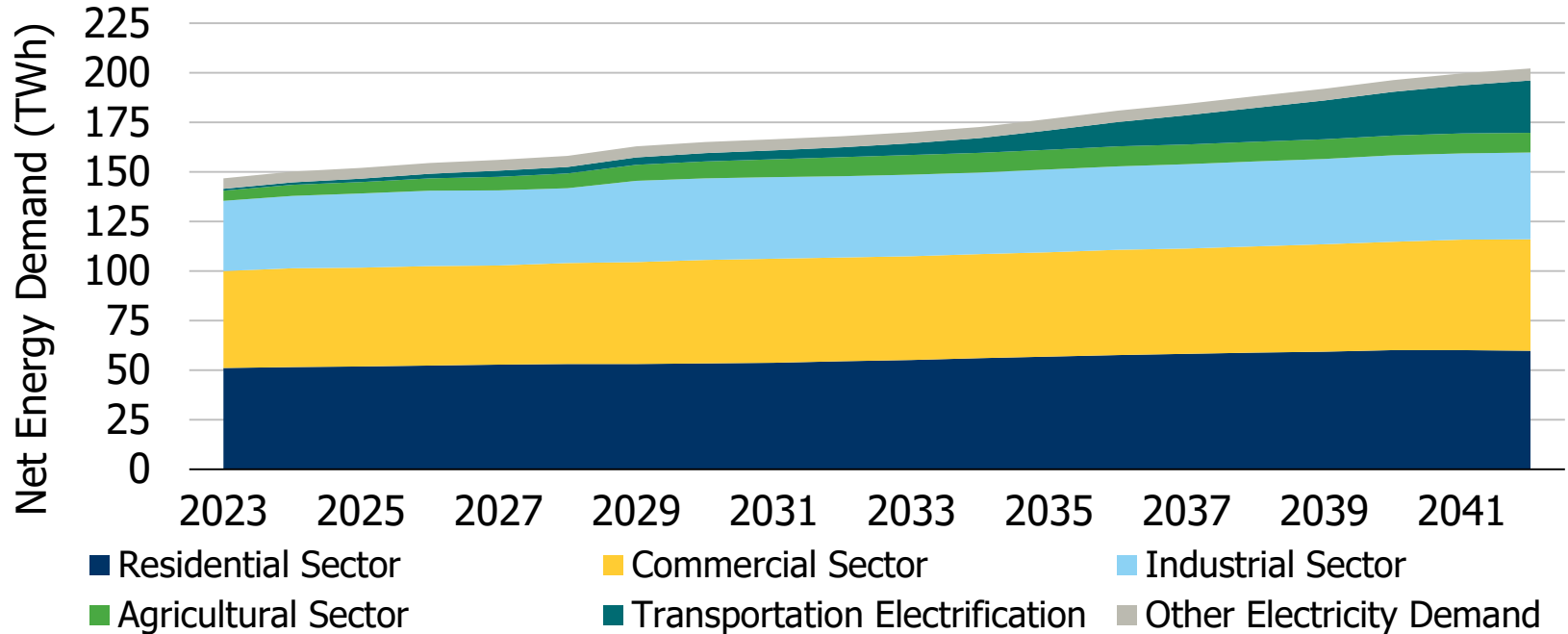
- Tight timeframes will not allow for Indigenous participation or will make it very difficult
- Preferable that proponents have prior experience working with Indigenous communities
- In favour of Indigenous Support Resolution concept and points for projects that have Indigenous participation
- IESO should consider projects that were previously cancelled
- Indigenous communities need funding to participate in procurements and form industry partnerships

Note: The IESO is processing Indigenous communities' feedback. A session to discuss this feedback and seek additional input will be held later this fall

Seizing Opportunities

1. Continue to secure new and existing resources to meet growing electricity needs across the province
2. Explore pathways to decarbonization in the electricity system and support decarbonization of other sectors
3. Create opportunities for more resources and customer choice to drive down costs
4. Proactively engage with a wide range of audiences to help inform the many important initiatives underway

Preparing for future growth





Recap and Update Procurement Process and Design

Planned Actions Work Together to Ensure Reliability & Manage Uncertainties

2022
-
2024

Solutions are in place to meet needs as a result of efforts already underway.

2025
-
2026

Supply needs increase following Pickering retirement. The IESO will work with sector participants and communities this summer to confirm options to best meet these needs.

2027
+

Longer-term electricity demand continues to grow requiring new supply solutions beyond what is already planned.

SOLUTIONS

Short
Term

- Increase annual capacity auction target

Medium
Term

- Five-year contracts with existing resources (MT I RFP)

Long
Term

- Contracts with generators to meet local reliability needs or policy needs

- Increase annual capacity auction target
- Capacity Sharing Agreement with Quebec

- Multi-year capacity auction
- Five-year contracts with existing resources (MT I RFP)

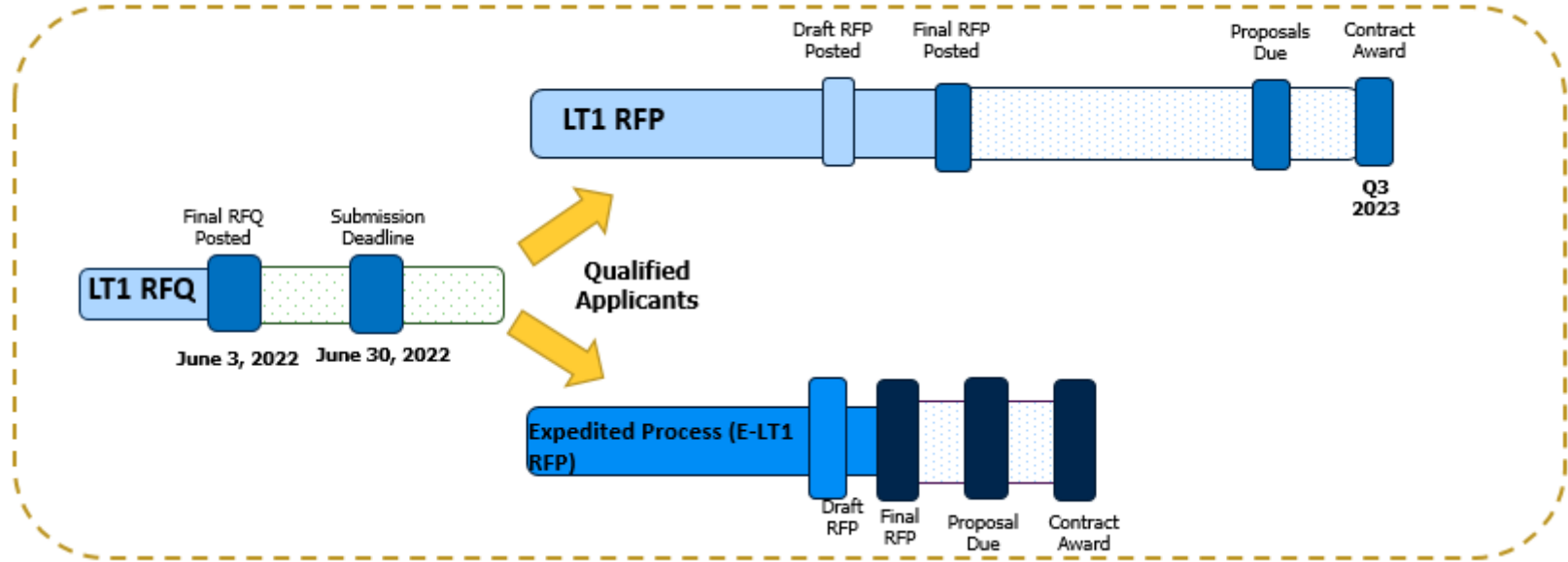
- New energy efficiency programs
- Expansion of existing facilities
- Expedite new facilities

- Capacity auction target adjusted based on need

- Five-year contracts/expansions and upgrades (MT II RFP)

- New capacity, including new facilities (LT RFPs)

Long-Term Procurement Process Milestones



E-LT1 and LT1 Schedule

Milestones	E-LT1	LT1
Qualified Applicants Announced	August 23, 2022	August 23, 2022
Draft RFP and Contract Posted	August 25, 2022	N/A
Deliverability Test Submission Deadline	August 30, 2022	January 4, 2023
Final RFP and Contract Posted	November 1, 2022	January 30, 2023
Deliverability Test Results	November 30, 2022	[April 14, 2023] (Additional time may be required depending on volume of applicants)
Proposal Submission Deadline	December 20, 2022	[July 2023]
Contract Offer Announcement	February 28, 2023	[October 2023]

Qualified Applicants Announced

- The LT1 RFQ is now complete; the IESO has qualified **55 applicants** who will be eligible to participate in the first Long-Term RFP and Expedited Process. More details about the qualified applicants to participate in the Long-Term RFP are available on the IESO [website](#)
- Applicants seeking to participate in the Expedited Process have proposed a wide array of projects, including a significant amount of electricity storage resources, in addition to hybrid generation/storage options, natural gas and biofuels.
- The IESO will introduce separate procurement targets for the Storage and Non-Storage Categories of the E-LT1 and LT1 RFPs.

Municipal Council Support Requirements

- The IESO has outlined proposed requirements for attaining Municipal Council support in the draft E-LT1 RFP that require that Proponents wishing to attain Rated Criteria points in the E-LT1 RFP provide the IESO with a Municipal Council Support Resolution (as evidenced with an IESO prescribed form) at Proposal Submission
- Any Proponents that have not attained a support resolution prior to Proposal Submission, will have to do so and provide it to the IESO, no later than 60 days after the first anniversary of the Contract Date
- The IESO is seeking to apply lessons learned from past procurements to provide municipalities and proponents additional flexibility in the use of form

Prescribed Forms – Municipal Support Resolutions

- The IESO is currently drafting Prescribed Forms for the E-LT1 RFP and expects these to be shared in draft format in the coming days
- The **Prescribed Form – Municipal Support Resolution** will provide standard language that can be utilized by a municipality where only specific identifying information for the project in question should be updated
- Alternatively, the IESO will accept forms/resolutions that are substantially in accordance with the IESO's form; providing Municipalities with flexibility
- The purpose of the proposed resolution is for a Proponent to attain Rated Criteria points (that may help a project's ranking) or satisfy contractual obligations for the E-LT1 RFP, it does not guarantee a contract

Prescribed Forms -Community Engagement Requirements

- The Prescribed Form and updates to the draft E-LT1 RFP will outline key requirements to satisfy the Mandatory Requirements for community engagement. These include:
 - Creation of a **public website** that will host the proponent's **Community Engagement Plan**, including **notice of public meeting(s)**
 - Evidence of at least **1 public meeting** with each local community in which the project is proposed to be located prior to Proposal Submission
 - Evidence that the local municipality(ies) was/were notified of the public meeting(s)

Rated Criteria

- The draft E-LT1 RFP outlines the following Rated Criteria, that if attained will award Projects by improving their ranking at the Proposal Evaluation stage.

Location	Duration of Service	Local Governing Body Support Resolutions	Indigenous Community Participation
<ul style="list-style-type: none">• 4 points for West of Chatham and East of FETT• 2 points for East of Cherrywood TS	<ul style="list-style-type: none">• 6 points for duration greater than 12 hours• 4 points for duration between 8 and 12 hours• 2 points for duration between 6 and 8 hours	<ul style="list-style-type: none">• 3 points awarded for evidence of having obtained local community support through a Local Governing Body Support Resolution	<ul style="list-style-type: none">• 3 points awarded for >50% economic interest• 2 points awarded if between 25% and 50% economic interest• 1 point if between 10% and up to 25% economic interest



Questions



Seeking Input from Municipalities

Seeking Input: Community Engagement Requirements

- **Prescribed Form: Community Engagement Requirements** will outline key requirements to satisfy the Mandatory Requirements for community engagement. Current draft requirements are as follows:
 - Creation of a **public website** that will host the proponent's **Community Engagement Plan**, including notice of **public meeting(s)**
 - Evidence of at least **1 public meeting** (single meeting may cover multiple projects) with each local community in which the project is proposed to be located prior to Proposal Submission
 - Evidence that the local **municipality was notified** of the public meeting(s)

Provide input:

1. Does this approach present any opportunities or challenges to municipalities?
2. Are there any suggested modifications to the to the proposed Community Engagement Requirements?

Seeking Input: Municipal Council Support Resolution

- **Prescribed Form – Municipal Support Resolution** will be a template for Proponents to be able to meet E-LT1 RFP requirements.
- The IESO is seeking to apply lessons learned from past procurements and provide municipalities and proponents additional flexibility in how the requirements have been drafted and how the Prescribed Form can be used. Feedback on the form/ requirements will be crucial in helping the IESO finalize these documents.

Provide input:

1. Are there any updates or modifications to be considered in the draft MCSR ?
2. How does the timing and concept of a support resolution align with existing planning and permitting processes?

Seeking input: Guidance for Municipalities

- The IESO is developing guidance materials for municipalities. Information ranges from a new municipal toolkit posted on the [Learn \(ieso.ca\)](https://www.ieso.ca) section of our website, contact information for key provincial ministries, and detailed procurement information
- Additional content will to be added to the IESO materials as part of our efforts to prepare communities as the procurement progresses.
- Targeted outreach efforts will take place later this year and early next year following the upcoming municipal elections

Provide input:

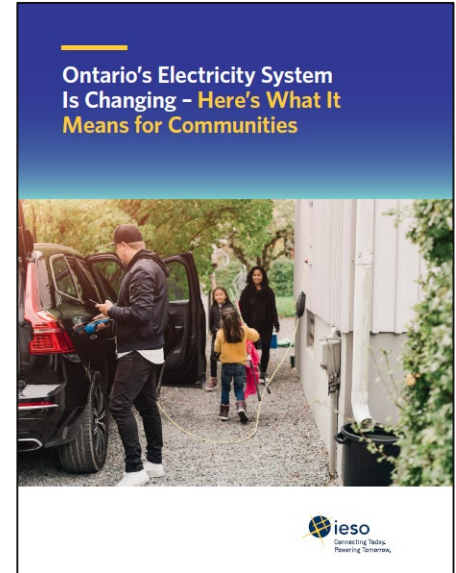
- What other specific information can we include in the guidance to municipalities?
- How can this information be best delivered to municipal audiences?
- What information do municipalities need as they process requests from proponents and/or inform constituents within your communities

IESO General Information Sources for Municipalities

Electricity Toolkit for Municipalities – to help understanding of the role communities play in Ontario’s electricity system available www.ieso.ca/Learn

Municipal Role in Planning Ontario’s Electricity Future – various resources on the role of municipalities, regional planning, and community engagement activities

Upcoming In-Person Opportunities – the IESO is attending municipal conferences this fall; please drop-by to discuss the procurements or electricity topics of interest to your community



IESO Procurement-Related Information Sources for Municipalities

IESO Long-Term RFP and Expedited Procurements Webpage – main procurement project webpage, includes project timelines, postings of key documents such as the draft requests for proposals and contracts, and information on qualified applicants

IESO Procurements Engagement Webpage – main engagement webpage for the procurements; includes webinars and feedback received

IESO Procurements Community Engagement Webpage – dedicated engagement webpage for municipalities and Indigenous communities related to the procurements; includes dedicated webinars and community feedback as well as key related materials

Provincial Information Sources for Municipalities

Ministry of Municipal Affairs and Housing (MMAH) – inquiries on the provincial policy statement and provincial plans in relation to the IESO procurements can be directed to the [Municipal Services Office](#) in your region or through the [MMAH mailbox](#)

Ministry of the Environment, Conservation and Parks (MECP) – inquiries regarding provincial environmental permissions can be directed to the Client Services and Permissions Branch at 1-800-461-6290 or by email to enviopermissions@Ontario.ca



What's Next

What to Expect: Procurement Process

The competitive procurement process to acquire new electricity supply is progressing. We are seeing interest from different projects and proponents.

Municipalities are critical to the success of the procurements. Looking ahead in the coming months, the next steps for municipalities' involvement in the process may include:

1. Providing input into the development of the final procurement documents
2. Responding to inquiries from Qualified Applicants
3. Providing Municipal Support Resolutions to new generation and/or storage projects
4. Participating in community meetings for projects

The IESO will be finalizing the procurement documents, contract, and supporting materials that will be made available on the IESO website on November 1, 2022.

Seeking Feedback

Following today's session, municipalities will be invited to submit written feedback on:

1. The IESO's proposed requirements in the E-LT1 RFP that pertain to municipal support and community engagement, including The Prescribed Form: Municipal Support Resolution and Prescribed Form: Community Engagement Requirements
2. Guidance information to support municipalities with discussions with proponents and/or inform constituents within your communities

Feedback on the information shared today can be submitted via feedback form by **October 7, 2022** to engagement@ieso.ca

Next Steps

- Feedback on the information shared today can be submitted via feedback form by **October 7, 2022** to engagement@ieso.ca
- We will continue to provide information and engage on these topics and new items to help inform the procurement process.
- Stay in touch by visiting the [community engagement page](#).

Thank You

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[@IESO Tweets](https://twitter.com/IESO)



[linkedin.com/company/IESO](https://www.linkedin.com/company/IESO)



Appendix

The Long-Term Procurement Processes

	LT1 RFP	Expedited Process
Target capacity	~3,500 MW of effective capacity with a minimum duration of 4 consecutive hours	
Term Start	No later than 2027	As early as 2025
Term length	IESO considering potential for 20-year term with potential additional term available for resources able to come online early	Potential for 22-year base term
Locational considerations	Global need with strong preference for resources in the West and East of FETT (approximately GTA and east) zones. Deliverability assessment will be completed to ensure electricity can be delivered when and where it is needed.	
Eligible Resources	Technology agnostic; new-build resources at greenfield sites or co-located at existing sites able to achieve commercial operation no later than 2027.	Technology agnostic; new-build resources at greenfield sites or co-located at existing sites; aim to achieve commercial operation by 2025.
Qualification	Participation in LT1 RFQ required with a minimum project size of 1MW and maximum size of 600MW	Participation in LT1 RFQ required with a minimum project size of 1MW and maximum size of 600MW