
NOVEMBER 13, 2024

LT2 RFP Webinar for Indigenous Communities and Municipalities

**Thank you for joining today's session
Please keep your cameras off and microphones muted**

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Marko Cirovic, Senior Manager, Resource Development and Procurement
Dave Barreca, Supervisor, Resource Acquisition, Resource Development and Procurement

Agenda

1. Meeting Electricity Needs and the Critical Role of Communities
2. Overview of the Procurements Under Development and Key Updates
3. LT2 RFP and Contract Details
4. Next Steps

Territory Acknowledgement

The IESO acknowledges the land we are delivering today's webinar is the traditional territory of many nations including the Mississaugas of the Credit, the Anishnawbe, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit First Nation.

As we have attendees from across Ontario, the IESO would also like to acknowledge all of the traditional territories across the province, which includes those of the Algonquin, Anishnawbe, Cree, Oji-Cree, Huron-Wendat, Haudenosaunee and in addition to the Métis and Inuit peoples.



Meeting Electricity Needs and the Critical Role of Communities

Marko Cirovic, Senior Manager, Resource Development and Procurement

Ontario's Changing Electricity Landscape



This is a **pivotal point** for the electricity system. Ontario is entering a period of growing needs – by 2050, **electricity demand is expected to grow by 75%**.



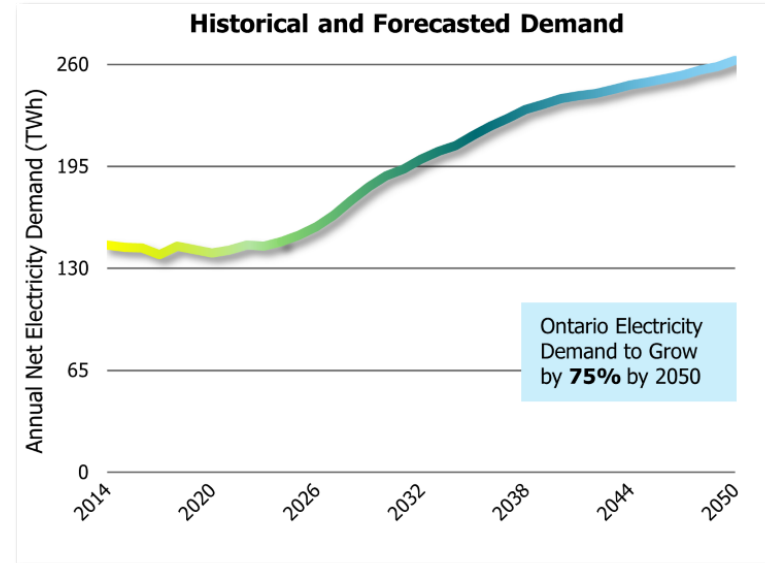
These needs are being driven by **continued electrification** as well as **recent developments in industrial and data centre growth**.



This demand growth is happening in the midst of expiring generator contracts, nuclear refurbishments and the reduction of emissions from the grid.



To meet the emerging needs, **Ontario will require new electricity infrastructure**, including new supply and transmission.



Addressing Electricity Needs

To address the emerging needs, a multi-pronged approach is being implemented to maintain our reliable, affordable and sustainable electricity system, key details include:



Largest energy storage procurement in Canada: Ontario's electricity needs for this decade have been successfully met, 3,658 MW of capacity secured through previous procurements.



More procurements on the way: Needs emerging in 2029-2030 will be addressed through the Long-Term 2 Request for Proposals (LT2 RFP).



Supporting the expansion of nuclear and transmission: Five new transmission lines are under development that will allow more power to flow into the region from large generators located elsewhere, and setting up the groundwork for new nuclear development.



New electricity trade agreement with Quebec: A new trade agreement with Hydro-Québec that will optimize the use of existing electricity generation capacity.



Several other initiatives are planned or underway: Northern Hydro Program, Small Hydro Program, medium-term RFPs, procurement for long lead time resources, annual Capacity Auction, and enhanced energy efficiency opportunities.

Communities Have a Key Role

Significant electricity system needs are expected over the next decade, and communities have a key role, including:



Informing electricity planning to ensure a reliable and adequate supply.



Shaping the province's energy transition by ensuring the system is prepared for future needs.



Hosting new generation, transmission and storage.



Working with project developers on the applicable approvals, and partnerships, where applicable.

Engagement on the LT2 RFP since January

The IESO has taken steps to ensure timely access to information to aid decision-making to support the development of the LT2 RFP, including:



Hosted **4 Community Webinars** and sharing key updates



Attended **12 Municipal Conferences**



Dedicated [landing page](#) and email



~600 Indigenous and municipal webinar participants



Submitted Two LT2 RFP Report Backs to Minister of Energy in 2024



Overview of Procurements Under Development & Key Updates

Marko Cirovic, Senior Manager, Resource Development and Procurement

Procurements Under Development

The IESO is looking to meet energy, and capacity needs late in this decade and into the 2030s through several streams:

Stream	Key Details
MT2 RFP	<ul style="list-style-type: none">✓ Recommitting existing energy and capacity resources that have contracts expiring on or before April 30, 2029, or have previously been the subject of an eligible contract✓ Five-year contract
LT2 RFP Energy	<ul style="list-style-type: none">✓ New build energy producing resources, such as bioenergy, solar, wind, and combined heat and power facilities✓ 20-year contract
LT2 RFP Capacity	<ul style="list-style-type: none">✓ New build capacity resources, such as hydrogen storage, electricity storage, gas and bioenergy facilities✓ 20-year contract
Long Lead Time Resources	<ul style="list-style-type: none">✓ New build energy and capacity resources with long-lead times, such as new hydro generation and long duration energy storage✓ 40-year contract

LT2 RFP: Updated Key Design Considerations

The IESO will continue to work with government on the appropriate implementation of these key design considerations:



Municipal Support Resolutions

ahead of proposal submission



All resource types are eligible to participate



Project **siting in Northern Ontario** incentivized



Building on **Indigenous Participation**

success



Enabling Projects on **Crown Land**



Protections for **Prime Agricultural Areas**

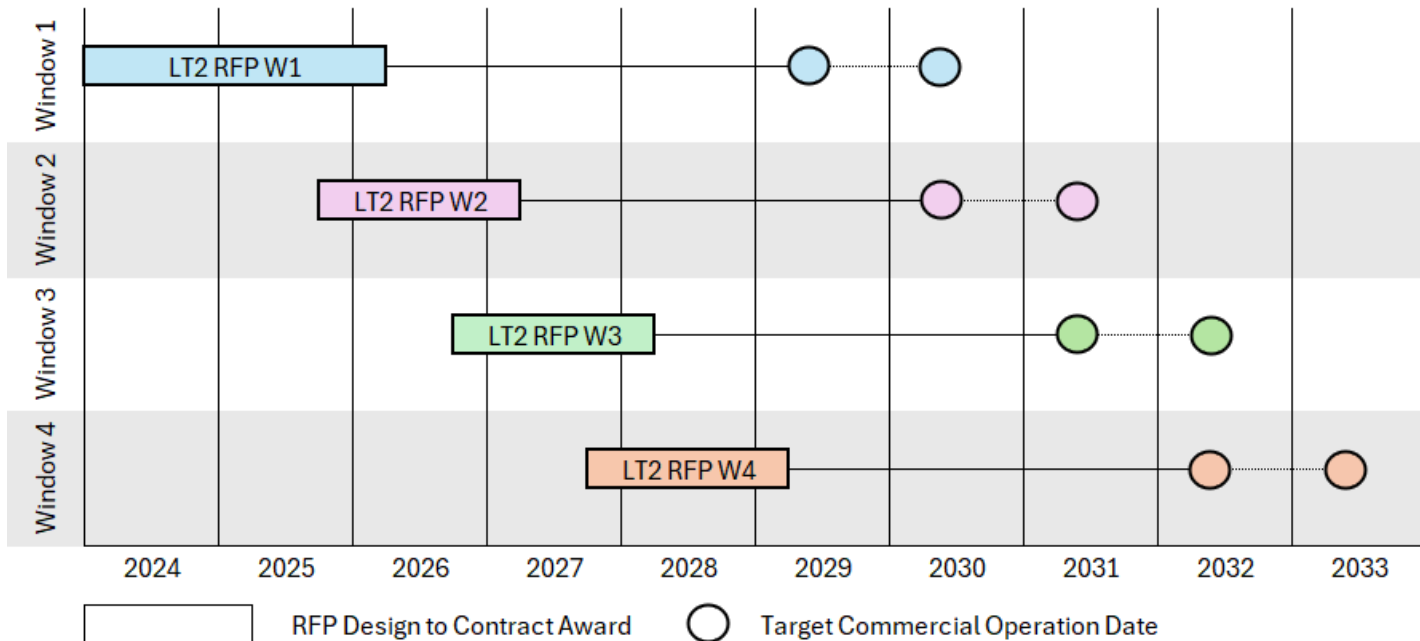
LT2 RFP: New Windowed Approach (1)

To address the Minister's request to accelerate timelines and ensure system needs will be met, while also considering varying project development timeframes, the IESO is proposing an alternative approach for the LT2 RFP.

This alternative approach will include:

- ✓ Multiple submission windows, expected to be run on an annual basis, under the umbrella of the LT2 RFP.
- ✓ The first LT2 RFP proposal submission window is expected in Q3 2025.
- ✓ Increased overall procurement targets that align with emerging needs, with a ramp up in a manner that enables more development over the long run.
- ✓ The window approach will provide opportunities for projects that are ready to be submitted in 2025 and also provide more time for engagement and outreach for those projects seeking to participate in later windows.

LT2 RFP: New Windowed Approach (2)



Per the illustrative timeline, submission window #1 would have a **proposal submission deadline in Q3 2025**, with **contracts awarded in Q1 2026** and expected **commercial operation in 2029/2030**

Future submission windows are expected to follow this timeline.



LT2 RFP Design and Contract Details

Dave Barreca, Supervisor, Resource Acquisition, Resource Development and Procurement

LT2 RFP Design Overview

The LT2 RFP will foster competition while providing certainty, and balancing risk between ratepayers and investors. Key items include:



Mandatory requirements provide assurance that the Proposals evaluated by the IESO are from Proponents who are best positioned to deliver on contractual obligations.



Rated criteria points will incentivize certain policy or technical attributes.



Enhanced Indigenous and Community Engagement requirements to empower Indigenous communities and municipalities to outline how they want their community members and constituents engaged, limiting project development to willing hosts.

More details are presented over the next slides.

Mandatory Requirements for LT2 RFP

The LT2 RFP has proposed a number of mandatory Proposal requirements to ensure selected Proponents are the best positioned to deliver on their contractual obligations:

- ✓ **Proposal Security** to ensure projects proceed as well as demonstrate financial wherewithal.
- ✓ **Minimum experience** requirements for Project Team Members.
- ✓ **Proposal submission limits** to encourage supplier diversity.
- ✓ **Confirmation of access rights** to properties within a Project Site.
- ✓ **Confirmation that supportive resolutions have been obtained** from local communities to empower Municipalities and Indigenous Communities and limits project development to willing hosts.

Rated Criteria Points for LT2 RFP

Key Details

- Rated Criteria will be used to calculate a Proposal's Evaluated Proposal Price.
- Proponents will be eligible to earn up to twelve (12) rated criteria points based on key categories:
 - Indigenous Community Participation for economic interest held by Indigenous community(s)
 - Local Indigenous Participation for siting on Indigenous Lands, treaty areas or traditional territories
 - Projects not located on Prime Agricultural Area
 - Projects located in Northern Ontario (Districts of Kenora, Rainy River, Thunder Bay, Cochrane, Algoma, Sudbury, Timiskaming, Nipissing, Manitoulin and Parry Sound)

Rated Criteria Category*	Points Available
Indigenous Community Participation	3
Local Indigenous Participation	3
Project is sited outside of Prime Agricultural Areas	3
Project is sited in a territorial district of Northern Ontario	3
Total Rated Criteria Points Available	12

*additional rated criteria categories for certain technical aspects are under consideration for the LT2 Capacity RFP.

Proposed Support Confirmations

In line with policy considerations in the Minister's August 28th letter, the IESO is proposing that all Proposals must be accompanied by one or more of the support confirmations below, prior to the Proposal Submission Deadline, to meet the mandatory requirements of the LT2 RFP.

Project Site Location	Requirement
Indigenous Lands*	Indigenous Support Confirmation (ISC)
Within a Municipality	Municipal Support Confirmation (MSC) or blanket MSC
Within a Municipality but on Crown Land	Municipal Support Confirmation (MSC) or blanket MSC
Crown Lands managed by Ministry of Natural Resources (not within a Municipality)	Confirmation of a Crown Land Site Report endorsed by the Ministry of Natural Resources
Unincorporated Territory*	Pre-engagement Confirmation Notice

Indigenous and Community Engagement in the LT2 RFP

- Based on feedback from communities about their experience with the E-LT1 and LT1 RFPs, and broader lessons learned from those procurements, the IESO is proposing a streamlined process to empower Indigenous communities, municipalities and proponents to determine the appropriate engagement approach by:
 - Removing mandatory requirements in the RFP for community engagement; instead, the IESO will **encourage developers to conduct early engagement with Indigenous communities and municipalities to understand community preferences and needs.**
 - This allows Indigenous communities and municipalities to determine what is sufficient community engagement and allows the IESO to rely on municipal support as a measure that engagement has been completed in a satisfactory manner.
 - The IESO is proposing **two Mandatory Requirements that a Proponent would need to satisfy the LT2 RFP engagement requirements.** More details on the next slides.

Engagement Mandatory Requirements

Requirements	Key Details
<p>Proponents with proposed Project Site(s) on Indigenous Lands, Municipal Lands, or Unincorporated Territory will be required to deliver, via email or certified mail a Pre-Engagement Confirmation Notice to the Local Body Administrator.</p>	<ul style="list-style-type: none">• A Pre-Engagement Confirmation Notice serves the purposes of (among others) beginning the collaborative work to establish an agreed upon community engagement plan and seeking to confirm applicable land-use details in relation to the proposed Project Site(s).
<p>Proponents with proposed Project Site(s) on Indigenous Lands, Municipal Lands, will be required to secure Indigenous Support Confirmation or Municipal Support Confirmation.</p>	<ul style="list-style-type: none">• Indigenous Support Confirmation confirms that the Proponent has undertaken community engagement activities for its Proposal to the satisfaction of the Indigenous Community.• Municipal Support Confirmation confirms that the Proponent has undertaken community engagement activities for its Proposal to the satisfaction of the Municipality and will confirm whether the proposed project site(s) is on Prime Agricultural Area or specialty crop area, and (if applicable) that the project will be subject to the Agricultural Impact Assessment requirements.

LT2 Contract Overview

Proponents that are successful in the LT2 RFP will be awarded either an energy or capacity contract depending on which stream they participate in.



LT2 Energy Contract

- 20-year term for new build resources beginning May 1, 2030, or sooner.
- If a project is located on Prime Agricultural Lands, then a successful proponent must complete an Agricultural Impact Assessment to the satisfaction of the municipality and provide the IESO with documentation confirming the same no later than 18 months post contract award.



LT2 Capacity Contract

- 20-year term for new build resources beginning May 1, 2031, or sooner.
- If a project is located on Prime Agricultural Lands, then a successful proponent must complete an Agricultural Impact Assessment to the satisfaction of the municipality and provide the IESO with documentation confirming the same no later than 18 months post contract award.

Overview of Agricultural Impact Assessment

Within the June 6 Ministerial Letter, the IESO was given policy direction that proponents wishing to participate in the LT2 RFP will need to:

1. Demonstrate municipal support to locate on lands subject to municipal land use authority
2. Where the project is located on Prime Agricultural Areas and is not ground-mount solar*, complete an Agricultural Impact Assessment (AIA) to the satisfaction of the municipality.

The IESO is working with the Ministry of Energy and Electrification and the Ministry of Agriculture, Food and Agribusiness to develop energy project specific processes and guidance.

More information about the current AIA process can be found here: [Agricultural impact assessments | ouso.ca](https://www.ieso.ca/ontario.ca)

*Ground-mounted solar projects are prohibited on Prime Agricultural Areas.

Key Sector Participants for New Electricity Supply



Delivers key services including operating the system, planning, enabling conservation, procurement, and designing a more efficient electricity marketplace.

Ministry of Energy and Electrification

Sets overall policies for the electricity sector.

Ministry of the Environment, Conservation and Parks

Legislative authority for environmental assessments in Ontario.

Ministry of the Agriculture, Food and Agribusiness

Legislative authority for agri-food sector in Ontario, including responsible for the Agricultural Impact Assessment process.

Ministry of Natural Resources

Legislative authority for resource sector, including responsible for Crown Land development process.

Ministry of Municipal Affairs and Housing

Legislative authority for municipal affairs, including responsible for Planning Act.

Electrical Safety Authority, Fire Chiefs of Ontario, and Health Canada

Agencies and authorities that determine safety and set standards for the safe maintenance and operation of electrical equipment.

Proponents

Submit proposed projects to the procurement process. If selected, proponents are required to secure approvals, complete engagements, and build and maintain the new supply projects.



Next Steps

Next Steps



Join the Indigenous or municipal discussion break-out session to ask questions and share feedback about the materials shared today.



The **IESO invites written feedback by December 4, 2024 for the LT2 RFP**. All written feedback should be submitted to engagement@ieso.ca.



For the LT2 RFP, the IESO will aim to continue engaging prior to the release of final RFP and contract.



To stay informed, please subscribe to receive email communications at www.ieso.ca/subscribe.

Thank You

STAY INVOLVED

- ✓ Learn more at www.ieso.ca/learn
- ✓ Subscribe to updates at IESO.ca/subscribe
- ✓ Download the IESO's Municipal Toolkit
- ✓ Join an engagement

CONTACT

- ✓ IndigenousRelations@ieso.ca
- ✓ CommunityEngagement@ieso.ca

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