

Ministry of Energy

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MC-994-2024-383

June 6, 2024

Ms Lesley Gallinger
President and Chief Executive Officer
Independent Electricity System Operator
1600 – 120 Adelaide Street West
Toronto ON M5H 1P1

Dear Ms Gallinger:

I would like to thank the Independent Electricity System Operator (IESO) on the great success of its initial competitive procurements. The first medium-term and long-term procurements were both very well executed and provided confidence to businesses and ratepayers that the province is on the right track to ensure a clean, affordable and reliable electricity system into the next decade.

Ontario has seen historic business investments, including those made by electric vehicle and battery manufacturers, as well as the electrification of the steel industry. At the same time, refurbishment schedules at Ontario's nuclear facilities and expiring electricity supply and capacity contracts mean that additional resources will be required to meet Ontario's growing needs.

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To continue attracting business investment and promoting economic growth in Ontario, the government is committed to a procurement framework that builds on Ontario's clean energy advantage to deliver a clean, affordable and reliable electricity system. To achieve this, the government is also committed to ensuring communities are not just adequately informed and involved, but that municipal councils actively approve the siting of energy generation resources. The government is also proud of its success in including local Indigenous communities in our province's energy future – with a majority of the recently procured energy storage projects having significant equity ownership by Indigenous communities, including Six Nations of the Grand River, Walpole Island First Nation, MoCreebec Eeyoud, Caldwell First Nation, Mississaugas of Scugog Island First Nation & Algonquins of Pikwakanagan First Nation.

The purpose of this letter is to fulfil the government's commitment that it would work with the agricultural community and municipalities on appropriate protections for prime agricultural areas. I understand that protecting Ontario's prime farmland is critical to the success of the agri-food industry. For this reason, I am pleased that the Honourable Lisa Thompson, Minister of Agriculture, Food and Rural Affairs has agreed to co-sign this letter with me on our proposed planning considerations for the agricultural sector, areas as they relate to ongoing electricity procurements.

To recognize the economic benefits that the agricultural industry provides, while supporting Ontario's growing electricity demand in a way that considers impacts to Ontario's agricultural land and farm businesses, we are currently considering the IESO's procurements would:

- Provide rated criteria points for projects that avoid prime agricultural areas.
- Ensure no new projects may be built in specialty crop areas as defined by the municipality's or Northern planning board's Official Plan (e.g., Holland Marsh, Niagara Peninsula Tender Fruit and Grape Area, etc.).
- Build upon the requirements in the Provincial Policy Statement and prohibit ground-mounted solar projects from prime agricultural areas as defined by the municipality's or Northern planning board's Official Plan.
- Require that all other eligible resource types may only locate on lands which constitute Prime Agricultural Areas if they have received municipal council support and completed an Agricultural Impact Assessment (AIA) to the satisfaction of the municipality.

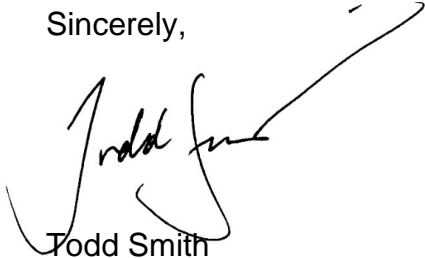
For clarity, I expect that for projects located outside prime agricultural areas such as on rural lands or lands designated for commercial or industrial purposes, an AIA will not be required.

We look forward to working with you on the finalization of these planning considerations, and the development of the design of future procurements, following which the government will determine the most appropriate next steps, including whether to issue one or more Minister's Directives to direct the IESO to implement the next steps.

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Please accept my thanks for the IESO's on-going leadership and engagement with stakeholders and communities to ensure the reliability and affordability of our electricity system.

Sincerely,



Todd Smith
Minister of Energy



Lisa Thompson
Minister of Agriculture, Food and Rural Affairs

- c: William (Bill) Sheffield, Board Chair, IESO
David Donovan, Chief of Staff to the Minister of Energy
Tara Barry, Chief of Staff to the Minister of Agriculture, Food and Rural Affairs
Jason Fitzsimmons, Deputy Minister of Energy
John Kelly, Deputy Minister of Agriculture, Food and Rural Affairs
Drew Spoelstra, President, Ontario Federation of Agriculture
Colin Best, President, Association of Municipalities of Ontario