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**JUNE 16, 2026**

# Long Term 2 (LT2) RFP - Window 2

# Disclaimer

This presentation and the information contained herein is provided for informational purposes only. The IESO has prepared this presentation based on information currently available to the IESO and reasonable assumptions associated therewith, including relating to electricity supply and demand. The information, statements and conclusions contained in this presentation are subject to risks, uncertainties and other factors that could cause actual results or circumstances to differ materially from the information, statements and assumptions contained herein. The IESO provides no guarantee, representation, or warranty, express or implied, with respect to any statement or information contained herein and disclaims any liability in connection therewith. In the event there is any conflict or inconsistency between this document and the IESO market rules, any IESO contract, any legislation or regulation, or any request for proposals or other procurement document, the terms in the market rules, or the subject contract, legislation, regulation, or procurement document, as applicable, govern.

# Territory Acknowledgement

The IESO acknowledges the land we are delivering today's webinar from 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.

# Engagement Principles

This engagement is conducted in accordance with the IESO's [External Engagement Framework](#), which includes the following principles:

- **Purposeful** – Initiate meaningful conversations that move the sector forward
- **Inclusive** – Invite many voices and diverse perspectives to the table
- **Timely** – Seek input and insight when it can have the most impact
- **Accessible** – Ensure we meet people where they are on their energy journey
- **Traceable** – Allow everyone to follow the path that is being taken
- **Transparent** – Show how engagement helped shape the final outcome

# Shared Commitment to Respectful Participation

To support a focused and constructive discussion:

- We will take questions one at a time; please use the "raise-hand" feature to enter the speaking queue
- We encourage concise and focused comments to allow time for multiple perspectives
- Participants are encouraged to raise relevant points during the discussion and provide more detailed feedback through the written submission process
- We ask that all participants maintain a respectful and professional tone throughout the session
- Facilitators will guide the discussion and manage participation to stay aligned with today's focus and agenda. Where necessary, we may disable a participant's microphone to manage participation

# Purpose

Discuss design considerations related to Window 2 of the Long Term 2 RFP, with specific focus on repowering and other procurement design elements currently under consideration. A high-level overview of the results of Window 1 of the LT2 RFP will also be provided.

# Agenda

Today's engagement will cover the following topics:

1. LT2(c-1) Results & LT2(e-1) Updated Results
2. MT3 RFP
3. LT2 RFP Window 2: Repowering
4. LT2 RFP Window 2: Other Procurement Design Elements



# Initial LT2(c-1) RFP Results & Updated LT2(e-1) RFP Results

# Recap: RAF Competitive Procurements to Date

Mechanism	Result (MW)	Resource Types	Commitment
MT1 RFP	<b>757</b>	1 wind facility 4 natural gas facilities	5-year contracts, 3 from 2024-2029, 2 from 2026-2031
E-LT1 RFP	<b>1,177</b>	15 storage projects 2 natural gas facilities	~20-year contracts, starting as early as 2025, ending in 2047 Natural gas contracts end in 2040
LT1 RFP	<b>2,194</b>	10 storage projects 2 natural gas facilities 1 biogas project	~20-year contracts, starting no later than 2028, ending in 2048 Natural gas contracts end in 2040
MT2(e) RFP	<b>995</b>	16 wind facilities 2 landfill gas facilities 1 biomass facilities	5-year contracts, 2 from 2026-2031, 5 from 2027-2032, 4 from 2028-2033, 7 from 2029-2034
MT2(c) RFP	<b>2,006</b>	8 natural gas facilities	5-year contracts, 5 from 2026-2031, 3 from 2029-2034

# LT2(c-1) RFP High Level Results

- The IESO **successfully met the 600 MW target** for the LT2(c-1) RFP. Together, these resources will help meet energy needs forecasted to emerge in the early 2030s and beyond.
- The LT2(c-1) RFP achieved robust competition and was 12x oversubscribed. Proposals were submitted for natural gas, bioenergy, combined heat and power and battery energy storage system (BESS) technologies.
- As announced on June 12<sup>th</sup>, the results of the LT2(c-1) RFP are:

**3**

Contracts signed  
For BESS

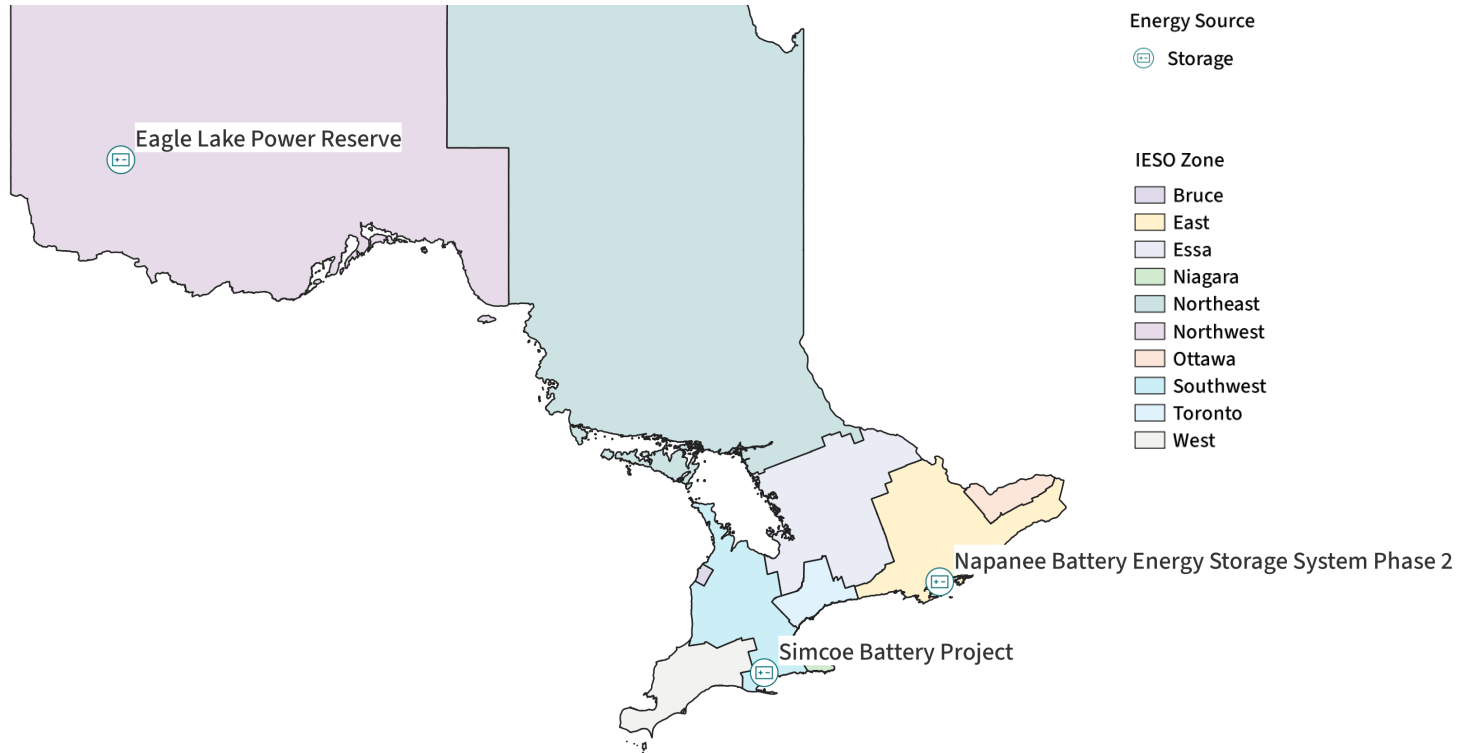
**640 MW**

Contracted capacity

## Key Insights

- Weighted Average Price: \$563.48/MW Business Day
  - 36% lower than the E-LT1 weighted average price for battery storage facilities.
  - 16% lower than the LT1 weighted average price for battery storage facilities.
- Projects located in the Northwest, Southwest, and East
- All 3 projects have at least 50% Indigenous participation
- All 3 Selected Proponents self-identified as Canadian Status Proponents

# LT2(c-1) RFP – Project Map



# Updated LT2(e-1) RFP Results

~4x

Oversubscription of proposals received

3.0 TWh

Original Target

0.63 TWh

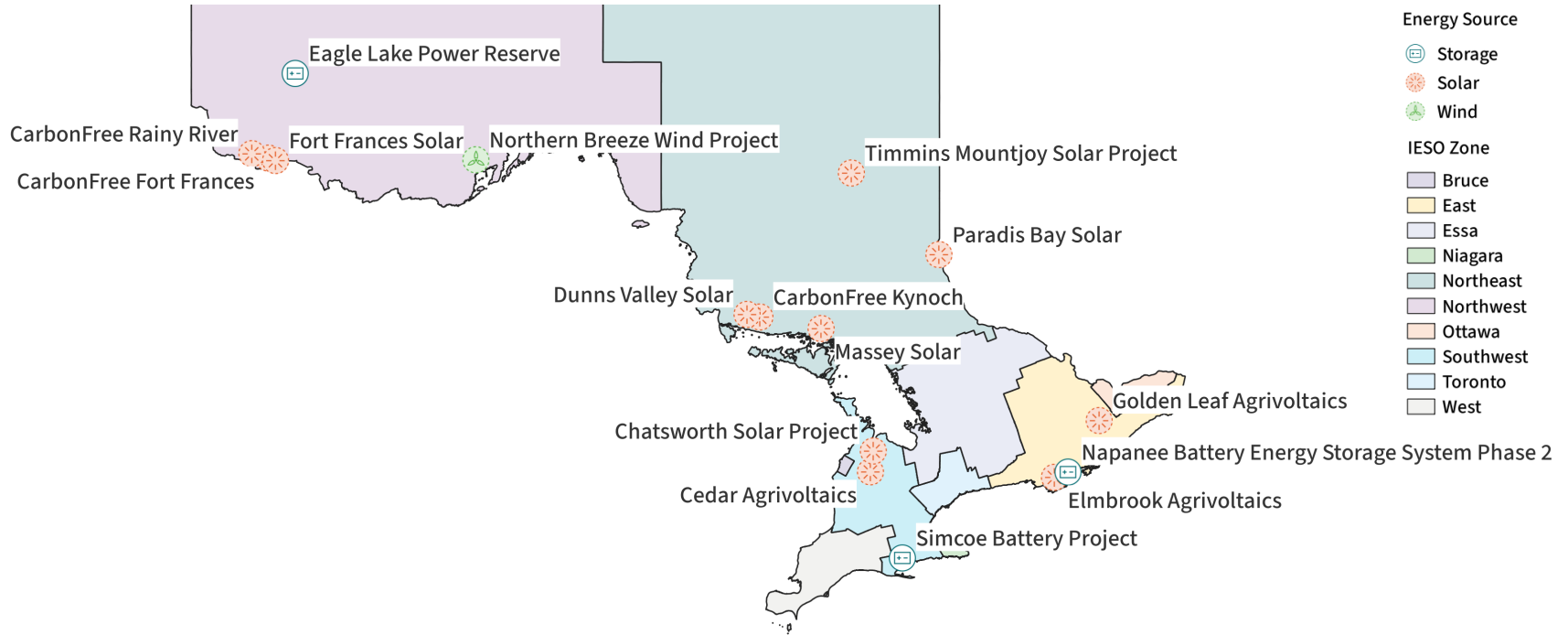
Shortfall

2.37 TWh

Amount of Target Achieved

- One Selected Proponent under the LT2(e-1) did not execute their awarded Contract. As a result, the procurement target was not achieved by approximately 628 GWh.
- The IESO will **increase the procurement target for new build electricity generating facilities for LT2 RFP Window 2 of the energy stream** to account for the LT2(e-1) RFP shortfall.
- The original preliminary annual energy supply procurement target for the energy stream of Window 2 of the LT2 RFP is 1 – 3 TWh. The IESO expects to confirm the final annual energy supply procurement target this summer.

# LT2 Window 1 Project Map – Energy and Capacity





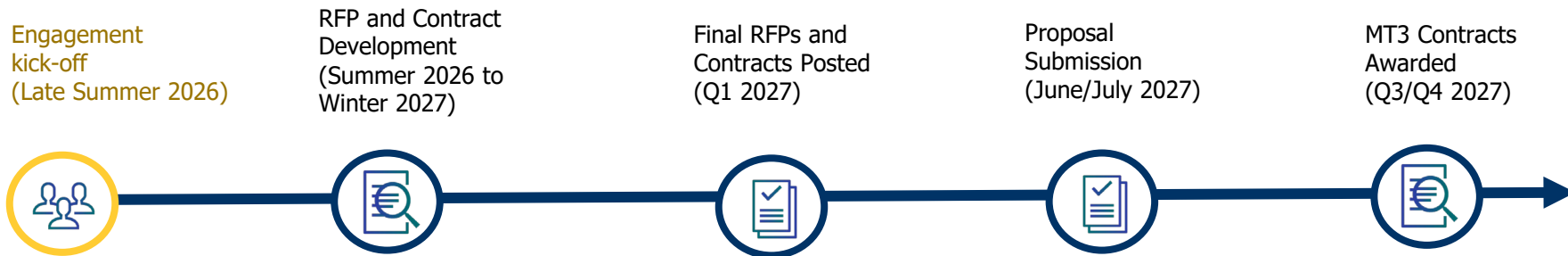
# Medium Term 3 RFP (MT3 RFP)

# MT3 RFP

- The MT3 RFP is third iteration of the IESO's competitive procurement for **existing resources** that re-contracts such resources for a new term of 5 years.
- Similar to the MT2 RFP, the MT3 RFP will consist of a capacity stream and an energy stream:
  - The energy stream will be similar to the MT2(e) RFP and Contract, with facilities subject to the Enhanced PPA revenue model.
  - The capacity stream will be similar to the MT2(c) RFP and Contract, with facilities subject to must-offer obligations during qualifying hours.

# MT3 RFP Timelines and Engagement

- MT3 procurement timelines are currently under development. Stakeholders are encouraged to visit the IESO's [Medium Term RFP homepage](#) and [subscribe to future updates](#)



## On-going engagement

The timelines presented above are approximate and are subject to change pending policy direction from the Ministry, and when final RFPs and Contracts are posted.



# Long-Term 2 RFP Window 2: Repowering

# Eligibility

## PATH A

### Existing Contract Holders

- Existing facility > 1MW in nameplate capacity
- Previously completed 20-year IESO/OPA/OEFC contract (or multiple contracts totaling 20 years)
- Currently has a Medium-Term Contract
- Will have completed a minimum of 3 years of their Medium-Term Contract as of May 1<sup>st</sup>, 2032

**Rationale:** Ensures existing facilities that have already opted for life extension via Medium Term Contracts fulfil a meaningful portion of their commitment before being eligible for a new LT contract.

## PATH B

### Alternate Path for Legacy Facilities

- Existing facility > 1MW in nameplate capacity
- Does not currently have a Medium-Term Contract
- Facility will have been in service for a minimum of 23 years as of May 1<sup>st</sup>, 2032

**Rationale:** Provides an additional eligibility pathway for existing facilities that do not currently have an Medium Term Contract, but whose age is comparable to those transitioning from Medium Term Contracts.

# Definition

Broad definition retained – no prescriptive equipment criteria.

- Stakeholder feedback indicated strong support for the broad repowering definition proposed in the previous LT2 engagement session. The IESO will not introduce prescriptive equipment replacement criteria.
- Proponents will specify contract capacity and imputed production factors as part of proposal submission and the existing LT2 contract obligations will act at the primary guardrail to ensure the repowered facility performs as expected.

## ADDITIONAL GUARD RAILS:

### Independent Engineer Certification

- Standard requirement for declaration of COD.
- Additional clause added for repowering projects that sufficient work has been completed on the previously existing facility such that it is reasonable to assume at least an additional 20-year useful life for the repowered facility.

### Performance Security – Under Review

- Previously proposed that performance security would **NOT** be reduced from completion security for repowering projects.
- Stakeholders were largely opposed to this proposal.
- Under further consideration from the IESO

# Deliverability Methodology for Repowered Facilities

Deliverability testing will only be required for repowering projects that increase their capacity relative to the capacity of the previously existing facility.

- Repowering projects that do not increase in terms of nameplate capacity will automatically be considered deliverable – including a PQ alternate. No capacity increase ensures that the repowering project will be deliverable.

Nameplate Capacity of Repowered Facility (relative to the capacity of the previously existing facility)	Deliverability Evaluation Required?
Decrease	No
Remains the same	No
Increase	Yes

# Additional Open Policy Items

*The IESO is currently in the process of engaging with government on the following challenges for existing facilities seeking to repower.*

1

## **Prime Agricultural Area Restriction for Ground Mount Solar Projects**

There are currently no existing ground mount solar projects that are eligible to repower under LT2 Window 2. However, in respect of future LT2 windows, as existing solar facilities begin reaching end of life, a barrier to repowering for many of them will be the fact that their project sites may already be located in Prime Agricultural Areas.

2

## **AIA Part I – Requirement to Demonstrate Evaluation of Alternate Sites**

Based on the current LT2 directive, any LT2 proposed project (other than ground mount solar) that is sited in a Prime Agricultural Area must first demonstrate having evaluated alternative sites. This requirement may not be feasible for existing wind, rooftop solar and biomass facilities looking to repower, as their project site is fixed.

3

## **Mandatory Requirement for Municipal Support**

While the IESO understands that obtaining municipal support for some existing resources may be challenging, the IESO is not anticipating any changes to the mandatory requirement for municipal support for all LT2 Window 2 proposals, including repowering projects.



# LT2 RFP Window 2: Other Procurement Design Elements

# Procurement Timelines

- Procurement timelines are under development and will need to be coordinated with activities related to the MT3 RFP and LLT RFP



## On-going engagement

The timelines presented above are approximate and are subject to change pending policy direction from the Ministry, and when final RFPs and Contracts are posted.

# Procurement Timelines (2)

**LLT RFP  
Contracts  
Awarded  
(no later than  
May 2027)**

Final  
Deliverability  
Guidance  
(by July 2027)

LT 2 Window  
Proposal  
Submission  
(Q2/Q3 2027)

**MT3 Contract  
Award  
(Q3/Q4 2027)**

LT2 Window 2  
Contract  
Award  
(Q1 2028)

Milestone Commercial  
Operation Date for LT2  
Window 2  
(2032)



The timelines presented above are approximate and are subject to change pending policy direction from the Ministry, and when final RFPs and Contracts are posted.

# Procurement Design Elements Under Consideration

- The IESO is considering several changes to procurement design elements informed by lessons learned from Window 1, government policy, and design evolution, for Window 2 of the LT2 RFP. The following slides provide an overview of some of these potential changes:

Domestic  
Content  
Requirements

Increased  
Proposal Fees

E-PPA Design:  
DA to RT  
Adjustments

Changes to  
Locational  
Rated Criteria

Barring  
Proponents not  
in Good Standing

Transparency  
& Information  
Disclosure

Communication/  
Announcement  
Reporting

# Domestic Content Requirements

- The IESO anticipates that Window 2 will likely include domestic content provisions intended to encourage Proponents to source materials and labour from Canada, and similar to those introduced under the Long Lead Time RFP (LLT RFP).
- Under the LLT RFP, proponents are required to submit a Supply Chain Disclosure Plan, which sets out the goods and services that meet certain requirements in connection with being sourced from Canada, as part of their proposals. The Proponents also have an option to commit to a certain percentage of their capital costs as being goods and services meeting certain requirements for being sourced from Canada, which entitles them to a reduction of up to 3% (depending on the level of commitment) in the proposal price that is used for the purposes of evaluation.
- In the coming months, the IESO will engage with government to determine the domestic content approach for LT2 Window 2, recognizing that key solar, wind and BESS components are typically manufactured outside Canada. Stakeholders are encouraged to review and provide feedback on the domestic content provisions in the [LLT RFP Ministerial Directive](#)

# LLT RFP Supply Chain Disclosure Plan

- Under the Long Lead Time RFP (LLT RFP), the Supply Chain Disclosure Plan, outlines a project's strategy for sourcing of goods and services, identifies the origin of those materials and labour, and provides rationale for any goods and services expected to be sourced outside of Canada.
- The Supply Chain Disclosure Plan is for informational, planning and policy development purposes only. There is **no minimum content level required unless** the Proponent elects to pursue the potential additional incentives outlined on the next slide.

## Domestic Content Provisions for goods (LLT RFP)

- Goods included in the Total Project Supply Chain Costs (as defined in the LLT RFP) that are expected to be manufactured within Canada, including from components sourced from outside Canada

## Domestic Content Provisions for services (LLT RFP)

- Services included in the Total Project Supply Chain Costs that are expected to be Canadian Status Services or supplied by Canadian Status Supply Chain Participant (all capitalized terms as defined in the LLT RFP)

# LLT RFP Committed Canadian Content Percentage Incentive

- If a Proponent elects to commit to sourcing a certain percentage (minimum of 60%) of the total portion of the Capital Cost (as defined in the LLT RFP) in respect of Construction Materials and Construction Labour (both terms as defined in the LLT RFP) to be paid in respect of Canadian Construction Materials and to Canadian Construction Labour Suppliers (both terms as defined in the LLT RFP), they will be eligible for a reduction of a certain percentage in the evaluated proposal price in the evaluation.
- Where this incentive is sought, proponents will be required to submit an attestation to the IESO at the time the project reaches commercial operation, confirming that the actual percentage achieved.
- If the proponent cannot demonstrate that they have met their Committed Canadian Content Percentage, they will be subject to liquidated damages, up to a maximum of \$5 million.

# Increased Proposal Fees

- As part of most resource procurements, the IESO charges a non-refundable application fee that must be included with each proposal. These fees support cost recovery and align with the principle of cost causation by ensuring proposal evaluation costs are borne by proponents rather than ratepayers.
- The current maximum proposal submission fee of \$10,000 was approved by the Ontario Energy Board (OEB) in 2006 and has remain unchanged since that time
- To address the increasing complexity and administrative requirements associated with energy and capacity procurements, including deliverability assessments, the IESO has applied to the OEB to **increase the maximum proposal submission fee to \$25,000 per proposal.**
- Subject to OEB approval and after considering stakeholder feedback, the IESO would intend to begin charging the increased proposal submission fee for LT2 Window 2.

# E-PPA Design: DA to RT Adjustments

- In May 2024, ahead of the introduction of locational marginal pricing and the Day-Ahead Market (DAM) in Ontario's energy market, the IESO implemented the Day-Ahead to Real-Time Adjustment (DARTA) mechanism as part of its Enhanced Power Purchase Agreement (E-PPA) design.
- DARTA was introduced in response to stakeholder requests for greater protection against Day-Ahead (DA) to Real-Time (RT) settlement risk, recognizing the challenges developers may face in assessing this risk without prior experience in day-ahead markets or access to historical Ontario DA and RT pricing data.

## E-PPA Design: DA to RT Adjustments (2)

- As indicated in May 2024, the **DARTA mechanism was intended as an interim measure** and was not expected to be carried forward into future energy procurements once the DAM established a sufficient operating history.
- Consistent with the IESO's long-standing view that market participants are best positioned to manage uncertainty related to next-day production, and recognizing that proponents will have access to over two years of historical DA and RT market pricing data by the Window 2 proposal submission deadline, the IESO is **considering removing the DARTA mechanism for LT 2 Window 2 and will provide an update at its next engagement.**

# Locational Rated Criteria

- As per the current Ministerial Directive, Window 1 of the LT2 RFP offered locational rated criteria points to proposals for projects sited in Northern Ontario, providing a competitive advantage by reducing the evaluated proposal price in evaluation.
- Locational rated criteria proved highly effective in LT2 Window 1, with contracted projects consuming a significant portion of available connection capacity in the North.
- The IESO is actively exploring options to enable additional capacity in the North for Window 2 and future LT2 RFP windows, with planned amounts and timelines to be communicated through Deliverability Guidance for LT2 Window 2 and future engagements.

## Locational Rated Criteria (2)

- The IESO is also considering the use of locational rated criteria to encourage strategically sited new-build projects on circuits with available transmission capacity or on circuits where a local system benefit has been identified in an IESO regional or bulk plan (i.e. increased thermal ratings, improved voltage stability, transmission investment deferral).
- Projects located in areas where a local system benefit has been identified may also provide interim deliverability benefits and support near-term system needs without requiring transmission upgrades.
- Additional details on locational rated criteria, along with other potential rated criteria categories under Window 2 of the LT2 RFP, will be shared by the IESO in the coming months.

# Barring Proponents not in Good Standing

- The IESO is considering **introducing exclusion criteria** for future procurements that **would prohibit participation by any Proponent**, including entities that Controlled the Proponent, **deemed by the IESO not to be in good standing** due to actions considered inconsistent with good faith conduct during a procurement process.
- Proponents determined not to be in good standing could be restricted from participating in future IESO procurements for a **period of three (3) years or more.**
- The IESO is currently evaluating the specific actions that may constitute a failure to act in good faith and will be providing further details at its next engagement.
  - An example of such act is if a Selected Proponent did not accept an awarded Contract under an IESO procurement.

# Transparency and Information Disclosure

- Many stakeholders indicated that the IESO should provide details on proposals that were unsuccessful in LT2 Window 1 while respecting the confidential information they contain, indicating that information on unsuccessful proposals can be anonymized through data aggregation in order to provide details on technology mix, project sizes, etc.
- Other stakeholders indicated that publicly disclosing information from unsuccessful proposals can risk eroding future competitive tension and exposing proprietary development strategies utilized by proponents.

# Transparency and Information Disclosure

- The IESO recognizes stakeholder feedback and acknowledges that other jurisdictions (i.e. British Columbia), provided insights into unsuccessful proposals for its recent renewable procurements.
- For Window 2 and beyond, the IESO is considering the release of additional information after the conclusion of each procurement, including: a list of unsuccessful proposals, details on the technology mix, project sizes, geographic distribution, submission volumes, and high-level reasons for non-selection. Details on new information conveyed will be provided in the coming months.
- Details conveyed for unsuccessful proposals would not include aggregated pricing statistics, project locations or other project details that can impact future competition dynamics for Proponents.

# Communication/Announcement Reporting

- Under the current LT2 Window 1 Contract, Suppliers are required to provide the IESO with a quarterly progress report from the contract start date until the commercial operation date, indicating project status and the progress of on-going design and construction work as part of their contractual obligations.
- In addition to the existing requirements, Suppliers contracted through Window 2 of the LT2 RFP may also be required to report on planned public communications regarding the facility and acknowledge that this information will be disclosed to the Ministry of Energy and Mines.



# Next Steps

## Next Steps

- The IESO invites stakeholder feedback on the materials presented today by **July 3, 2026**
- All written feedback should be submitted to [engagement@ieso.ca](mailto:engagement@ieso.ca) utilizing the IESO Feedback Form posted on the engagement webpage
- If you have any questions regarding the LT2 RFP, please send them to [LT2.RFP@ieso.ca](mailto:LT2.RFP@ieso.ca)

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# Thank You

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