



OCTOBER 14, 2026

Long Term 2 (LT2) RFP - Window 2

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Purpose

Discuss procurement design considerations related to Window 2 of the Long Term 2 RFP, with a specific focus on the draft LT2(e-2) and LT2(c-2) procurement documents posted on October 9th 2026.

Agenda

1. Procurement Targets and Timelines
2. Highlights from Latest Draft Documents
3. Stakeholder Feedback and Open Design/Policy Items
4. Deliverability Guidance
5. Next Steps



Procurement Targets and Timelines

Procurement Targets

- Energy
 - The **energy target** for Window 2 of the LT2 RFP will be **3.6 TWh**.
- Capacity
 - The **capacity target** for Window 2 of the LT2 RFP will be a **minimum of 400 MW**. The IESO expects the capacity target to be larger than this minimum and will confirm the final capacity target as soon as possible.

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)



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.



LT2 RFP Window 2: Key Changes and Posted Draft Documents

Highlights from latest LT2 Window 2 Drafts

The IESO posted a new set of draft LT2(e-2)/(c-2) RFPs and Contracts on October 9th, 2026. The following slides outline key changes currently reflected in the drafts (incorporating stakeholder feedback from the last engagement) and changes that can be anticipated in future drafts.

Rated Criteria

Non-Wires
Alternatives
Rated Criteria

Modification to
LT2(e-2) Non-
Performance
Charges

Rated Criteria

The Rated Criteria section that was omitted from the first set of draft documents has been filled in for both energy and capacity streams.

Criterion	Status	What it means	Points Possible
Indigenous Participation	Unchanged	Same structure and points as Window 1	6 (3 general, 3 local)
Location	- Expanded for LT2(e-2) RFP 1 fewer point for both streams	More regions are eligible for energy stream	2
Non-wires alternatives	New	Points for projects that meet specific requirements to defer or avoid transmission investment	1
Duration (capacity only)	Currently unchanged	Will depend on evolving value of energy storage discussion (Open Policy section)	3
Not on Prime Agricultural Area	Unchanged	Points for projects that are not located in Prime Agricultural Areas	3

Locational Points – Expanded for LT2(e-2) RFP

Previously locational rated criteria points were awarded to projects (both streams, any technology) located in the North. For LT2(e-2), locational rated criteria points will be expanded.

- For the **Capacity Stream**, the locational rated criteria framework will be the same as Window 1, except Proposals located in the North will earn 2 points instead of 3.
- The change from 3 to 2 points for Locational Rated Criteria was done in order to allocate 1 point to Rated Criteria for Non-Wires Alternatives (see next section) without diluting the value of other Rated Criteria categories.
- For the **Energy Stream**, 2 points will be awarded to **Non-Solar** Proposals located in the North, as well as to **ALL** Proposals whose connection points are in any of 3 specified electrical zones
- This change to locational rated criteria points under the Energy Stream was done to maximize the energy output of MWs in the North, as well as to incentivize Proposals where the Deliverability Guidance has shown there is more availability on the system.

Locational Points – Expanded for LT2(e-2) RFP

- Repowering proposals will **not** be eligible for Locational Rated Criteria points.
- Locational Rated Criteria points under the LT2(e-2) RFP will be awarded to Proposals located in the following electrical zones:

North

Non-solar projects only
2 points

East

All projects
2 points

West

All projects
2 points

Southwest

All projects
2 points

Points for Non-Wires Alternatives (NWAs)

Projects that can defer or avoid a transmission investment, as identified in the IESO's Bulk and Regional Plans and the Preliminary Connection Guidance for LT2w2 Deliverability Guidance, are eligible for an additional Rated Criteria point.

What qualifies

- Proposals of specified technologies on specified circuits
- Up to a maximum specified amount of Contract Capacity for each NWA

How points are awarded

- 1 point for any Proposal that meets the specified criteria
- Once sufficient MWs have been added to the Offer List to meet a specified NWA need, any remaining Proposals on the Preliminary List that meet the specified criteria will no longer receive a point for meeting this specified need.

Points for Non-Wires Alternatives (NWAs)

The following NWA needs have been identified for Window 2. More information on the NWA needs and the associated Bulk or Regional Plans is available in Section 8 of the Preliminary Connection Guidance for LT2w2 Deliverability Guidance.

Specified Circuits	Size of need	Specified Technology	Repowering Projects Eligible?	Points Possible
Sault Ste Marie 115 kV System (ALGOMA1, ALGOMA2, ALGOMA3, CLERGUE1, CLERGUE2, LEIGHBY1)	95 MW	Natural Gas	Yes	1
Kirkland Lake 115 kV System (K4)	50 MW	Solar or Natural Gas	No	1
Belleville DESN (Belleville DESN or any LDC feeders that feed into Belleville DESN, H23B and/or T25B)	10 MW	Solar	No	1
Belleville DESN (Belleville DESN or any LDC feeders that feed into Belleville DESN, H23B and/or T25B)	60 MW	Storage	No	1

LT2(e-2) Non-Performance Charges (NPCs)

The IESO has conducted post-mortem analysis of procurement outcomes from LT2 Window 1. This analysis has surfaced two design issues which could impact desired competitive dynamics.

1. The uniform threshold for incurring NPCs could benefit more predictable resource types

- Year-over-year, solar output varies much less than other resource types in the energy stream, such as wind.
- Analysis of historical actual production factors of existing wind and solar resources shows that standard deviations between the technologies differ by a factor of 2.
- As compared to wind, a 20% NPC threshold gives solar room to overstate its annual imputed production factor with less risk of incurring NPCs.

2. Monthly Imputed Production Factors that are not reflective of actual capability

- It is possible to set imputed monthly production factors to values that are not reflective of the actual capability. For example, including production factors that are higher or lower than could realistically be achieved by a particular resource type.
- As long as these unrealistic monthly values average out to a reasonable annual average, NPCs are unlikely to be incurred.

1. Different NPC Thresholds for Solar and Wind

Previous Non-Performance Charge formula from LT2(e-1) contract:

$$NPC_y = IFP_{AVGy-3} \times [PFS_y - 0.2] \times CC \times Th_y \times IPF_{AA}$$

Constant value of 0.2 has been changed to a technology specific variable (PFST) in latest draft LT2(e-2) contract:



2. Closing the Monthly Production Factor Gap

- Certain LT2 Window 1 proposals submitted Monthly Imputed Production Factors (IPFs) that do not correspond to a realistic production profile for a given resource type.
 - In the extreme, a proponent could maximize contract payments by maximizing deemed production in shoulder months when market prices are expected to be low and minimizing deemed production in peak months when prices are expected to be high.
- The vast majority of Proposals submitted to LT2(e-1) do not appear to have taken this approach; rather their IPFs align with production profiles that could reasonably be expected for their resource types. However, a small number of Proposals do appear to have taken this approach.
- Taken together, these two design issues could lead to either the IESO paying a higher \$/MWh price for a given resource than the bid price would imply or impacting competition dynamics.
- The IESO will be taking steps to mitigate this possible bidding behaviour going forward.



Open Procurement Design and Policy Items

Open Procurement Design and Policy Items

The following slides outline key outstanding procurement design and policy items that are not yet resolved.

Reflecting the
Evolving Value of
Energy Storage

Repowering – I.E.
Certification
Language

Regulation
Readiness

Policy Items

Reflecting the Evolving Value of Energy Storage

- On September 17, 2026 the IESO held a stakeholder engagement to discuss evolving the internal planning methodology for accrediting the capacity contributions of different resource types.
- The new methodology is expected to show reduced capacity contribution from energy storage due to the IESO having recently procured over 3,500 MW of storage, the shape of the forecast demand curve, and the energy limited attributes of energy storage compared to other resource types.
- In 2025, The IESO published a technical paper that found the reliability value of additional storage declines as penetration increases*.
- On October 22, the IESO will continue to engage with stakeholders to discuss the updated capacity value of energy storage and explore how these values can be shared with stakeholders-
- The IESO is considering how to reflect the evolving value of energy storage in resource procurement design for the LT2 RFP. Following the October 22 engagement, the IESO will engage stakeholders with a proposed approach and seek feedback.

*See the IESO's *Effective Load Carrying Capacity of Energy Storage* technical paper for further discussion of declining marginal capacity value

Repowering: I.E. Certification Language

What we heard:

- Majority of stakeholders expressed support for the current approach
- One stakeholder expressed concerns regarding I.E.s willingness to sign off based on current language

IESO Response:

- The IESO is still considering specific language for I.E. certification.
- Stakeholders are encouraged to share the current framework with I.E.s that they plan to use for their projects and share any concerns/feedback with the IESO.

Regulation Services Readiness

What is Regulation?

- Regulation service is one of four Ancillary Services that the IESO utilizes to ensure the reliable operation of the power system.
- It allows the IESO to meet NERC Reliability Standards by continuously responding to small mismatches between supply and demand within less than 5 minutes.
- Regulation provides minute-to-minute balancing to ensure electricity supply matches demand and is currently provided by generation facilities with Automatic Generation Control (AGC) capability, which permits them to vary their output in response to signals sent by the IESO.

Regulation Services Readiness

- With an increasing penetration of variable generation resources and industrial loads with highly fluctuating load profiles connecting to the grid, the IESO is forecasting an increased need for regulation services in the future
- To encourage resources to be ready to respond to this need in the future, the IESO is considering adding a **mandatory requirement or rated criteria** to require/incentivize facilities to install the required equipment to be ready to provide regulation services in the future.
- For greater clarity, the IESO is proposing that the requirement under the LT2 RFP would only be to have the facility be "regulation ready", regulation services would be secured/paid for separately through the mechanism that exists at the time regulation needs are identified.

Regulation Services Readiness

- The IESO is proposing that any mandatory requirements/rated criteria would apply/be available to conventional resources under the **capacity stream** that are able to provide a 20 MW range (± 10 MW regulation) above their minimum loading point (MLP)
- In order to be considered "regulation ready" a conventional facility would need to:
 - have a minimum ramp rate of 5 MW/min; and be capable of receiving and following regulation signals every 4 seconds or less (further details related to responding to signals are outlined on the next slide)
- Minimum regulation capacity requirements for BESS under the capacity stream are being established under ERP and BESS ramp rates are expected to be sufficient

Regulation Services Readiness

Further details on Telemetry and IT Requirements:

- The resource or facility's programmable logic controller (PLC) system (or alternative control system, as applicable) must be able to receive the setpoints sent by the AGC system, and the associated control system must be able to adjust the response mechanism (dependent on the technology type) accordingly to change the output of the resource/facility according to the setpoint.
- The IESO is seeking feedback from stakeholders to understand potential cost and/or development timeline impacts to have the facility be "regulation ready" and any other information the IESO should consider when exploring this mandatory requirement/rated criteria. Relevant market rules and manuals are referenced in Appendix A.

Open Policy Items

- There are several open policy items that require further direction from government before they can be incorporated into the draft LT2 procurement documents.
- The IESO will provide updates to stakeholders as soon as possible on the following items:
 - Targeted agricultural land use exemptions for repowering projects
 - Targeted agricultural land use exemptions for agrivoltaics
 - Canadian content



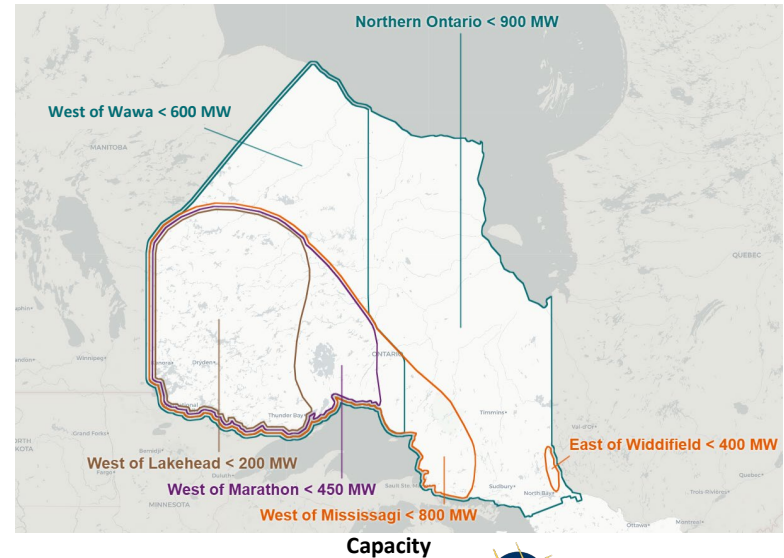
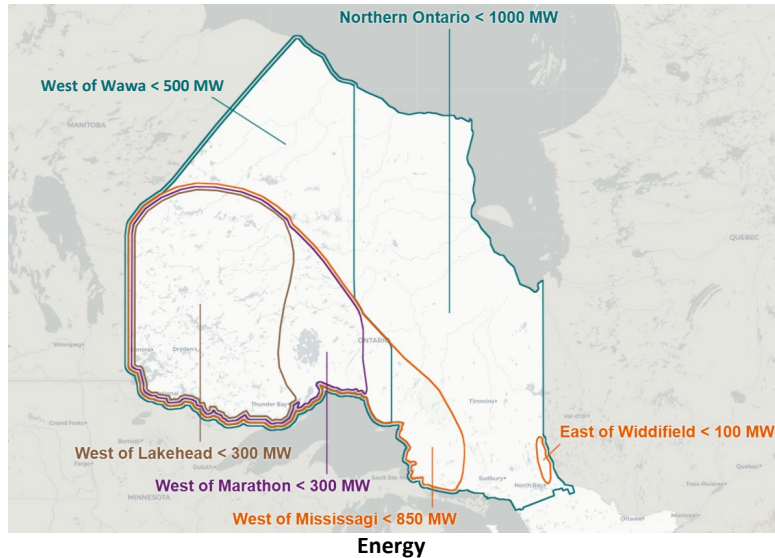
Deliverability Guidance

Deliverability Methodology and Guidance for Window 2

- The IESO plans to release this week:
 - Deliverability Test Methodology – to inform participants of how the Deliverability Test will be performed for the LT2(e-2) and LT2(c-2) RFPs
 - Preliminary Connection Guidance – to inform project siting decisions to maximize the success of projects through the LT2 RFP evaluation processes. The document incorporates both Energy and Capacity stream information
- Similar to Window 1, the guidance document has been prepared with support from Hydro One Networks Inc. (HONI)

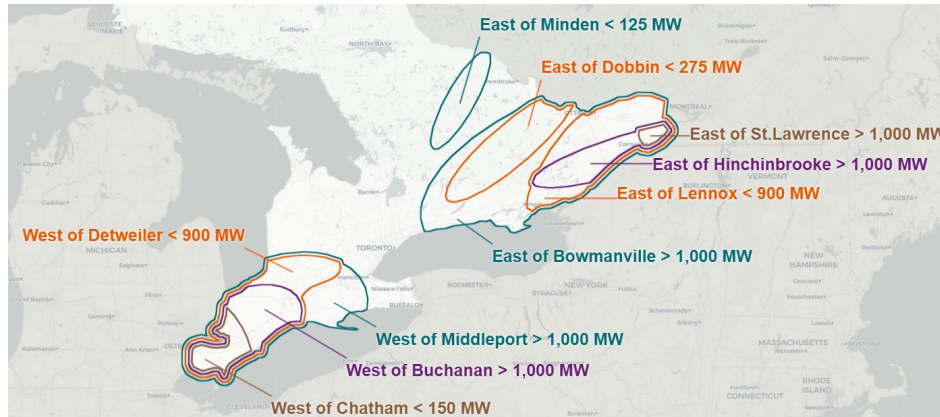
Deliverability Guidance for Window 2 – Area Congestion Limits (North)

- The area limits are an estimate of the resources that could connect into the area upstream of the identified station
- There's limited room in the North due to the volume of projects received in LT2 Window 1. Some of this capacity is opened up through North-South reinforcement in 2032 which paves the way for unlocking additional capacity in Windows 3 and 4.

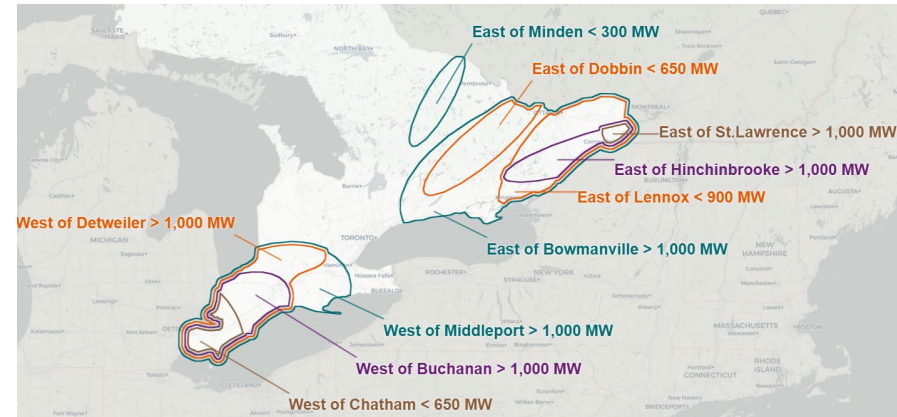


Deliverability Guidance for Window 2 – Area Congestion Limits (South)

- There is more room available in Eastern Ontario and part of Southwestern Ontario, now with the inclusion of Regional and Bulk System transmission reinforcements up to 2032.



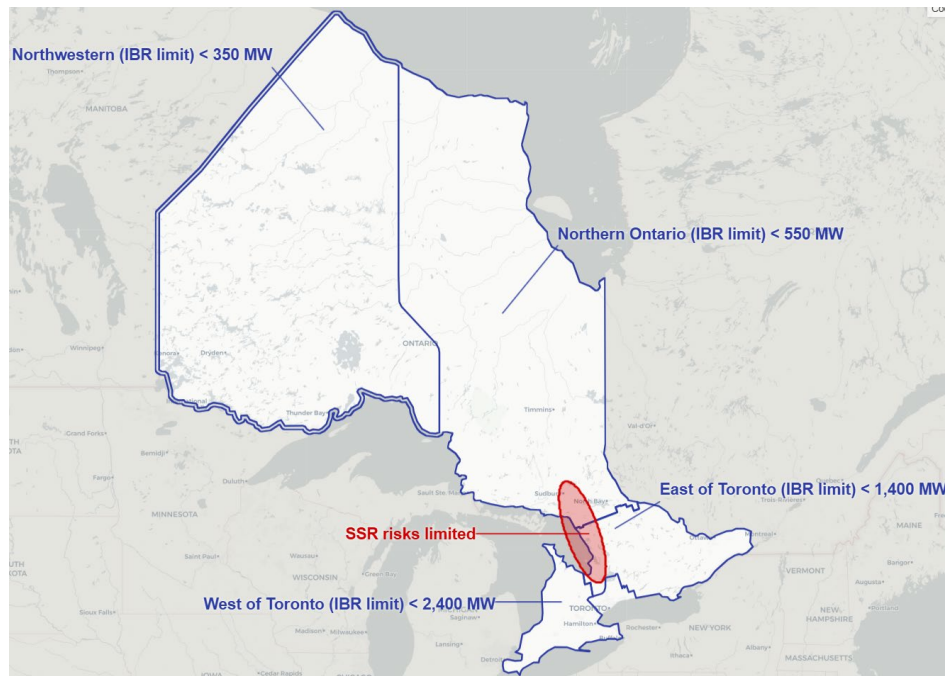
Energy



Capacity

Deliverability Guidance for Window 2 – SSCI IBR Limits

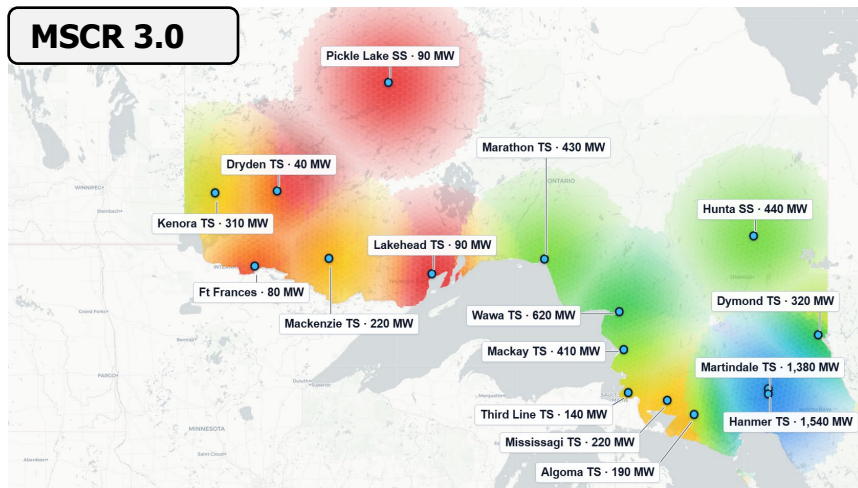
- IBRs have a history of oscillating under certain system conditions, typically when they are in proximity of other IBRs in weakly connected systems
- Similar to Window 1, the IESO conducted a regional scan to approximate the amount of IBR generation that could connect to different parts of the grid with minimal risk of introducing undesirable sub-synchronous control interactions (SSCI)
- Notably, these values assume the IBRs have a minimum short-circuit ratio (MSCR) = 5



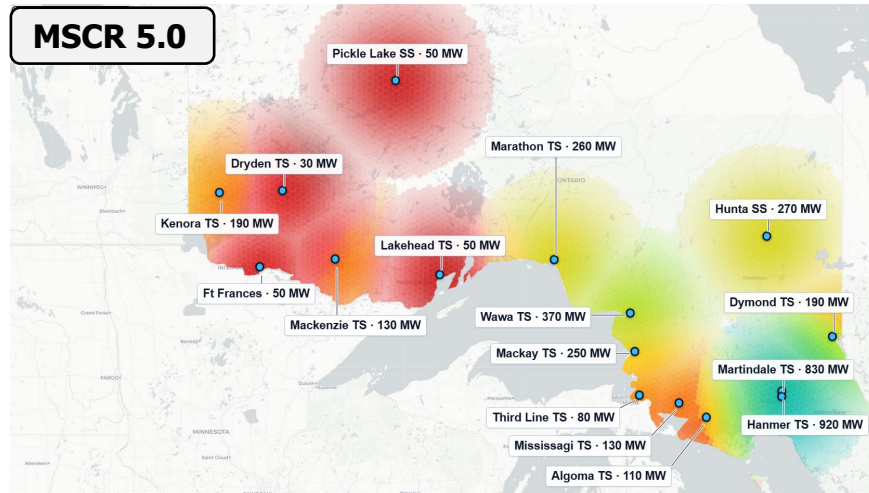
Deliverability Guidance for Window 2 – SSCI IBR Limits

- The room available to connect IBRs at various points on the system is dependent on the system strength at the connection point and what the IBR equipment requires for reliable operation
- The LT2W2 guidance shows how the capacity for IBR resources increases by being capable of operating at lower MSCR levels or using grid-stability solutions
- As part of the Deliverability test for LT2W2, the IESO will consider the MSCR rating of the project along with accompanying grid stability solutions (e.g Grid-forming (GFM) technologies or synchronous condensers)

MSCR 3.0



MSCR 5.0



Deliverability Guidance for Window 2

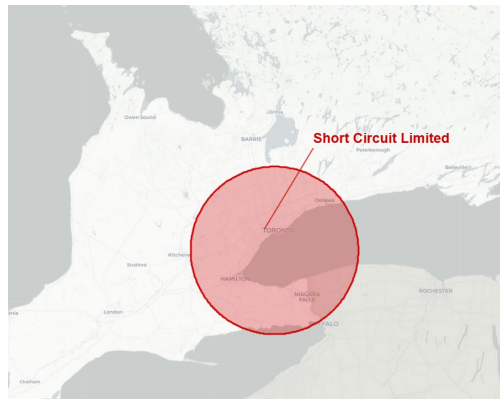
The following limitations remain similar to LT2 Window 1:

- Interties and stability limited circuits are 'not allowed'

- Circuits classified as not allowed due to Sub-synchronous resonance (SSR) risks

- HONI Owned Circuits to avoid due to line protection constraints

- Stations with Short-Circuit Limitations (HONI)



Approximate Region to Avoid Due to Short-Circuit Limitations

Deliverability Guidance for Window 2 – Next Steps

- To better support developers, the IESO will publish new interactive Circuit Availability Maps which will contain information from the LT2 Window 2 Preliminary Connection Guidance document.
- Target release: November
- The IESO will begin consultations following the release of the Guidance document.

A glance ahead at Window 3

The IESO expects the following to be reflected in the initial draft of Window 3 deliverability guidance:

- Availability North of Sudbury is expected to increase in the neighborhood of ~500 MW
- Area congestion limits in the East and West of Toronto electrical zones are not expected to change significantly
- The treatment of short-circuit and protection limits from LT2 Window 2 are expected to continue for LT2 Window 3

New Transmission Projects Considered for Window 3	Zone
Kirkland Lake TS to Dymond TS 230 kV single circuit	Northeast
Kirkland Lake TS to Ansonville TS 230 kV single circuit	Northeast
Hunta TS to Pinard TS 230 kV single circuit	Northeast
Hunta TS to Kapuskasing TS 230 kV single circuit	Northeast
Hunta TS to Porcupine TS 230 kV double circuit	Northeast
Pinard TS two 230/115 kV autotransformers	Northeast
Kirkland Lake Area New 230 kV yard with two 230/115 kV autotransformers	Northeast
Hunta new 230 kV yard with one 230/115 kV autotransformer	Northeast
Kapuskasing new 230 kV yard with one autotransformer	Northeast
New 2-CCT 230 kV Transmission Line from Meadowvale to Hurontario	Southwest
Hurontario reconfiguration (potential switching station)	Southwest



Next Steps

Next Steps

- The IESO invites stakeholder feedback on the materials presented today by **October 30th, 2026**
- The draft LT2(e-2)/(c-2) RFPs and Contracts can be found on the [LT2 website](#)
- All written feedback should be submitted to 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

Thank You

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Appendix

Telemetry and IT Requirements for Regulation Service Providers

- Market Rules Chapter 0.5, Appendix 5.1, Sections 1.1.1 and 1.1.2
- Market Rules Chapter 0.4, Section 7.3
- Market Rules, Chapter 0.4 Appendices 4.15 and 4.19
- Market Manual 0.6.0: Participant Technical Reference Manual, Sections 3 and 4

Control System Performance Requirements for Regulation Service Providers

- Market Rules Chapter 0.5, Appendix 5.1, Sections 1.1.6 and 1.1.7
- Market Manual 0.6.0: Participant Technical Reference Manual, Sections 3 and 4
- Market Rules Chapter 0.4, Appendix 4.2, Categories 1, 2 and 3, and associated requirements:
 - NERC standards MOD-027 and PRC-024
 - Ontario Resource and Transmission Assessment Criteria (ORTAC)
- Market Manual 0.1.6: Performance Validation
- IESO Form 58, Form 69, and Form 70

Ramping Requirements for Regulation Service Providers

- Market Rules Chapter 0.5, Appendix 5.1, Sections 1.1.3, 1.1.4, and
- Market Rules Chapter 0.5, Section 4.4.2

Testing Requirements for Regulation Service Providers

- Market Rules Chapter 0.5, Section 4.9.2.6