

FEBRUARY 9, 2024

LT2 RFP Engagement Webinar

IESO

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Purpose

1. To provide an overview of Ontario's emerging system reliability needs and how the upcoming Long Term 2 (LT2) procurement will help to competitively acquire energy and capacity to meet those needs
2. To present relevant information related to siting, environmental approvals, and accessing Crown Lands

Agenda

1. Overview of Emerging System Reliability Needs and the LT2 RFP
2. Presentation by Ministry of the Environment, Conservation and Parks (MECP)
3. Presentation by Ministry of Natural Resources and Forestry (MNRF)



Overview of Emerging System Reliability Needs and the Long-Term 2 RFP (LT2 RFP)

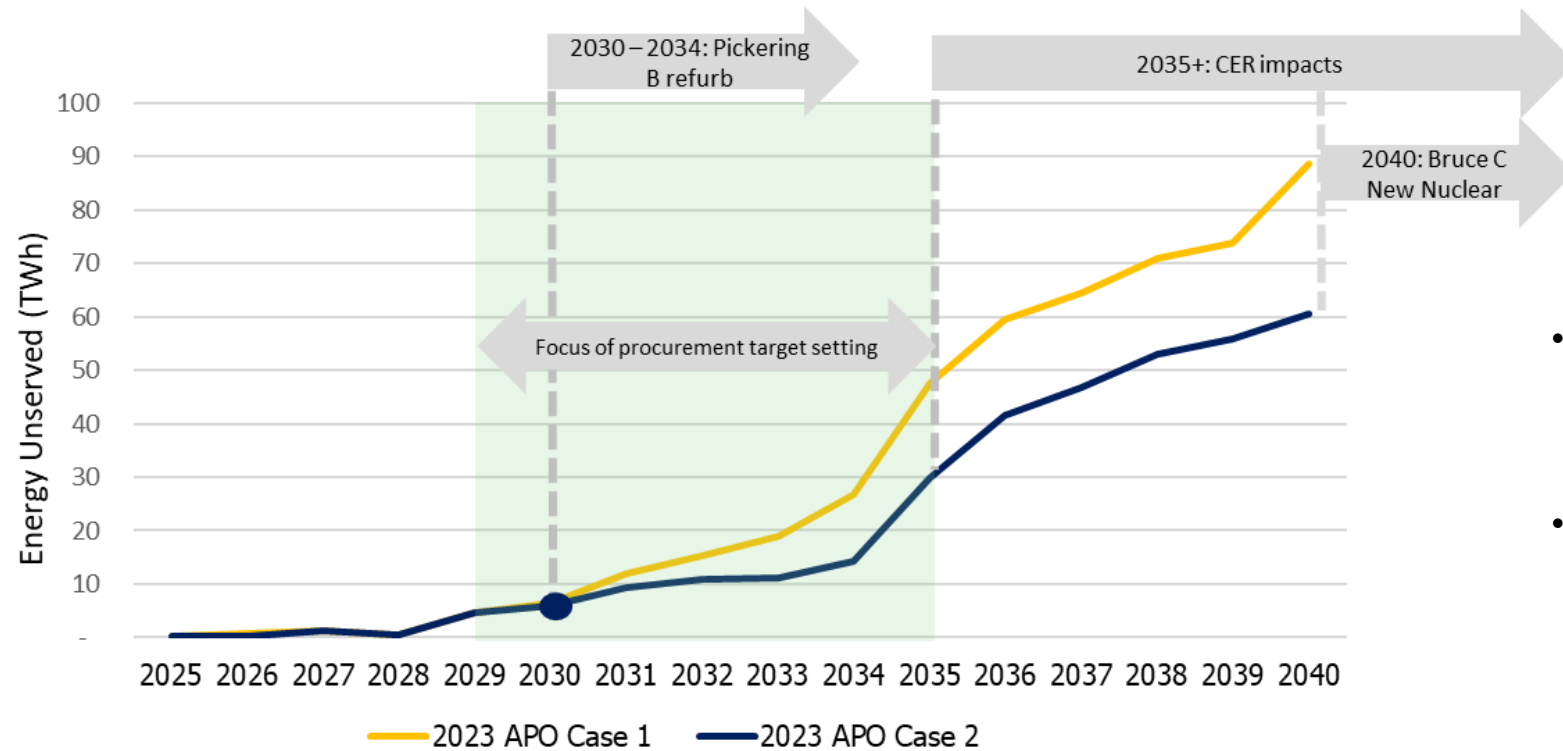
Ontario's Emerging System Needs

- The energy transition is moving forward at a rapid pace to support population and economic growth and climate change goals. With new supply on track to meet demand peaks mid-decade, the IESO is now addressing overall **energy needs** going into the 2030s and beyond
- With contributions from previous and in-flight actions, and subject to upcoming federal and provincial policies, the IESO sees a need for approximately **5 TWh** of energy beginning at the end of the decade and growing through the 2030s
- A number of procurement actions will need to be executed for both existing and new resources to ensure the IESO can meet needs by 2030 and prepare for a larger energy transition next decade

Ontario's Emerging System Needs: Procurement

- In order to meet the energy needs identified in the upcoming 2023 APO, the IESO will need to procure approximately **2,000 MW** (installed capacity) of **energy** producing resources by 2030.
- This energy need is in addition to the capacity procured by the E-LT1 and LT1 RFPs, as well as medium-term procurements. The target for the LT2 RFP is expected to be further refined, but it should be noted:
 - The target (in terms of installed capacity) is an approximate representation of the volume of resources that will need to be procured, based on their expected production profiles

Ontario's Emerging System Needs: Energy



- **Case 1** shows need with no re-commitment of existing resources when contracts end
- **Case 2** accounts for impact of actions from Powering Ontario's Growth (Small Modular Reactors, etc.)

Proposed LT2 RFP Timeline

Dec 2023
Engagement
kick-off

March 2024
Report back to
government

Q3 2024
Draft RFP &
Contract

Q4 2024
Final RFP &
Contract

Mid 2025
Proponent Proposal
Submission Deadline

2030
Resource In-
Service



On-going engagement



LT2 RFP: Resource Eligibility

For the LT2 RFP the IESO expects to procure **non-emitting, energy producing resources that are enabled in the IESO-administered markets**; including new-build resources and repowered facilities. Long lead time resources will also be considered in the LT2 RFP.

New-Build Resources

- New generation facilities
- DERs (enabled in IESO markets)
- Long lead time resources

Repowered Facilities

- Eligible repowered existing facilities
- Long lead time resources

Procurement Design Considerations

The IESO has taken the following considerations into account in planning the eligibility for the upcoming LT2 RFP:

- **Non-emitting resources:** For the LT2 RFP, the IESO has been asked by the Ministry of Energy to review the role of existing assets and new non-emitting electricity resources that can be in-service by 2029 including wind, solar, hydroelectric, storage and bioenergy
- **Energy needs:** To meet system needs, the LT2 RFP will need to acquire resources with energy-producing profiles
- **Local Body Governing Support:** The IESO intends to make obtaining municipal support ahead of proposal submission a mandatory requirement (discussed further in the following slide), while evidence of Indigenous support will be required if the project is located on Indigenous lands

Procurement Design Considerations (2)

- **Indigenous and Community Engagement:** Indigenous and community engagement will continue to be a mandatory requirement under LT2 RFP.
- **Indigenous Participation:** The LT2 RFP is expected to award rated criteria points for Indigenous community participated, the exact amount of rated criteria points is yet to be determined.
- **In-service by 2030:** Resources must be able to be deployed by the end of the decade. The proposed milestone date for commercial operation (“milestone COD”) is May 1, 2030

Summary

Emerging energy need: Forecasts project a need for approximately **5 TWh** of energy beginning in 2030 and expected to grow significantly through the 2030s

LT2 RFP procurement focus: The LT2 RFP will focus on meeting system needs in 2030 and beyond, with an anticipated target of **~2,000 MW**

Resource Characteristics: Non-emitting, energy producing resources, enabled in the IESO-administered markets

Resource Eligibility: New-build resources, repowered facilities, long lead time resources with local body governing support and Indigenous and community engagement requirements

Timelines: Proposed milestone date for commercial operation is May 1, 2030



Thank You

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