



MAY 21, 2025

Long-Term 2 RFP Stakeholder Engagement

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Agenda

Today's engagement will cover the following:

1. MT2 RFP Results Recap
2. LT2 RFP Status and Timeline
3. LT2 RFP and Contract Updates
4. Response to Stakeholder feedback
5. LT2 RFP Deliverability Update
6. Next Steps



MT2 RFP Results Recap

MT2 Procurement Outcomes

- Five-year contracts have been awarded to 28 facilities (3,002 MW). This group of facilities includes wind, gas, biomass, and storage.
- Projects under the capacity stream will make investments and upgrades to extend the life of their facilities at a cost that is **65% lower** than building a new gas generation facility.
- Projects under the energy stream, including almost 1,000 MW of wind generation, were procured at a cost that is approximately **21% lower** than their previous contracts.
- First procurement to utilize the IESO's new Enhanced Power Purchase Agreement, a revenue model for energy-producing resources that incents more efficient system operation and that is aligned with the IESO's renewed markets.

Recap: MT2 RFP High Level Results

The MT2 RFP sought to competitively re-commit existing resources with contracts expiring over the 2026-2029 period. As announced on May 9, the results of this procurement are:

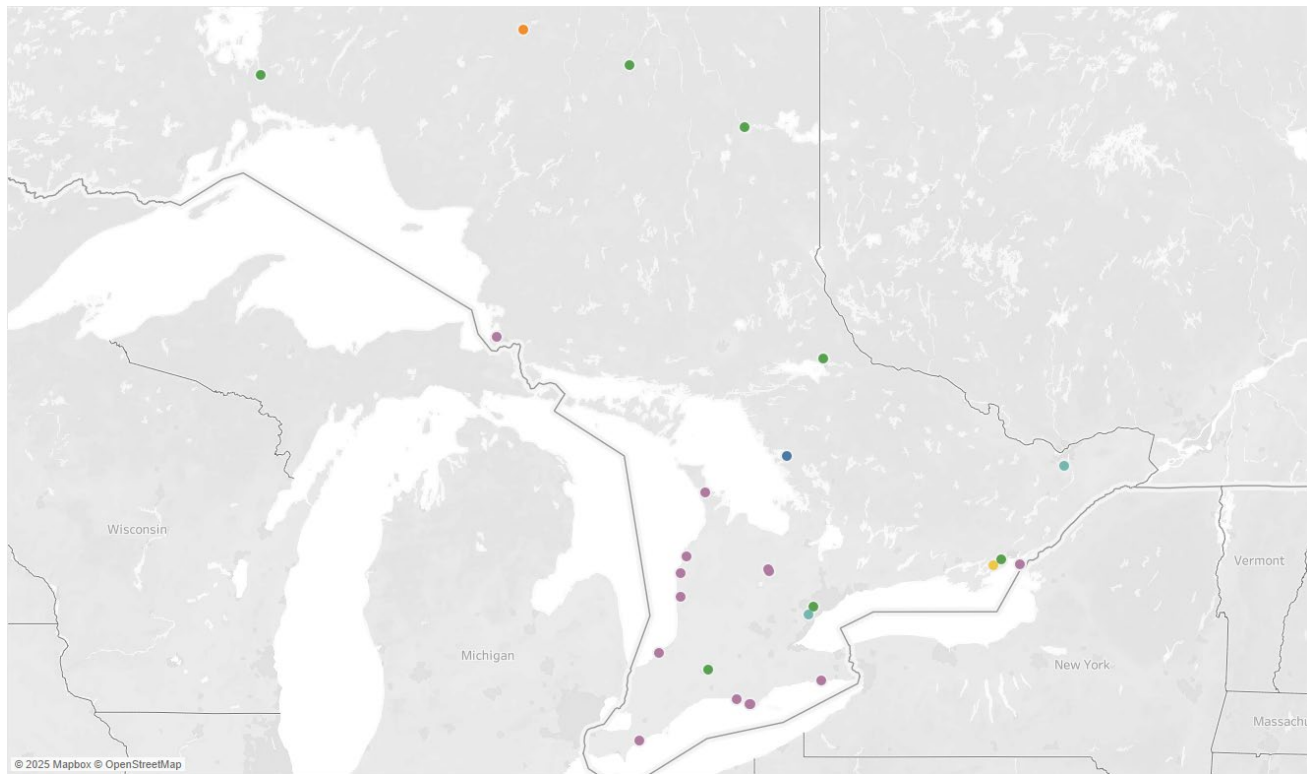
Capacity Stream

Proposals Received	13 Proposals: 2152.07 MW
Proposals Selected	9 Proposals: 2007.12 MW
Weighted Average Price	\$598.22/MW-business day

Energy Stream

MT2(e) Proposals Received	19 Proposals: 994.97 MW
MT2(e) Proposals Selected	19 Proposals: 994.97 MW
Weighted Average Price	\$79.55/MWh

MT2 RFP Results



Energy Source

- Battery Energy Storage System
- Biomass
- Landfill Gas
- Natural Gas
- Natural Gas and Residual Fuel Oil capability
- Wind



LT2 RFP Status and Timeline

LT2 RFP Proposal Submission Deadlines

The IESO published revised draft LT2 RFPs and Contracts on May 15, 2025, and intends to publish final procurement documents in June.

The following Proposal Submission deadlines will apply:

- LT2(e-1) RFP: **October 16th, 2025**
- LT2(c-1) RFP: **December 18th, 2025**

Milestone Date for Commercial Operation of May 1, 2030 and Early Commercial Operation Date (COD) Payment Multipliers will remain unchanged.

Timeline for the First Submission Window

The IESO is proposing the following timelines* for the first LT2 RFP submission window:

Milestone	LT2 (e-1)	LT2 (c-1)
Final Documents Released	June, 2025	June, 2025
Deadline for Questions and Comments	July 15, 2025	July 25, 2025
IESO's Deadline for issuing Addenda	July 31, 2025	August 21, 2025
Registration Deadline	August 29, 2025	September 19, 2025
Proposal Submission Deadline	October 16, 2025	December 18, 2025
Target date for notification to Selected Proponents	April 14, 2026	June 16, 2026

*Timelines are draft and are subject to change



LT2 RFP and Contract Updates

Overview of LT2 RFP/Contract Design Items

LT2 RFP/Contract Updates

- Post-Proposal Applicable Tariffs
- Gas Turbine Delivery Delay
- Multiple Connection Points in the EPPA
- Crown Land Site Report and Applicant of Record Data
- Projects Located In Prime Agricultural Areas

Post-Proposal Applicable Tariffs

- The IESO recognizes the uncertainty and risk posed by evolving global trade conditions and new US/Canadian tariffs.
- To help mitigate these risks, the IESO will introduce an **Adjustment for Post-Proposal Applicable Tariffs**, enabling Suppliers to revise their Proposed Proposal Price.
- **Post-Proposal Applicable Tariffs** refer to import tariffs imposed by a Governmental Authority *after* the Proposal Submission Deadline that apply to the Facility upon import into Canada.

Post-Proposal Applicable Tariffs Requirements

- Suppliers are required to use Commercially Reasonable Efforts to avoid or mitigate the impact of any Post-Proposal Applicable Tariffs.
- If total capital costs for the development and construction of the Facility increase by **more than 10%** directly due to such tariffs, the Supplier may submit a Tariff Adjustment Notice with supporting evidence to the IESO.

Post-Proposal Applicable Tariffs Notice

- Suppliers may submit up to **two** Tariff Adjustment Notices (TANs):
 - **First TAN:** No earlier than 6 months after Contract Award.
 - **Second TAN:** May be submitted if additional Post-Proposal Applicable Tariffs are imposed after the first TAN is accepted.
 - Must be submitted no later than 12 months before the Milestone Commercial Operation Date (MCOD).
- The IESO, acting reasonably, will evaluate whether the costs submitted as part of the TAN qualify as an applicable tariff expense under the contract.

Post-Proposal Applicable Tariffs Revised Price

- If a Tariff Adjustment Notice (TAN) is accepted by the IESO:
 - The Supplier may submit a **Proposed Revised Fixed Price Notice**.
- If the revised Fixed Price is accepted by the IESO (in its sole and absolute discretion), the Contract will be amended to reflect the revised Fixed Price.
- If the Proposed Revised Fixed Price is not accepted:
 - The Contract will be **terminated**.
 - The IESO will retain **50% of the Project Security** as liquidated damages.

Gas Turbine Delivery Delay

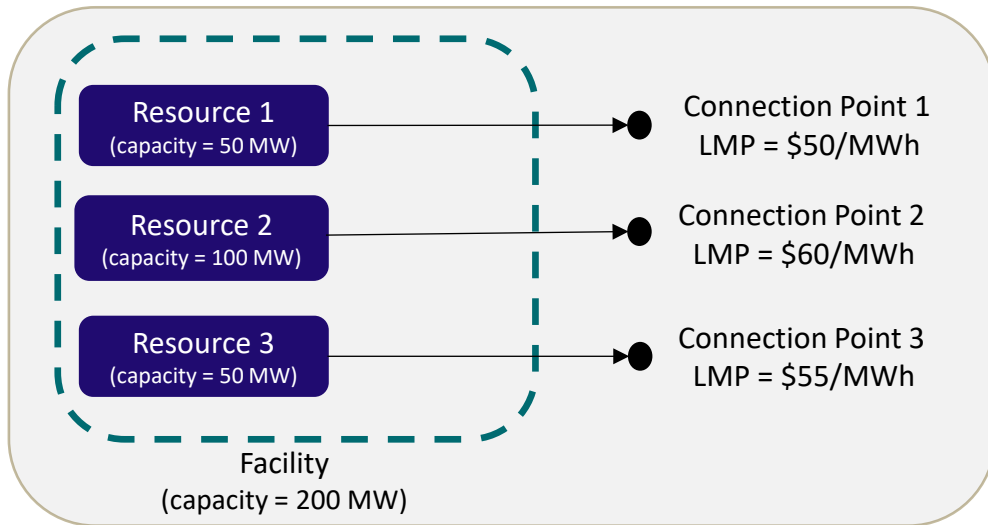
- Applies to facilities using natural gas or biogas.
- If turbine delivery is delayed beyond 6 months before Milestone COD despite Commercially Reasonable Efforts, Supplier may submit a **Gas Turbine Delay Notice**.
- Notice due within 18 months of Contract Date and must include:
 - Description of efforts to avoid delay
 - Binding agreement with new delivery date post-Delay Date
 - Proof of deposit for turbine(s)
- The IESO will extend the term of the contract commensurate with the delay experienced (does not affect Milestone COD or Longstop Date).

Connection Point Weighted Average Price

- In the IESO-Administered Markets, locational marginal prices (LMPs) for a Facility are determined on a resource-level and each resource is mapped to a Connection Point. For a Facility with multiple Connection Points, different LMPs can exist at each Connection Point.
- To ensure that a single LMP value is used to deem energy market revenues as part of a Facility's Monthly Payment under the E-PPA design, the concept of the Connection Point Weighted Average Price has been added to the LT2(e) RFP.
- The Connection Point Weighted Average Price will be the weighted average of the LMPs at each resource with such prices weighted according to the registered capacity of each resource comprising the Facility.

Connection Point Weighted Average Price - Example

The example below shows how a Connection Point Weighted Average Price is determined in any given hour for a Facility comprised of three separate resources where each resource connects to its own distinct Connection Point.



Connection Point Weighted Average Price

$$\begin{aligned} &= (\text{LMP@}_{\text{Connection Point 1}} * \text{Capacity}_{\text{Resource 1}} / \text{Capacity}_{\text{Facility}}) + \\ &(\text{LMP@}_{\text{Connection Point 2}} * \text{Capacity}_{\text{Resource 2}} / \text{Capacity}_{\text{Facility}}) \\ &+ (\text{LMP@}_{\text{Connection Point 3}} * \text{Capacity}_{\text{Resource 3}} / \text{Capacity}_{\text{Facility}}) \\ &= (\$50/\text{MWh} * 50 \text{ MW} / 200\text{MW}) + (\$60/\text{MWh} * 100 \text{ MW} / \\ &200\text{MW}) + (\$55/\text{MWh} * 50 \text{ MW} / 200\text{MW}) \\ &= (\$50/\text{MWh} * 0.25) + (\$60/\text{MWh} * 0.5) + (\$55/\text{MWh} * 0.25) \\ &= \$56.25 / \text{MWh} \end{aligned}$$

Crown Land Site Report Form

MNR has finalized the Crown Land Site Report (CLSR) and will be publishing this form to Ontario.ca in the coming days.

- The CLSR is intended to confirm that Proponents are aware of and have reviewed certain Crown resources as part of their consideration of their proposed energy project.
- MNR will review the CLSR for completeness and will confirm that the CLSR is complete via the issuance of the **MNR Confirmation Letter** to the Proponent.
- The MNR Confirmation Letter is a mandatory requirement for all Crown Land Projects coming forth under the LT2 RFP.
- A completed CLSR must be submitted to MNR a **minimum of 25 business days** prior to Proposal Submission Deadline.

Applicant of Record Overlap Analysis (1)

MNR has published access to the data containing current Applicant of Record sites to be used to support the overlap analysis:

Waterpower Sites

- GeoHub
<https://geohub.lio.gov.on.ca/datasets/e849df7244cc47949af012d7c1fe64a0/about>
- CarrefourGéo Ontario
<https://geohub-fr.lio.gov.on.ca/datasets/c42887e4c570454c966029bbb448dffa/about>
- Ontario Data Catalogue
<https://data.ontario.ca/dataset/waterpower-legacy-applicant-of-record>

Applicant of Record Overlap Analysis (2)

Windpower Sites

- GeoHub
<https://geohub.lio.gov.on.ca/datasets/fdcf5c5170de4fbab1f1f44842b4436c/about>
- CarrefourGéo Ontario
<https://geohub-fr.lio.gov.on.ca/datasets/49bfa35c5e4341a19b15afc117258ddf/about>
- Ontario Data Catalogue
<https://data.ontario.ca/dataset/windpower-legacy-applicant-of-record>

Applicant of Record Overlap Analysis (3)

As part of the Prescribed Form: Access Rights, Proponents are required to attest that their Project Site does not overlap with or use the same Crown lands as any AOR Held Lands for which the Proponent is not the Applicant of Record.

- The IESO (or its consultant) will undertake the overlap analysis check during stage 2 evaluation.

Projects Located In Prime Agricultural Areas

- Reminder: in accordance with the November 28th Ministerial directive, projects under the LT2 RFP are prohibited from locating on **Specialty Crop Areas** and new ground-mounted solar projects are prohibited from being built in **Prime Agricultural Areas**, as defined in the Provincial Planning Statement, 2024 and designated by the municipality's or Northern planning board's Official Plan
- To account for projects proposing to locate in **Unincorporated Territory** (i.e., lands without municipal organization) the Prescribed Form: Confirmation of Unincorporated Territory will be revised to include confirmation from the Land Use Planner that:
 - The Project Site is not located on lands designated as Specialty Crop Areas
 - If the Project is a ground-mounted solar project, the Project Site is not located on lands designated as Prime Agricultural Areas



Response to Stakeholder Feedback

Tariff Mitigation – Two-Stage Proposal Submission

Stakeholder Feedback: Concerned that a staged approach would reduce commitment barriers, encouraging speculative or less-prepared proposals. Suggest that an additional 2 or 3-month window before price submission would provide limited benefit and potentially complicate partnership formation with Indigenous Communities.

IESO Response:

- The IESO appreciates stakeholders concerns on the Two-Stage Proposal Submission alternative and will not be moving forward with this approach, instead focusing on the Re-Bid Contract Price mechanism incorporating feedback from stakeholders.

Tariff Mitigation – Direct Contract Pass-Through

Stakeholder Feedback: Multiple stakeholders have proposed a direct contract pass-through of tariff costs as an alternative.

IESO Response:

- While conceptually simple, implementing a standardized, verifiable, and auditable cost recovery process across diverse project types and supply chains presents practical and administrative challenges.
- A direct pass-through would reduce proponents' incentives to make prudent supply chain decisions or actively manage cost exposure, reducing competitive pressure to optimize bids.
- The re-bid mechanism remains the preferred approach, offering a balanced solution for tariff risk mitigation while upholding accountability, transparency, and fairness in the procurement process.

MSR Timing

Stakeholder Feedback: Request to allow **Municipal Support Resolutions** to be submitted later in the evaluation process, due to timing and procedural constraints in many municipalities.

IESO Response:

- Municipal Support Resolutions are intended to signal project readiness by demonstrating that the community is a willing host at the time of proposal submission.
- To ensure fairness and transparency, all mandatory requirement materials must be submitted by the Proposal Submission Deadline.
- Proponents are encouraged to engage early with municipalities to accommodate approval timelines.

LT2 Hydro Upgrades and Expansions Participation

Stakeholder Feedback: Requests to allow hydropower upgrades or expansions that are not separately metered to participate in the LT2 RFP, aligning with Ministerial directive.

IESO Response:

- The LT2 RFP is designed to procure services from new, separately metered facilities to support accurate performance tracking and settlement.
- The May 2024 Ministerial Directive for the Northern Hydro Program acknowledges that existing hydroelectric facilities may participate in the LT2 RFP; the directive does not require the IESO to include non-separately metered expansions in the LT2 RFP.
- The IESO is considering expanding eligibility for redevelopments of existing facilities, including potentially upgrades and/or expansions, in future rounds of LT2 or other IESO procurements. The IESO will engage with stakeholders on these concepts as part of LT2 Window 2 development.

Force Majeure Provisions

Stakeholder Feedback: Include Force Majeure protections for Agricultural Impact Assessments (AIAs) delays and supply chain disruptions.

IESO Response:

- The existing Force Majeure provisions are intended to address unforeseen supply chain disruptions; no changes to the Force Majeure language are planned.
- With respect to AIAs:
 - The Supplier is responsible for obtaining all necessary approvals, including AIAs, in accordance with Contract timelines.
 - Delays in securing these approvals are not considered events of Force Majeure.

Gas Supply/Transmission Cost Uncertainty

Stakeholder Feedback: Natural gas generators have raised that uncertainty exists as to the costs of natural gas transmission expansions to serve potential projects procured through LT2.

At the time of proposal submission proponents may not have clarity on gas transmission costs, or the cost allocation approach that will be used to recover those costs.

IESO Response:

The IESO acknowledges that this uncertainty exists and will continue to work with stakeholders, Enbridge and the provincial government to assess impacts and potential solutions.



LT2 RFP Deliverability Update

Updates to Guidance Documents

The IESO has posted the updated Preliminary Connection Guidance documents on the Long-Term 2 RFP Webpage to facilitate the Norfolk-Bloomsburg non-wires alternative solution:

- LT2(e) RFP Preliminary Connection Guidance V4 (May 15, 2025)
- LT2(c) RFP Preliminary Connection Guidance & Evaluation Stage Deliverability Test Methodology V2 (May 15, 2025)

Norfolk-Bloomsburg Non-wires Alternative Need

As described in section 7.4.2 of the Burlington to Nanticoke IRRP, there is a need to address supply capacity in the Norfolk-Bloomsburg area. To address this need, any connection to 115 kV circuits C9 and C12, from which the Norfolk-Bloomsburg area is radially supplied, must:

1. Connect to the C9 and C12 circuits between Norfolk TS and Bloomsburg Junction (no proposal will be permitted between the Caledonia TS and Bloomsburg Junction)
2. Connect to both circuits C9 and C12 such that the project remains connected and meets its contractual obligations during an outage to any one of the two circuits;
3. Be an energy storage facility with a capacity between 90 MW and 150 MW;
4. Have the capability to provide reactive services up to 33% of the rated active power of the facility to the IESO-controlled grid at all times while not on outage, regardless of its actual active power output level.

The project must be submitted to the LT2(c-1) RFP. Connections to 115 kV circuits C9 and C12 are not allowed under the LT2(e-1) RFP.

Deliverability – Next Steps

- Continue providing pre-submission consultation on connection guidance. The IESO encourages developers to keep reaching out with any questions and/or scheduling consultations throughout this process.
- Connection guidance documents will only be updated if new information or system forecast changes will have a material impact on the preliminary connection guidance or the evaluation stage deliverability test for window 1.
- Continue work towards a connection feasibility assessment platform and process that would allow on-demand, site specific, assessments.
- Continue to explore solutions for short-circuit restricted areas.
- Preliminary guidance for LT2 window 2 and LLT will be provided ASAP following LT2 window 1 contract awards.



Next Steps

Next Steps

- The IESO invites written feedback on the materials presented today and the latest LT2 RFP draft documents by May 29, 2025. All written feedback should be submitted to engagement@ieso.ca utilizing the IESO Feedback Form posted on the engagement webpage.
- The IESO is targeting release of final LT2 (e-1) and LT2 (c-1) RFP documents in **June**.
- Once final RFP documents are released the normal prohibited communications protocol takes effect; the IESO will remain open to transmission planning consultations and will continue to host webinars to answer questions.

Receive LT2 Updates via Email

- The IESO regularly shares important updates regarding the LT2 RFP via email.
- To receive these emails, you must be subscribed to the "**Long-Term RFPs**" mailing list on our Subscription webpage, which can be accessed at **[IESO.ca/Subscribe](https://ieso.ca/Subscribe)**.

Receive LT2 Updates via Email

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News and Programs

Ontario's electricity system is constantly evolving and the IESO is at the forefront of the sector ensuring that electricity is available to Ontarians when and where they need it. We do this through various programs and initiatives that are designed to manage supply and demand and ensure the reliability of Ontario's electricity system.

☐ **IESO Bulletin**

Weekly newsletter - IESO news, notices, updates and events.

☐ **Innovation**

Insights into IESO led initiatives that maintain the cost-effectiveness and reliability of the grid.

☐ **Market Renewal Program**

Market design updates that impact how we supply, deliver and price electricity.

☐ **Medium-Term RFP**

Keep up-to-date with MT RFP procurement documents, milestones and deadlines.

☐ **Long Lead-Time Resource Procurement**

Keep up-to-date with considerations, procurement documents, milestones and deadlines for the Long Lead-Time (LLT) Resource Procurement.

☐ **Grid Innovation Fund**

Program highlights and opportunities to apply for open and targeted requests for proposal.

☐ **Indigenous Programs**

Funding opportunities for Indigenous communities.


☐ **Smart Meter Data**


General updates on the third party access program including smart meter data sets.

☒ **Long-Term RFPs**

Keep up-to-date with procurement documents, updates, milestones and deadlines for the IESO's Long-Term RFPs (including LT1 and LT2).

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