Feedback Form

Long-Term 2 RFP – May 21, 2025

Feedback Provided by:

Name: Richard Laszlo

Title: Coordinator

Organization: CHP Canadian Advocacy Network (CHP CAN)

Email: [redacted]

Date: May 29, 2025

To promote transparency, feedback submitted will be posted on the LT2 RFP engagement page unless otherwise requested by the sender.

☐ **Yes – there is confidential information, do not post**

X **No – comfortable to publish to the IESO web page**

Following the LT2 RFP May 21, 2025, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation and recording can be accessed from the LT2 engagement web page.

Note: The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials please indicate if they are confidential.

Please submit feedback to engagement@ieso.ca **by May 29, 2025.**

Post-Proposal Applicable Tariffs

Do you have any comments related to the approach to mitigating the risk of Post-Proposal Applicable Tariffs presented during the webinar?

Gas Turbine Delivery Delay Provisions

Do you have any comments related to the approach to handling potential delays in the delivery of gas turbines presented during the webinar?

Crown Land Site Report and MNR Confirmation Letter

Do you have any comments related to the CLSR and MNR Confirmation Letter requirements presented during the webinar?

LT2 RFP Deliverability Update

Do you have any comments regarding the deliverability guidance updates presented during the webinar?

CHP CAN members suggest that the IESO permit proponents to maintain an 'active but conditional' CIA that automatically lapses if their project is not selected in the LT2(x) RFP process. This would retain valuable queue positions, shaving 6-12 months off build schedules. It would also give IESO higher confidence that selected projects can truly connect without triggering a new round of studies.

General Comments/Feedback

Registration deadline for LT2c is 3 months before the submission deadline, while LT2e is 6 weeks.

CHP CAN members recommend changing the LT2c registration deadline to also be 6 weeks before the submission deadline to align with LT2e.

CHP CAN members recommend the government carve out a portion of the LT2 procurement target (e.g. 150 MW) for smaller, distribution-connected, co-located projects, and to allow these facilities to use the CHP assets to provide energy to the site (behind the meter generation), provided there are no conflicts with procurement obligations.

Further, we recommend that smaller, distribution-connected, co-located projects that meet diversified farm use criteria as per the Provincial Policy Statement should not be subject to an Agricultural Impact Assessment and should not be penalized by the loss of any rated criteria points for being cited on agricultural land.

A few minor changes in government rules, such as allowing for behind the meter generation in procurements and carve outs for local projects would greatly support the CHP industry, allowing CHP to support Ontario industry, manufacturing facilities and agricultural operations.

As the energy market becomes increasingly dynamic and complex, emphasizing the role of these smaller, distribution-connected and co-located projects will help ensure that the government will secure needed reliable energy supplies to meet procurement objectives.

The rationale for prioritizing and carving out a portion of the procurement target for these projects, allowing behind the meter generation, and providing an exemption for diversified farm use projects are as follows:

1. **Delivering Economic Benefits by Reserving a Portion of the Procurement for Co-Located Facilities**: the IESO has taken the reasonable and necessary steps to require proponents to secure local approval for projects to be able to submit a bid. We encourage strengthening this local oversight by reserving a portion of the procurement targets for smaller, distribution-connected projects that are designed to be co-located with industrial, manufacturing, agricultural or other facilities that provide direct local economic benefits to communities in which they are located.

2. **Lower bid prices and increased competition:** allowing facilities to use their CHP assets to generate power for their own needs when not required as part of procurement obligations facilitates a lower bid price and more competition, which benefits all customers and any industrial and agricultural facilities considering self-generation with CHP.

3. **Providing Reliability and Grid Services by Prioritizing Distribution-Connected Facilities:** Prioritizing distribution-connected resources enhances grid resilience and efficiency while reducing transmission costs. By leveraging localized energy generation and storage, distribution-connected resources can alleviate stress on the transmission network, minimize energy losses, and provide faster, more flexible responses to grid demands. Additionally, they empower communities to adopt clean energy solutions, aligning with decarbonization goals and fostering energy equity by creating opportunities for localized economic growth and participation in the energy transition.

4. **Reducing Regulatory Challenges and Improving Social Acceptability with Smaller, Co-Located Facilities:** by carving out a portion of the procurement for smaller facilities (e.g., less than 25 MW) will result in a more streamlined approval process and more chance of successful project implementation. These projects are less likely to face community opposition and create political challenges, while falling below thresholds for larger facilities that would impose significant regulatory challenges, for example the Clean Electricity Regulations.

5. **Supporting the Agricultural Sector by Facilitating Diversified Farm Use Projects**: Diversified farm use offers numerous benefits by integrating various agricultural activities to maximize efficiency, sustainability, and profitability. By adopting and respecting the Provincial Policy Statement definition of diversified farm use, the IESO will be empowering the agricultural sector to make the best choices for their operations and supporting them by providing them opportunities to supply needed heat and power to their facilities to meet local energy needs for growing crops and supporting agricultural operations.

Prioritizing and allocating a portion of the LT2 procurement target for smaller, distributed and co-located facilities and removing the agricultural impact assessment requirements for these facilities will result in a more successful procurement that delivers needed local reliability and economic development benefits and is accepted by local communities.