



JULY 10, 2025

Long-Term 2 RFP – Final Documents Webinar

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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 Anishnabeg, 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 Métis peoples.

Overview

- This engagement is conducted according to the [IESO Engagement Principles](#) posted on the IESO Website
- Today's presentation will be recorded and available for viewing online following the session
- All documents associated with this session can be found on the [Long-Term RFP Engagement webpage](#)

Participation

- For questions and comments, click on the “raise hand” icon (hand symbol) at the top of the application window
- To unmute audio, click on the microphone icon at the top of the application window
- Audio should be muted when not asking a question
- If experiencing connection issues, contact engagement@ieso.ca or Microsoft Office Support

Agenda

Today's engagement will cover the following:

1. LT2 RFP Schedule
2. Final Window 1 LT2 RFP and Contract Updates
3. Other Updates and Next Steps



LT2 RFP Schedule

Timeline for the First Submission Window

The IESO has finalized the following timelines for the first LT2 RFP submission window:

Milestone	LT2 (e-1)	LT2 (c-1)
Final Documents Released	June 27, 2025	June 27, 2025
Deadline for Questions and Comments	July 24, 2025	August 21, 2025
IESO's Deadline for issuing Addenda	August 14, 2025	September 11, 2025
Registration Deadline	September 4, 2025	October 3, 2025
Proposal Submission Deadline	October 16, 2025	December 18, 2025
Target date for notification to Selected Proponents	April 14, 2026	June 16, 2026



Final Window 1 LT2 RFP and Contract Updates

Introduction of Canadian-Status Proponent (CSP)

- New defined term introduced in **both** the Final LT2(e-1) & (c-1) RFPs
- **Canadian-Status Proponent (CSP):** means a Proponent whose registered office and main or head office (if different than its registered office) are located in Canada and, where the Proponent is Controlled by any other Person, the registered office and main or head office (if different than its registered office) or permanent residence (as applicable) of any of the Proponent's Ultimate Controlling Parent(s) are located in Canada.
- CSP status must be confirmed via a statutory declaration in a prescribed form (Proponent Information, Declaration and Workbook: LT2(e-1)/LT2(c-1) PF-PI100)

Rated Criteria Benefit for CSPs

- Canadian-Status Proponents receive a 2% reduction to their Evaluated Proposal Price
- This reduction is additive and does not dilute existing criteria (e.g., Indigenous Participation)
- Promotes Canadian control without disadvantaging other key policy areas
- Revised Evaluated Proposal Price (EPP) formula:

$$\mathbf{EPP} = SP \times (1 - (ECW \times (S / MS)) - (CSP \times 0.02))$$

CSP Control Requirements Post-Contract

- For any Proponent/Supplier that is eligible and elects to receive a rated criteria benefit for being a Canadian Status Proponent, no change of control or assignment that would cause the Supplier to no longer constitute a Canadian Status Proponent would be permitted for 5 years following the Commercial Operation Date
- Breach of this requirement would result in a Supplier Event of Default

Price-Quantity (PQ) Alternates: Project Size Flexibility

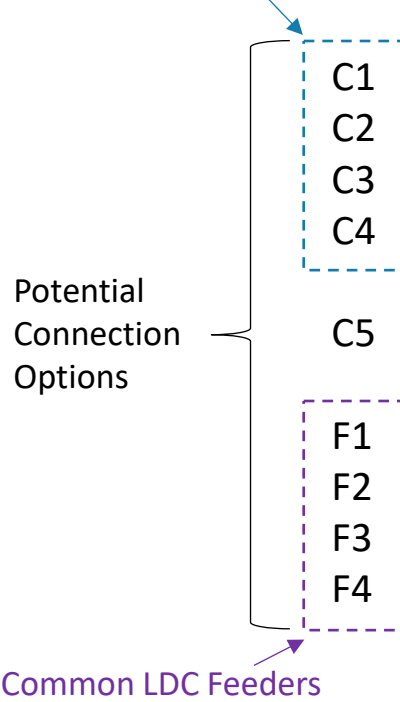
- Proponents may submit up to **two PQ Alternates** in addition to the Primary Proposal PQ
- PQ Alternates must be **smaller sizes** of the same Project
- Each PQ Alternate includes a corresponding Contract Capacity and Fixed Price

Connection Point Options for Common Corridor Circuits

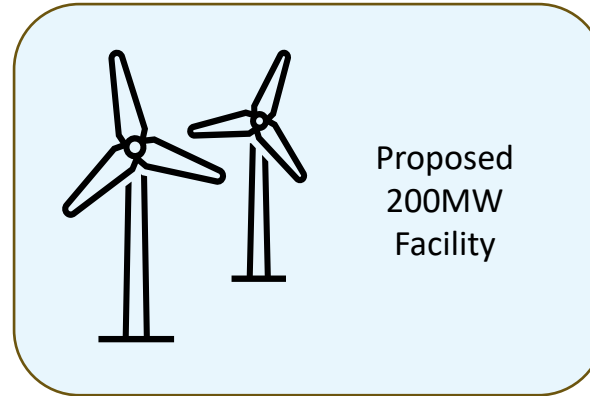
- Proposals may specify connection to **up to 4 circuits/feeders** within a common corridor
 - Transmission: up to 4 **Common Corridor Circuits**
 - Distribution: up to 4 **Common LDC Feeders**
- Proposed connection configurations cannot mix circuits and feeders
- Must allocate Contract Capacity (≥ 1 MW per connection point); one **alternate allocation** may be designated
- Applies to both Primary Proposal PQ and PQ Alternates

Connection Point Options Example

Common Corridor Circuits



Primary Proposal PQ	200MW on C5	100MW on C1 100MW on C4	50MW on C1 50MW on C2 50MW on C3 50MW on C4	100MW on F2 100MW on F3	100MW on C1 100MW on C5	100MW on C1 100MW on F1	99.75MW on C1 99.75MW on C2 0.5MW on C3
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Connection Point Options Example

Common Corridor Circuits

Potential
Connection
Options

C1
C2
C3
C4

C5

F1
F2
F3
F4

Common LDC Feeders

Primary Proposal PQ	200MW on C5	100MW on C1 100MW on C4	50MW on C1 50MW on C2 50MW on C3 50MW on C4	100MW on F2 100MW on F3	100MW on C1 100MW on C5	100MW on C1 100MW on F1	99.75MW on C1 99.75MW on C2 0.5MW on C3
Alternative Allocation	N/A (no Common Corridor Circuits)	100MW on C2 100MW on C3	100MW on C1 100MW on C4	100MW on F1 100MW on F4			
		50MW on C1 50MW on C2 100MW on C3	100MW on C1 25MW on C2 25MW on C3 50MW on C4	100MW on F1 100MW on F3			
		200MW on C2	200MW on C1	200MW on F4			
		100MW on C2 100MW on C5	50MW on C1 50MW on C2 50MW on F1 50MW on F2	100MW on F1 100MW on C1			

Connection Point Options Example

Common Corridor Circuits

Potential
Connection
Options

C1
C2
C3
C4

C5

F1
F2
F3
F4

Common LDC Feeders

Primary Proposal PQ	200MW on C5	100MW on C1 100MW on C4	50MW on C1 50MW on C2 50MW on C3 50MW on C4	100MW on F2 100MW on F3	100MW on C1 100MW on C5	100MW on C1 100MW on F1	99.75MW on C1 99.75MW on C2 0.5MW on C3
Proposal PQ Alternate	100MW on C5	50MW on C1 50MW on C4	25MW on C1 25MW on C2 25MW on C3 25MW on C4	50MW on F2 50MW on F3			
	100MW on C1	100MW on C1	50MW on C1 50MW on C2	100MW on F2			
	200MW on C5	50MW on C1 50MW on C3	49.25MW on C1 49.25MW on C2 0.5MW on C3	100MW on F1			
	150MW on F1	100MW on C1 100MW on F1	100 MW on C5	50MW on F2 50MW on F3 50MW on F4			
Alternative Allocation	N/A (no Common Corridor Circuits)	50MW on C2	50MW on C1	50MW on F1			
		50MW on C3	50MW on C2	50MW on F4			
		50MW on C1	50MW on C3	50MW on F1			
		50MW on C3	50MW on C4	50MW on F2			
		100MW on C1	100MW on C4	100MW on F4			
		50MW on C2 50MW on C5	25MW on C1 25MW on C2 25MW on F1 25MW on F2	50MW on F1 50MW on C1			

Adjustment for Post-Proposal Applicable Tariffs

- The IESO has maintained the approach to mitigate risk from unforeseen import tariffs imposed after Proposal Submission; this final mechanism reflects refinements based on internal and stakeholder feedback.
- Retains scope and definition but reduces timelines to consider price adjustments, and makes changes to security retention for rejected price adjustments.
- Applies only if tariffs directly increase capital cost by more than 10%.

Post-Proposal Applicable Tariffs Requirements

- Suppliers must use Commercially Reasonable Efforts to avoid or reduce tariff impacts.
- A Tariff Adjustment Notice (TAN) can be submitted if:
 - Total capital cost increases by $>10\%$, directly due to qualifying tariffs.
 - Supporting cost documentation is provided with the TAN.

Tariff Adjustment Notice (TAN) Process

- First TAN may be submitted no earlier than **6 months** after Contract Date and no later than **6 months** before MCOD.
- A **second TAN** may be submitted only if additional qualifying tariffs arise after the first TAN.
- TAN must include:
 - Description of tariffs
 - Evidence of efforts to mitigate
 - Revised Fixed Price required solely to offset tariff impact

TAN Evaluation and Outcomes

- IESO has **50 business days** to respond to a TAN (requesting more info or accepting/rejecting).
- If more info is requested, Supplier has **10 business days** to comply.
- 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 with no cost to either party.
 - 100% of the Completion and Performance Security will be returned.

Gas Turbine Delivery Delay

- Applies to facilities using natural gas or biogas as an energy source.
- If one or more combustion turbine cannot be delivered by the **Gas Turbine Delay Date (18 months prior to MCOD)**, Supplier may submit a Gas Turbine Delay Notice.
- Notice due within **12 months** of Contract Date and must include:
 - Description of Commercially Reasonable Efforts to avoid delay
 - Binding third-party agreement with specified delivery date that is after the Gas Turbine Delay Date
 - Evidence that a deposit has been paid in respect of such turbine(s)
- The Expiry Date of April 30, 2050 is automatically extended.
- The extension equals the number of days delivery is delayed beyond the Gas Turbine Delay Date

May 2025 Forward Energy Market Implementation

- Ontario's forward energy market came into effect in May 2025.
- The Day-Ahead Market (DAM) is now defined solely based on the new forward market structure.
- Previously DAM was defined as the Day-Ahead Commitment Process (DACP) and the Real-Time Market (RTM).
- Outdated terms and pricing references have been removed or updated:
 - **HOEP (Hourly Ontario Energy Price)** references have been eliminated.
 - **Ontario Zonal Price** is now used instead.

Removal of State of Charge Reduction Factor (SOCRF)

- The **SOCRF** was a transitional mechanism included in the LT2(c-1) contract to address:
 - Storage facilities' need to withdraw Real-Time Market (RTM) offers after depleting energy during RTM obligations.
 - This occurred when the DAM encompassed both DACP and RTM.
- With the Ontario forward market in effect:
 - DAM no longer includes RTM, eliminating the dual obligation.
 - As a result, the SOCRF is no longer needed and has been removed from the LT2(c-1) contract.

Removal of Capacity Check Test (CCT) Winter Max Temperature

- A **+15°C winter max temperature** limit was included in the draft LT2(c-1) contract in response to stakeholder feedback on fair testing conditions. However, following further internal review, concerns arose around contract consistency and supplier obligations.
- **Section 7.1(k)** of the LT2(c-1) Contract states that the Facility must be capable of delivering its Monthly Contract Capacity under normal operating conditions.
- Applying a +15°C cap for Winter Capacity Check Tests risked creating a mismatch between:
 - Conditions under which a facility is tested, and
 - Conditions under which it is expected to perform operationally.

Draft vs. Final Prescribed Form: Evidence of Municipal Support

- Stakeholders have asked if a Proponent can submit a previous (draft) version of the municipal support form to satisfy Section 4.2(c)(iii) of the final LT2 RFPs.
- Draft versions referred to Section **4.2(b)(iii)** instead of **4.2(c)(iii)**; this incorrect reference **will not invalidate** a municipal council resolution.
- However, draft versions did not reference the AIA Component One Requirement. If the Project Site is in a Prime Agricultural Area, the Proponent must:
 - Submit a new resolution using the final form posted on June 27th, or
 - Include a supplementary municipal resolution confirming satisfaction of the AIA Component One Requirement

Addendum: Gas Transmission System Upgrade Cost Sharing (Section 2.18)

- On July 4, 2025, the IESO received a letter from the Minister of Energy and Mines indicating the Minister's support for the inclusion of a mechanism to address natural gas transmission cost uncertainty for eligible generators. In response, the IESO has issued an addendum to the LT2(c-1) RFP and Contract, as described below.
- Applies to Facilities using natural gas as their energy source.
- Triggered when the Supplier's requested interconnection to a Gas Distribution System results in an OEB order requiring payment for upgrades or expansions to the Gas Transmission System in Ontario ("**Gas Transmission Upgrade Costs**").
- Supplier must use Commercially Reasonable Efforts to minimize or avoid such costs.
- If required to pay **Gas Transmission Upgrade Costs**, Supplier must submit a **Gas Tx Cost Order Notice** to the IESO within **30 days** of the OEB's order.
- Notice must include:
 - Description of OEB proceeding
 - Evidence of efforts to avoid the costs

Addendum: Gas Transmission System Upgrade Cost Sharing (Section 2.18)

- **Cost Type 1:** Contribution in Aid of Construction (CIAC)
 - Lump-sum payments to the Gas Distributor
 - Supplier must submit notice to IESO with invoice and payment proof within 10 Business Days of payment
- **Cost Type 2:** Rate Rider
 - Incremental rate paid monthly over OEB-approved gas tariffs
 - Supplier must submit monthly payment reports within 10 Business Days after each Settlement Month
- IESO will reimburse **75%** of Gas Transmission Upgrade Costs as follows:
 - CIAC and Rate Rider costs reimbursed via Gas Upgrade Cost Reimbursement (GUCRm) in accordance with Exhibit J
 - **CIAC payments:** 75% of the total CIAC cost, divided evenly over the first 12 Settlement Months following notice and evidence of payment; and
 - **Rate Rider charges:** 75% of the Rate Rider amounts paid and reported for each applicable Settlement Month



Other Updates and Next Steps

Communication Protocol

- With the posting of the final LT2(e-1) and LT2(c-1) RFPs on June 27, the procurement has officially launched, and as such, the IESO and Proponents will need to adhere to a strict communication protocol to maintain the integrity and fairness of the LT2 RFP procurement process
- Proponents are reminded to review Section 3.5 of the LT2(e-1) and LT2(c-1) RFPs and familiarize themselves with the Permitted Purposes and Excluded Purposes
- Proponents are reminded that a breach of the communication protocols may result in the disqualification of a Proponent or revocation of their status, as the case may be

Communication Protocol - Permitted Purposes

- Communications for the purposes of project planning, development, operations, regulatory compliance, participation in the IESO-administered markets, and compliance with the requirements of this LT2 RFP; including **deliverability consultations**.
- Participating in stakeholder engagement events administered by the IESO in respect of this LT2 RFP, or responding to stakeholder solicitations or requests for comments from the IESO in respect of this LT2 RFP.

Communication Protocol - Excluded Purposes

- Obtaining (or attempting to obtain or lobbying to obtain) an unfair advantage in respect of the LT2 RFP.
- Influencing (or attempting to influence) the terms or outcome of the LT2 RFP.
- Influencing (or attempting to influence) government officials, regulatory officials or the management or staff of the IESO, OEB or transmitters or distributors, with respect to this LT2 RFP.
- Communications with respect to the LT2 RFP between Proponents or prospective Proponents and any member of the IESO's management or board of directors, the Evaluation Team or its advisors.

LT2 Question & Comment (Q&C) Period

- All communication to the IESO must be only conducted in writing via the LT2.RFP@ieso.ca inbox.
- Responses to questions received in the LT2 inbox will be posted in 3 batches (the first batch was posted on July 9th).
- Note that deliverability consultations will continue as normal during the Q&C period.

Deliverability Consultations

- The IESO will continue to hold deliverability consultations with potential proponents.
- Will be held up until 2 weeks prior to the applicable Proposal Submission Deadline.
- Individual consultations scheduled for no more than an hour; no limit to the number of consultations per Proponent.
- Potential proponents requesting a deliverability consultation are encouraged to submit a list of questions to the IESO in advance of the consultation.
- Deliverability consultations will be to answer questions on the Preliminary Connection Guidance documents for the LT2 RFPs, or on the evaluation stage deliverability test methodology for the LT2 RFPs.
- No discussion of the requirements of the LT2 RFPs/Contracts, or communications for Excluded Purposes will be permitted.

Updated Guidance Links

- [Updated LT2 Agricultural Impact Assessment Q&A \(V3\)](#)
- [Updated Municipal Guide](#)
- [Updated LT2 FAQ \(V4\)](#)
- Crown Land Site Report Form: <https://www.ontario.ca/page/renewable-energy-crown-land>
- [Scheduling deliverability consultations](#)

LT2 RFP Window 2

- Design of second window of the LT2 RFP will begin this summer, with the first engagement session likely to be scheduled in August.
- Key design aspects for LT2 Window 2:
 - Repowering/redevelopments
 - Addressing local needs identified in Regional Plans
 - Performance obligations for energy storage resources
 - Potential policy items related to country of origin of components

Thank You

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