

LT2 RFP Question and Comment Period – Batch 3 (August 14, 2025)

Questions and Comments

The following document summarizes IESO responses to the third batch of questions and comments submitted to the IESO in respect of the final LT2 RFP documents posted on June 27, 2025, that were submitted pursuant to section 3.2(a) of the Long Term 2 Request for Proposals (LT2 RFP) prior to the Question and Comment Deadline.

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Defined Terms

Capitalized terms used in the IESO Responses in this document, unless otherwise defined herein have the meaning given to such terms in the LT2(e-1) RFP, LT2(c-1) RFP, LT2(e-1) Contract, and LT2 (c-1) Contract, each as applicable.

Question/Comment	IESO Response
<p>1) I'm following up on the LT2 RFP presentation (July 10th 2025). A part of this presentation notes that 75% of eligible costs reimbursed via the Gas upgrade cost reimbursement mechanism.</p> <p>Will this be a new approach? Meaning in the past there was no reimbursed costs?</p>	<p>Yes, the Gas Transmission System Upgrade Cost Sharing mechanism was first included in Addendum No. 1 to the LT2(c-1) RFP in response to the Minister's Letter to the IESO on July 4, 2025. Prior to the issue of Addendum No. 1, the Gas Transmission System Cost mechanism was not included in the LT2(c-1) Contract.</p>
<p>2) 1. Crown Land Site Report: In the CLSR, proponents are required to submit a shapefile identifying the full extent of the proposed project site, including where possible the location of infrastructure (e.g., turbines, roads, collector lines). For the purpose of the MNR Confirmation Letter, can you clarify whether the review and resulting confirmation apply only to the core Crown land parcel(s) (i.e., the area of interest), or if they extend to all mapped infrastructure components such as access roads, collector systems, or transmission corridors, even if these components span large distances beyond the Area Of Interest?</p> <p>2. Municipal Support Resolution: For the Municipal Support Resolution, the guidance outlines that the resolution must identify "The Property Identification Number, municipal address, legal description or GPS coordinates of the Municipal Project Lands".</p> <p>a. For the GPS coordinates, will a single set of GPS coordinates within the municipal project lands be acceptable to the IESO? For example if GPS coordinates at or near the proposed point of interconnection that would be used within the proposal workbook constitute as a valid MSR by a municipality?</p>	<p>1. MNR will review the CLSR form including the shapefile for completeness only and will communicate the outcome of this completeness review by issuing an MNR Confirmation Letter. The investigation of the proposed Project Site in regard to suitability is entirely the Proponent's responsibility. For further information regarding the CLSR please contact MNRRenewableenergysupport@ontario.ca</p> <p>2. In the event that GPS coordinates are used to identify Municipal Project Lands as part of a Municipal Support Confirmation, Proponents are expected to include the GPS latitude and GPS longitude of the Project Site as reflected in the LT2 Proposal Workbook that is submitted at the time of Proposal Submission.</p> <p>3. As outlined in the LT2(e-1) RFP and LT2(c-1) RFP Preliminary Connection Guidance and Evaluation Stage Deliverability Test Methodology documents, Proponents are permitted to submit Proposals for projects at locations not assessed within these documents or listed in the associated appendix tables. In such cases, Proponents are responsible for direct engagement with the relevant transmission or distribution asset owners to obtain formal confirmation of connection feasibility. The deliverability of these Proposals will be determined through the Evaluation stage Deliverability Tests.</p>

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<p>3. Connection to future LDC circuit: The network in question will be extended with a new 44kV service to be put in-service in 2027 with a final investment decision to be taken by the LDC in July 2025 (ahead of the LT2 bid submission).</p> <p>* What evidence or information would be required by the IESO, that could be provided by the LDC to demonstrate that the line being built in question would be in service prior to 2029 / 2030?</p> <p>* If the line is built based on the condition that the project is selected by the IESO (i.e. the decision is taken in April 2026), but with a distribution line in-service date of 2027-2028, would that be acceptable by the IESO?</p> <p>* What information should the proponent include on the workbook for a future line that does not yet exist or have a name prior to the LT2 submission date?</p> <p>4. IESO Centralized Forecasts: Can the IESO share data on the IESO Centralized Forecast accuracy for its Forecast Real-Time Quantity (FRTQh) for different energy generation technology types?</p>	<p>All Selected Proponents are ultimately required to enter into a Connection Agreement with an applicable Transmitter or Distributor pursuant to applicable Laws and Regulations. At the time of Proposal Submission, the IESO does not require evidence of a Connection Agreement nor does it require evidence stating that a distribution feeder for which a project will connect to will be in-service before the Milestone Date for Commercial Operation.</p> <p>Construction of a distribution feeder that is required to connect a Project to a Distribution System based on the condition that the Proposal associated with such Project is accepted by the IESO would be acceptable under the LT2 RFP</p> <p>When submitting connection details for a future distribution feeder in the LT2 Proposal Workbook, Proponents may indicate 'TBD – Future Feeder' as the name of each future un-named feeder(s) that will serve as the Connection Point. However, Proponents are required to provide the GPS coordinates as well as the name of the distribution station or transmission station that each future un-named feeder will connect to.</p> <p>4. The IESO does not publish the accuracy of the <i>IESO Centralized Forecast</i> that is used to determine the output of variable generators (i.e. wind and solar facilities).</p> <p>However, the IESO does publish a number of reports on its data directory webpage, these include: (i) the Variable Generation Forecast Summary report which shows forecasts, published on a zonal level, for all grid-connected and embedded variable generation facilities for the next 48 hours, and (ii) the Generator Output and Capability report which presents the energy output for generating facilities in the IESO-Administered Markets with a maximum output capability of 20 MW or more.</p>

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<p>3) <u>Passing through Gas Transmission Upgrade Costs will unfairly shift the competitive balance of the RFP, resulting in costlier projects being selected over less expensive projects, at the ultimate cost of the Ontario Ratepayer.</u></p> <p>Does the IESO intend to have their independent third-party fairness advisor publicly share its views on the addendum in advance of the bid submission deadline? A report issued after the fact will be of little value.</p>	<p>As indicated in the Minister's Letter to the IESO on July 4, 2025, the mechanism in the LT2 Contracts to mitigate the risk of uncertainty related to gas transmission upgrade costs for eligible Proponents is in place to ensure a diverse supply mix that offers the most cost-effective path to ensuring system reliability through to 2050.</p> <p>The role of the IESO's third-party Fairness Advisor is to provide independent assurance to Proponents and other stakeholders that the selection and contracting processes are fair, open and transparent (i.e. that the procurement was procedurally fair, open and transparent). This does not mean that commercial terms for contracts being procured by the IESO cannot be tailored to specific government policy objectives, as is the case with this mechanism as set out in the Minister's letter. The Fairness Advisor will raise any fairness concerns with the IESO in an ongoing manner as they arise, and will issue a report on the procedural fairness of the procurement after the procurement has concluded.</p>
<p>4) <u>If the addendum does allow for costs to be passed through, the IESO has not established why 75% is the correct value.</u></p> <p>To the extent the IESO believes it necessary to advantage costlier, more uncertain projects, it has provided no rationale as to why 75% is the appropriate cost-sharing split. Given the above concerns, a lower percentage seems appropriate. What rationale does the IESO have to support the 75% cost-sharing split? Has the IESO conducted analysis evaluating the potential procurement cost increase associated with such a decision? What analysis was conducted to conclude that a 50% or 25% cost-sharing split was inadequate? Has the</p>	<p>For the past few months, stakeholders have raised concerns that material uncertainty exists related to the cost, and cost allocation, of natural gas transmission expansions to serve potential projects connecting to an OEB-regulated Gas Distribution System procured through the LT2 RFP. The IESO notes that the Minister of Energy and Mines echoed these concerns in his July 4, 2025 letter to the IESO. Further to this feedback and consultation with the Ministry, the IESO has developed the Gas Transmission System Upgrade Cost Sharing mechanism. As the LT2 RFP is a reliability procurement meant to address system reliability needs at the end of this decade, the IESO has made the decision to implement this mechanism</p>

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<p>IESO considered a hard cap on the costs eligible to be recovered through this mechanism? Did the IESO <u>broadly and publicly</u> consult the sector to assess whether any cost sharing mechanism was necessary, and if so, the appropriate risk sharing balance (note that no cost sharing mechanism was discussed in the IESO's stakeholder engagement forum prior to the issuance of the addendum)?</p>	<p>for the LT2(c-1) RFP to avoid delaying the Proposal Submission Deadline and LT2 Contract award.</p> <p>The IESO has set the cost sharing ratio at 75% in order to ensure the uncertainty related to gas transmission costs was substantially mitigated, while leaving developers with sufficient exposure to these costs to incentivise efficient alternatives where possible. Please also see the response to Question #30 in LT2 RFP Question and Comment Period – Batch 2.</p>
<p>5) <u>If the addendum does allow for costs to be passed through, cost eligibility needs to be broader in order to level the competitive playing field.</u></p> <p>If the IESO is to proceed with this mechanism, it needs to ensure that it applies equally across all proponents developing gas-fired generation, as well as all costs associated with getting firm gas to the facility, not just those that are uncertain at the time of bid.</p> <p>As written, only upgrade costs associated with the "<i>Gas Transmission System...as contemplated in the OEB Act</i>" are eligible for recovery. There's some uncertainty as to whether this precludes the recovery of costs associated with connecting to the TransCanada transmission network, which is regulated by the Canada Energy Regulator, not the OEB. Such costs are undoubtedly associated with "accessing the natural gas transmission network" as contemplated by the Minister. If it is the IESO's intent to exclude these costs, the addendum favours projects connected to the Enbridge distribution network as they will be eligible for cost recovery. Not only is this inequitable, but connecting to the distribution network is expected to be costlier than locating near, and connecting to, the main transmission network; a further</p>	<p>Based on prior OEB issued decisions, it is IESO's understanding that opportunities for gas-fired generators to by-pass the OEB-regulated natural gas distribution network in Ontario and physically connect directly to any pipeline that falls within the LT2(c-1) Contract definition of Gas Transmission System are expected to be rare and in the rare circumstances where that may be permissible by the OEB, it is expected that the Gas Transmission System in question would be extremely proximate to the generator such that gas network expansion costs (if any) for such a direct connection would be minimal. Additionally, any such approach would mean that the connected generator does not pay OEB-regulated gas distribution rates for the facility's lifetime.</p> <p>The letter from the Minister dated July 4, 2025 providing guidance to the IESO on this issue specifically identifies OEB-based decision making on cost responsibility for access to gas transmission network infrastructure as the source of commercial uncertainty that bears consideration in this context.</p> <p>The IESO does not seek to incentivize by-passing OEB-regulated Gas Distribution Systems in Ontario or provide a mechanism that addresses residual pipeline interconnection costs a generator may face if it is ultimately able to</p>

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<p>competitive impediment imposed upon less expensive projects. Can the IESO clarify whether upgrades and expansion costs paid to gas transmitters such as TransCanada are covered?</p> <p>Furthermore, all costs associated with “accessing the natural gas transmission network” need to be eligible for partial cost recovery (or no costs at all) in order to ensure a level playing field. There are number of different rate structures that involve a combination of upfront and ongoing costs to access the transmission network. Based on where and how a project plans to connect to the network, those costs may be upfront vs. ongoing, certain (posted rates) vs. uncertain (rate rider), applicable or not applicable. All (or none) of these costs must be eligible to ensure that two facilities with the same cost to connect to the network and secure firm gas – but different rate structures – are treated the same from a cost recovery perspective. Otherwise, projects will prefer more uncertain rate structures (such as high upfront upgrade costs) over more certain structures because of the cost recovery discrepancy. Costs eligible to be partially recovered should include:</p> <ul style="list-style-type: none"> • All firm gas distribution rates paid to gas distributors (such as Enbridge) whether they are regular posted rates or rate riders, • All firm gas transmission rates paid to gas transmitters (such as TransCanada) whether they are regular posted rates or rate riders, and • All aid to construct costs paid to either distributors or transmitters. <p>Consistent with the Minister’s direction to include “a mechanism in the LT2 contracts to mitigate the risk of gas transmission cost for</p>	<p>connect direct to a Gas Transmission System and by-pass the OEB-regulated gas system in Ontario.</p>

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eligible proponents,” will all gas transmission costs be eligible for recovery under the addendum?	
6) In reviewing the latest guidance it mentions a circuit limitation of 250 MW. Can you provide further clarification on what this means? Does this mean that a project less than 250 MW could be connected via direct line tap and a project over 250 MW would require an interconnecting switching station? Does this mean that a project over 250 MW would be rejected? Does the IESO have cost guidance for a new line-break switching station if one is determined to be necessary?	<p>In accordance with the LT2(e-1) and LT2(c-1) preliminary connection guidance documents for energy and capacity, 250 MW is the maximum amount of any type of resources that can connect directly to a single circuit per project proposal. A project proposal that does not meet this condition will be found not deliverable. A project over 250MW could be proposed to connect to multiple transmission lines or to an existing transmission station. In order to avoid a situation where a connection configuration turns out to be infeasible, impractical or too costly, applicants are encouraged to have discussions with transmitters and LDCs prior to making a submission into the LT2 RFP. Connection configurations must meet the transmitter’s or LDC’s connection requirements.</p> <p>The IESO does not provide cost estimates for transmission or distribution connections, including in-line switching stations. This is the responsibility of the Transmitter for transmission connections and of LDC for distribution connections.</p>
7) We are seeking clarification on what costs would qualify as Gas Transmission Upgrade Costs. Does this include all of the costs required to bring the necessary gas supply to the power plant site? If it isn’t all of the costs, who determines what costs would be eligible?	Gas Transmission Upgrade Costs refer specifically to costs incurred by a Supplier that are required by an order or determination of the Ontario Energy Board (OEB) for upgrades or expansions to Ontario's natural gas transmission system. These costs must result directly from the Supplier’s request to interconnect their facility to a Gas Distributor’s distribution system. Also note that only those costs that the Supplier has made Commercially Reasonable Efforts to minimize or avoid are considered eligible.
8) How much time does the IESO take to respond confirming the Proponent’s registration and providing a Unique Project	As indicated in the Section 3.4(d) of the LT2 RFP, the IESO will respond to each Proponent to

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<p>ID provided that all the necessary information is submitted?</p>	<p>confirm their registration and provide their Unique Project ID in advance of the Proposal Submission Deadline. The IESO will endeavor to issue these IDs as soon as possible following the Registration Deadline to ensure proponents have sufficient time to prepare their proposals.</p>
<p>9) My inquiry pertains to the IESO’s preliminary connection guidance and feedback for IBR’s in Northern Ontario as well as the RFP and Contract.</p> <p>Premised on previous correspondence from the IESO, it is understood that the impact of STATCOM’s and IBR interactions may be mitigated or reduced based on several potential technical solutions (including GFM technology, BESS and synchronous machines). However, as you have noted these interactions require study models and will be assessed during the SIA’s for projects procured through the LT2 process.</p> <p>We have a few questions as it pertains to this matter as follows:</p> <ol style="list-style-type: none"> 1. Should the technical solution, as an outcome of the SIA, be cost prohibitive what is the impact on the initial proposal submission? 2. Can the proponent withdraw the proposal if the costs are prohibitive and impact the pricing? 3. Will the performance security be returned if the costs are prohibitive and impact the pricing? 4. Can the additional costs of the technical solution be included in a revised pricing 	<ol style="list-style-type: none"> 1. Proposals submitted under the LT2 RFP are final and evaluated based on the pricing and technical details provided at the time of submission. The LT2 contracts do not account for adjustments to proposal pricing after award based on System Impact Assessment (SIA) findings. However, it is important to note that the SIA—using more detailed information and models—will provide a more definitive evaluation and may identify additional technical requirements that must be imposed on generators and/or transmitters to ensure the reliability of the grid, such as equipment upgrades, control modifications, or other mitigation measures. Proponents are expected to factor in potential technical requirements and associated costs during Proposal development. 2. Under Addendum No. 1 of the LT2(e-1) RFP and Addendum No. 2 of the LT2(c-1) RFP posted on August 14, 2025, where the Facility’s proposed Connection Point is located on a Transmission System, if the Supplier’s cost of electrical interconnection of the Facility to the Connection Point, despite its use of Commercially Reasonable Efforts and Good Engineering and Operating Practices to minimize such costs, is more than 30% higher than the applicable “Connection Cost Reference (CCR)” reflected in the IESO Generalized Transmission Connection Cost Reference,

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<p>proposal (i.e. reworked to recover the additional costs) to the IESO?</p> <p>Your reply to the above questions would be sincerely appreciated at your earliest convenience.</p>	<p>the Supplier may issue a Tx Connection Cost Exceedance Notice. If the Buyer confirms the exceedances, it will either (i) reimburse the Supplier for 75% of the amount by which the Paid Connection Costs exceed 130% of the applicable CCR as of the Proposal Submission Deadline or (ii) terminate the contract and return all Completion and Performance Security.</p> <p>3. Cost-related challenges identified in the SIA are not a basis for cancelation of an executed contract or the return of Completion and Performance Security.</p> <p>4. There is no provision in the LT2 RFP for revising or reworking proposal pricing post-award to account for unforeseen technical costs. The IESO expects proponents to assume and manage these risks as part of their commercial development and proposal strategy.</p>
<p>10) The IESO's transmission planning team is responsible for planning Ontario's electricity transmission system to ensure a safe, reliable, and affordable electricity supply across the province.</p> <p>How will the technical advice of the Transmission Planning team be considered in the review of LT2 proposals?</p> <p>[Redacted] offers the following language for IESO's consideration, to be included as a new sub-bullet (e.g., (o)) to section 5.10 Reserved Rights of the LT2-C RFP.</p> <p>(o) accept Proposals which may or may not be in excess of the Total Target Capacity and/or the price threshold set out in section 4.4(c), based on the technical advice of the IESO's Transmission Planning team.</p>	<p>The IESO's transmission planning team is responsible for conducting the Stage 5 – Deliverability Test described in Section 4.5 of the LT2 RFP. These deliverability studies will consider forecasted system conditions in 2030, including committed transmission developments resulting from IESO's approved transmission plans.</p> <p>The IESO acknowledges the suggested addition to Section 5.10 of the LT2(c) RFP but will not be making any further additions to this section at this time as Section 5.10(l) of the LT2(c) RFP already provides the right for the IESO to accept Proposals in excess of the Total Target Capacity, as applicable.</p>
<p>11) A question for the Q&A batch. We are proposing a project that will connect to a</p>	<p>Under Article 11.3(e) of the LT2(c-1) and LT2(e-1) Contracts, a Supplier would be able to submit</p>

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<p>230kV transmission line that is not yet built. This line is scheduled to be in service before the required Commercial Operation Date and is included in the issued deliverability guidance.</p> <p>Our question is: if we are awarded a contract for this project, what are the implications to our project and contract, if our Commercial Operation Date is pushed beyond 2029 due to the transmission line in-service date being delayed by the transmission developer?</p>	<p>a Force Majeure claim, assuming the delay was not caused by the Supplier, as this would constitute a delay in the construction of a Transmission System asset that is required for the Facility to Deliver Electricity that was not reasonably foreseeable. If the IESO determines that the delay constitutes a Force Majeure event, per Article 11.1(a) of the LT2(c-1) and LT2(e-1) Contracts, the Milestone Date for Commercial Operation would be extended for a period of delay directly resulting from the delay with the in-service date of the Transmission System asset.</p>
<p>12) * We are looking to connect to a transmission line that is privately owned but is not listed in the Proposal Workbook under item 94, name of transmitter.</p> <p>* What do you recommend we use as the name of the transmitter in this case?</p> <p>* Do we include the GPS coordinates of the connection point and then the downstream Hydro One transformer station?</p>	<p>The IESO is currently in the process of updating the LT2 Proposal Workbook to include all transmitters licensed by the OEB. Accordingly, all eligible transmitters will be reflected in the next version of the LT2 Proposal Workbook. While the deadline for Questions and Comments for the LT2(e-1) RFP has passed, please inform the IESO immediately if you plan to connect your proposed project to the transmission system of a transmitter that is not currently reflected in the LT2 Proposal Workbook.</p> <p>In the LT2 Proposal Workbook, Proponents are required to enter the GPS coordinates of: (i) the transmission station, or switching station, point of connection; and, (ii) the Circuit point of connection.</p>
<p>13) With respect to one of the Properties forming part of the Project Site, the owner is recently deceased. The registered owner name as it appears in the Land Titles system is still the deceased person, as the estate and probate process have not yet been completed.</p> <p>In satisfaction of Item #4 of Section 3.7(c) of the RFP (evidence of access rights) and in particular Section 2.c. of the Access Rights</p>	<p>Proponents are encouraged to include all relevant supporting materials in their Proposal and to seek legal advice from their own counsel to ensure compliance with the RFP requirements. If title to a Property that is included in the Project Site is in the process of probate proceedings, the IESO will accept a sworn letter from the estate trustee of the registered title holder. The IESO may consider requesting additional documentation confirming the status of the estate trustee if that is not</p>

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<p>Declaration Form, since the registered owner – being deceased - is not capable of signing any documents, would the IESO accept:</p> <p>(A) one or more Ontario land parcel registers dated no earlier than the RFP Effective Date, evidencing the deceased person as registered title holder of the Property; and</p> <p>(B) an affidavit or certificate of the Executor of the estate of the late registered title holder confirming that that such person is the Executor of such estate; and</p> <p>(C) a letter addressed to the IESO signed by the Executor of the estate of the late registered title holder of such Property, stating that the Proponent has:</p> <p>(i) the contractual right to acquire such Properties; or</p> <p>(ii) contractual rights to build, operate and maintain the Long-Term Energy Project on such Properties, if it is selected as a Selected Proponent.</p> <p>If the answer to the above question is “no”, please advise what other documentation the IESO requires to be submitted as part of the LT2 RFP submission, in the unique circumstances described above where the registered title owner is deceased and therefore not able to sign letters or documents.</p>	<p>included with the letter. For clarity, the three documents you have listed (a parcel register showing the deceased as the registered owner, an affidavit or certificate from the estate trustee, and a letter from the estate trustee confirming the Proponent’s contractual rights) would be an acceptable package of documents in the circumstances described in the question.</p>
<p>14) Please kindly find below four more questions in addition to the originally shared. Please let us know if there are any questions for us.</p> <p>11. Could IESO please confirm if the Proposal Security amount shall be based on</p>	<p>11. Yes, the amount of Proposal Security is based on the Primary Proposal PQ as the Primary Proposal PQ reflects the largest Maximum Contract Capacity associated with a Proposal. Additional security is not required for any Proposal PQ Alternates.</p>

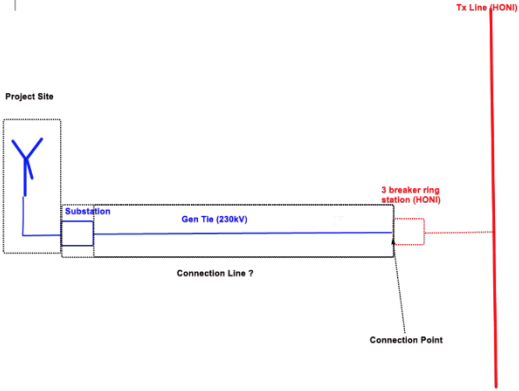
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<p>the Primary Proposal PQ or if there shall be a Proposal Security paid for each Proposal PQ Alternates as well?</p> <p>12. Could IESO please confirm if the Proposal Security Letter of Credit must be completed through a local Ontario bank entity or can be posted through a foreign bank?</p> <p>13. If a Proponent makes a registration payment via a wire transfer, would IESO's TD account incur any charges for receiving the transfer that the Proponent should cover by adding it to the Registration Fee amount?</p>	<p>12. The Form of Irrevocable and Unconditional Standby Letter of Credit found in Appendix D of the LT2 RFP may be posted through a foreign bank provided that the Credit remains subject to the International Standby Practices ISP 98 and International Chamber of Commerce Publication No. 590 and provided it can be cashed at local counters of the issuing financial institution in Toronto.</p> <p>13. While the IESO does not expect that its bank account will incur any charges for receiving a wire transfer, Proponents are responsible for ensuring that this is the case by communicating with either the Toronto-Dominion Bank or their own financial institution. Proponents are reminded that they are responsible for any transfer or wire charges that their financial institution may charge them as part of the Registration Fee.</p>
<p>15) We have a number of questions we wanted to check with the IESO. Please see below.</p> <p>QUESTIONS:</p> <p>* At time of Registration (4 September 2025), please confirm the Proponent can be the project SPV, each project will therefore have its own Proponent. Is there a requirement at the time of registration to disclose the SPV ownership structure?</p> <p>* Does the Proponent need to demonstrate all Eligibility Requirements at the time of registration, or just attest that it is compliant and then provide details within the Proposal Submission?</p> <p>* We understand that the Proponent can submit up to two PQ Alternates, which should have lower capacity, e.g. if main</p>	<p>1. Yes, the Proponent can be the project-specific SPV at the time of registration. There is no requirement to disclose the SPV's ownership structure at that time. The IESO notes that there are requirements to disclosing the ownership structure as part of the Proposal.</p> <p>2. Detailed demonstration of Eligibility Requirements is required at Proposal Submission, not registration.</p> <p>3. The IESO will determine which proposal (main or PQ alternate) is selected in accordance with the evaluation framework. The project variant with the lowest evaluated proposal price is assessed for deliverability first, if it is deliverable it will be offered a contract (and other project variants will be discarded), if not, the next variant in the price stack will be evaluated. Proponents do not select the preferred variant.</p>

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<p>proposal is for 200MW, PQ Alternate 1 can be for 150MW and PQ Alternate 2 for 100MW. Few questions on that topic:</p> <p>* How does the IESO determine which proposal is selected and does the Proponent have a say in that decision?</p> <p>* If main proposal is selected and restrictions from a regulatory or environmental perspective are identified later in the process, does the proponent have the option to discuss with the IESO switching to one of the other two alternatives, or is the project deemed in default?</p> <p>* If Proposal Security is paid on the main proposal, e.g. for 200MW and a PQ Alternate is selected, e.g. 100MW, does the IESO return the difference in Proposal Security?</p> <p>* What happens if the project cannot be delivered with selected capacity by the IESO due to restrictions identified later in the process and attributable to permitting, does the IESO declare the Proponent in default, or is a resolution sought after? What happens to the Proposal Security?</p> <p>* Does the evaluation of the Fixed Price involve any price adjustment by the IESO for the location of the generator, therefore assessing congesting, transmission charges, etc.? Do location specific parameters, e.g. load, transmission costs, etc. play any role in IESO's consideration of the bid price? Other than affecting the Deliverability of the project from a grid capacity / transmission capacity point of view.</p> <p>* On the Webinar there was a discussion of the interconnection costs. At the moment the IESO suggests assumptions on grid interconnection costs for bidding to be provided by HydroOne. Few questions on that topic:</p>	<ol style="list-style-type: none"> 4. Any change to the size or configuration of the Facility after Contract award would be considered a Facility Amendment and would require prior approval from the IESO pursuant to Section 2.1(b) of the LT2(e-1) Contract or LT2(c-1) Contract, as applicable. 5. While the Proposal Security submitted is based on the size of the Primary Proposal PQ, the Completion and Performance Security required under the LT2 Contract is based on the Contract Capacity of the selected Proposal. Therefore, if a smaller PQ Alternate is selected, the Supplier may adjust the amount of its Completion and Performance Security at the time of contract execution, as permitted in accordance with Article 6 of the LT2(e-1) Contract or LT2(c-1) Contract. 6. If the selected project cannot proceed due to permitting issues and the Proponent fails to execute and deliver the LT2 Contract within the specified timelines, the IESO may, at its discretion, disqualify the affected Proposal and draw on the Proposal Security. 7. The IESO does not apply location-based financial adjustments to the Fixed Price during evaluation. 8. See the response to Question #9 regarding the Addenda posted on August 14th, 2025 regarding the treatment of Tx Connection Cost Exceedance Notices mechanism. 9. Proponents are expected to work directly with the transmitter or distributor to whose system they intend to connect their project. 10. There is no mechanism to adjust the Fixed Price in response to interconnection cost increases.

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<ul style="list-style-type: none"> * What if those costs are considerably different, who pays for those upgrades? * Does the IESO plan to introduce an interconnection cost reimbursement scheme like the GAS connection cost, or pay for the interconnection in full? * When will assumptions from HydroOne be available, and will they be project or location specific or just generic? * Does the IESO plan to introduce a mechanism for change of PPA price should the interconnection costs change drastically, similar to the Tariff Adjustment Notice? * Does the IESO plan any adjustment mechanism for the "Clean Technology Investment Tax Credit" or the "Clean Electricity Investment Tax Credit" removal, similar to the Tariff Adjustment Notice? * We seek a clarification from the IESO if indigenous participation will be affecting only the Rated Criteria Points available in the bid, or if any preference will be given to project with indigenous participation? * How does the Local Marginal Price (LMP) affect each project's application and project viability / evaluation? Does it play any role in bid pricing? 	<ol style="list-style-type: none"> 11. There is no planned adjustment mechanism tied to the removal of Clean Technology or Clean Electricity Investment Tax Credits. The risks and opportunity associated with these investment tax credits are solely to the developer's account. Note these credits do not fall within the definition of "Future Government Support Programs" for which benefits sharing is required under the LT2(e-1) Contract and LT2(c-1) Contract. 12. Indigenous participation impacts Rated Criteria Points only. There is no stated preference or weighting beyond this in project selection. 13. Locational Marginal Prices are not considered in bid evaluation. Proponents are responsible for all assumptions related to setting their Fixed Price under the LT2(e-1) RFP.
<p>16) We have reviewed Batch 2 Q&A 24 and would like further clarification on the definition of Contract Capacity and Nameplate Capacity. For a wind project, turbines have individual maximum production capabilities, and the sum of the maximum production under ideal circumstances will be more than can be delivered to the grid due to electrical losses through the electrical collection system,</p>	<p>This interpretation is incorrect.</p> <p>Under the LT2(e-1) Contract the Contract Capacity is the Nameplate Capacity, where the Nameplate Capacity is defined as the installed rated capacity of a Facility. For a wind farm, this may be considered as the sum of the nameplate capacity of each turbine.</p> <p>Proponents are encouraged to submit Monthly Imputed Production Factors that reflect any electrical losses which may exist through the</p>

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<p>transformers etc. Based on the definition of Nameplate Capacity in the Long Term 2 Energy Supply (Window 1) LT2(e-1)) Contract, we understand that the Contract Capacity and Nameplate Capacity would be defined as what can be delivered to the grid and not the sum of the individual generator capacity. Can you please confirm?</p> <p>Beyond the above clarification, we believe that the contract allows a Facility to include additional turbines beyond the electrical losses if it includes an automated control system that limits the Facility's delivered electricity to the grid to the Contract Capacity / Nameplate Capacity. This clarification would allow for higher Ontario grid utilization and lower electricity prices for consumers. Can you please confirm this is the correct interpretation?</p> <p>For convenience, below is the definition of Nameplate Capacity in the contract:</p> <p>"Nameplate Capacity" means the rated, continuous load-carrying capability, expressed in MW in Exhibit B, of the Facility to generate or store (as applicable) and Deliver Electricity at a given time, and which is equal to the Contract Capacity. In the case of Solar Facility, the Nameplate Capacity shall be the lower of the aggregate of the direct current (DC) ratings of the solar photovoltaic modules and the alternating current (AC) rating of the applicable inverter(s)</p>	<p>electric collection system, or other equipment, at their Facility.</p>
<p>17) Please see below for some questions relating to the LT2 procurements:</p> <p>1. We note the omission of PUC Transmission LP on the list provided in the LT2e-1-20250627-PF-PW100-Proposal-Workbook under the field "Name of</p>	<p>1. Thank you for noting this omission. The dropdown menu has been updated accordingly in the revised workbooks (LT2e-1-20250814-PF-PW100(v2)-Proposal-Workbook and LT2c-1-20250814-PF-PW100(v2)-Proposal-Workbook) posted on August 14th, 2025.</p>

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<p>transmitter:" (line 44). We also note in the Connection Guidance Document which indicates Projects can propose connecting to future transmission lines if it is planned to be in service by 31 Dec 2029. PUC Transmission LP's 230kV line and transformer station to service Sault Ste. Marie's west end is expected to start construction in 2025 with anticipated completion by 2027.</p> <p>Can the IESO update the workbook dropdown menus to include this line? If not, could the IESO describe why this is not an eligible line.</p> <p>2. Per Sections 2.1 c) (iii) and 4.2 c) (i) of the IESO Long-Term 2 Energy Supply (Window 1) Request for Proposals "All Proposals where the Project Site is proposed to be located, in whole or in part on Municipal Project Lands or Indigenous Lands must include evidence of the delivery of a Pre-Engagement Confirmation Notice to the applicable Local Body Administrator dated no later than sixty (60) days prior to the Proposal Submission Deadline". Can the IESO confirm that for projects NOT located on either Municipal Project Lands or Indigenous Lands, (i.e., unincorporated territory that also does not fall into any categories under the RFP definition of "Indigenous Lands") that there would be no requirements for a Pre-Engagement Confirmation Notice?</p> <p>3. Would the IESO allow the swapping of First Nation(s)' ownerships so long as the Initial IPL is maintained? For example, at the time of bid a Proponent establishes its Initial IPL and receives the relevant Rated Criteria Points.</p>	<p>2. The IESO confirms that projects not located on either Municipal Project Lands or Indigenous Lands (as defined in the LT2 RFP) are not required to submit a Pre-Engagement Confirmation Notice. This includes projects sited in Unincorporated Territories.</p> <p>3. Under Section 16.7 of the LT2(e-1) Contract, a change in the Indigenous ownership structure prior to COD is subject to specific restrictions. While the contract prohibits new parties from acquiring 50% or more of the Economic Interest in the Supplier before COD, it does not prohibit adjustments in ownership among existing stakeholders—provided the change does not breach the restriction on transferring more than 50% of the securities of the Supplier prior to COD. If the Supplier was awarded Rated Criteria points as an Indigenous Participation Supplier, it must maintain at least the Initial Indigenous Participation Level (IPL) until the fifth anniversary of COD. The addition of a new (or substitute) Indigenous Community may be permissible as long as the overall IPL remains at or above the Initial IPL. However, if any Indigenous Community holding more than 10% of the Economic Interest requests a reduction in IPL (not below the Minimum Reduced IPL), and provides written notice, the new lower level may be deemed the Initial IPL—but this option can only be exercised once prior to the fifth anniversary of COD and must be made by one of the Indigenous Communities that originally contributed to the IPL as reflected in Exhibit B to the LT2(e-1) Contract.</p>

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<p>Some time prior to COD, another First Nation who was not listed in the Proponent's original submission requests an Economic Interest in the Project. If the original First Nation agreed, could the Project add another First Nation while committing to keep its total Indigenous Participation Level at or above the Initial IPL?</p>	
<p>18) During the last IESO webinar it was shared that the IESO is working with HONI to establish an assumed interconnection cost to connect to the grid.</p> <p>Are there any updates on this, and or when we can expect a response?</p>	<p>The IESO is working with HONI to determine if there is additional guidance that could be provided to potential Proponents regarding estimated connection costs to HONI's transmission system assets. If additional guidance is released, the IESO would communicate this publicly to potential Proponents.</p>
<p>19) We have two questions regarding LT2(e-1) RFP:</p> <p>1: For a wind project with a Gen Tie between the project substation and the Connection Point, is it be possible to confirm if the Gen Tie line is considered as part of the Project Site or Connection Line?</p> <p>2: For a wind project, is it be possible to confirm if the substation of the project is considered as part of the Project Site or Connection Line?</p> <p>See below a diagram to illustrate the questions:</p> 	<p>Based on the LT2(e-1) Contract definition, the "Connection Line" includes the electrical connection line linking the Facility to the Connection Point, along with ancillary equipment such as transformers and switchgear. Accordingly, for a wind project:</p> <ol style="list-style-type: none"> 1. The gen tie line between the project substation and the Connection Point is considered part of the Connection Line. 2. Under the LT2 Contracts, the "Connection Line" includes the electrical connection to the Connection Point, along with ancillary equipment such as transformers and switchgear. Substations, which perform switching and transforming functions, are typically considered ancillary equipment. As such, a substation used to connect the Facility to the Connection Point would be part of the Connection Line.

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<p>20) Please find below an additional question from [redacted]. Apologies for the multiple follow-ups and please let us know if there are any questions.</p> <p>14. Will the awarded LT2 Solar PV projects require to have grid forming capacities and/or sub-synchronous resonance SSR damping controllers?</p>	<p>Awarded IBR projects are not required to have grid forming capability and/or sub-synchronous resonance (SSR) damping for contracting purposes; however, this capability may be determined to be required as part of the System Impact Assessment (SIA), following contract award.</p>
<p>21) Apologies again for multiple follow-ups. We are only trying to meet the questions submission deadline. As such, we are kindly adding questions 15 and 16 to the below request and combining them here:</p> <p>15. As per 3.4(b), can you please confirm that the payment of the Registration Fee can be made by another company or an individual, on behalf of the Proponent? The Proponent and the depositor will be identified in the email to be sent to LT2.RFP@ieso.ca and ieso.treasury@ieso.ca</p> <p>16. Under 3.7(c)(iv), can you please confirm if the payment of the Proposal Fee can be made by another company or an individual, on behalf of the Proponent? The Proponent and the depositor will be identified in the email to be sent to LT2.RFP@ieso.ca and ieso.treasury@ieso.ca. It is not practical for the Proponent (probably a Special Purpose Vehicle) to open a bank account for the payment of the Proposal Fee</p>	<p>Payment of both the Registration Fee and the Proposal Fee can be made by another company or an individual on behalf of the Proponent. In each case, it is required that the email to LT2.RFP@ieso.ca and ieso.treasury@ieso.ca clearly identifies both the Proponent and the entity making the payment.</p>
<p>22) I don't know how to provide guidance for my team on interconnection costs and potential network upgrade charges. From my current understanding we need to adequately estimate the costs of interconnection facilities and network upgrade charges without being too conservative (to make sure our bid stays competitive) and not too unreasonable (in the event those estimates</p>	<p>Proponents are expected to reflect all costs associated with interconnection or network upgrades as part of their Economic Bid Statement and are encouraged to contact their Transmitter, Distributor or a third-party consultant to help determine what these connection costs may be. Any allocation of network upgrade charges based on the outcomes of the LT2 RFP are outside the scope of the IESO. See the response to Question #9</p>

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<p>are exceeded) resulting in our project being no longer financially viable.</p> <p>* Can you provide guidance on how developers are supposed to approach this level of uncertainty?</p> <p>* How are network upgrade charges and interconnection facility costs going to be handled if they exceed the allocation used in a selected bid? Are projects supposed to withdraw and take that financial hit? How are we supposed to estimate network upgrade charges when we can't be certain of the network upgrades that will be triggered – especially not knowing how any competitors might influence available capacity?</p> <p>* How will the allocation of NUCs and interconnection facilities be evaluated for portions of the costs being rate based, if at all?</p> <p>* If capacity is awarded based on bid selection order, do those projects with allocated capacity receive any financial responsibility for NUCs that arise with the selection of subsequent projects? For example, if two projects are selected, the first project does not trigger a network upgrade, but the second project does, and both projects contribute to that network upgrade, how is the cost allocated to both projects?</p> <p>* Are there any options in bids for being able to exit upon certain price thresholds that happen post-bid selection, like backing out from purchasing a home after an inspection?</p>	<p>regarding the Addenda posted on August 14th, 2025 regarding the treatment of Tx Connection Cost Exceedance Notices.</p> <p>As indicated in the response to Question #18, the IESO is working with Hydro One to determine if there is additional guidance that could be provided to potential Proponents regarding estimated connection costs to its Transmission System assets. If additional guidance is released, the IESO would communicate this publicly to potential Proponents.</p>
23) Hello, please find our questions below.	1. For Proposals with Project Sites located in whole or in part on Unincorporated

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<p>1. For project sites on unincorporated territories or Crown lands, is there a requirement for a land use planner to determine that the project site falls outside a Prime Agricultural Area?</p> <p>2. Do the s. 3.5 Communications rules apply only to direct Proponents?</p>	<p>Territory, the LT2 RFP requires a Prescribed Form: Confirmation of Unincorporated Territory pursuant to item # 5 in Section 3.7 (c) of the LT2 (e-1) RFP and LT2(c-1) RFP, which must include a letter from a Land Use Planner. This letter must confirm whether the Project Site—or relevant portion—is designated as a Prime Agricultural Area, referencing applicable Property Identification Numbers or legal descriptions, along with a scale map. For Project Sites on Crown lands that also partially falls within the jurisdiction of a municipality (i.e. part of the Project Site is Crown lands and part is Municipal Project Lands), a Municipal Support Confirmation is required. As part of this confirmation, the Local Municipality must state whether the Municipal Project Lands are designated as Prime Agricultural Areas under the municipality’s Official Plan as of the date of the support resolution.</p> <p>2. The communication restrictions under Section 3.5 of the RFP apply to all Proponents, including any representatives, advisors, or consultants acting on their behalf. These rules are not limited solely to individuals directly listed as the Proponent, but extend to any parties engaged in developing or submitting the Proposal.</p>
<p>24) Please see another question to be submitted for the LT2 team:</p> <p>Per section 4.3 (b) of the RFP, Rated Criteria Points for Local Indigenous Community Participation will be added if “the project site is located in whole or in part on: lands within the treaty area, or the established or asserted traditional territory or homeland of</p>	<p>Yes, as described in section 4.3(b)(ii) of the LT2 RFP, Rated Criteria may be awarded for Local Indigenous Community Participation under this scenario provided that the established or asserted traditional territory or homeland of the Indigenous Community (that holds an Economic Interest in the Proponent of at least 10% and is included in the Proponent Indigenous Participation Level) is evidenced by an</p>

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<p>an Indigenous Community that holds an Economic Interest in the Proponent of at least ten percent (10%) and is included in the Proponent Indigenous Participation Level (including through an Indigenous Holding Vehicle, if applicable), as evidenced by an attestation from an Individual with authority to bind that Indigenous Community”, rated criteria points will be awarded for Local Indigenous Community Participation. For clarity, if an Indigenous Community claims the project area as their traditional territory, but are not named in relevant treaties for that treaty area, will points be awarded for Local Indigenous Community Participation?</p>	<p>attestation from an Individual with authority to bind that Indigenous Community.</p>
<p>25) The following applies to both LT2e-1 and LT2c-1:</p> <p>The RFP allows for project sponsors and related Proponent Groups to submit proposals for up to 20 projects.</p> <p>Typically, project sponsors will cause special purpose entities to be formed for each individual project (“Proponent SPVs”). This allows for different Indigenous Communities and different Project Site hosts to participate in the different projects via their investment in the Proponent SPVs which are relevant to them. This too is permitted.</p> <p>In most cases, the project sponsor’s personnel will be the ones with the relevant Team Member Experience (not the Indigenous Community, the Project Site host, or other investors).</p> <p>As a result, where a project sponsor is developing multiple projects, each project will be submitted by a different Proponent SPV, but the same project sponsor personnel (including Designated Team Members, counsel, lenders, engineers, and other</p>	<p>The IESO understands that interested parties can create special purpose vehicles for the purposes of submitting one or more Proposals under the LT2 RFP. There is no restriction on using the same Designated Team Members across multiple Proposals to satisfy the required experience. The IESO notes that no more than 20 Proposals can be submitted by any Proponent, Control Group Member of the Proponent, or the Proponent together with any Control Group Member of the Proponent.</p>

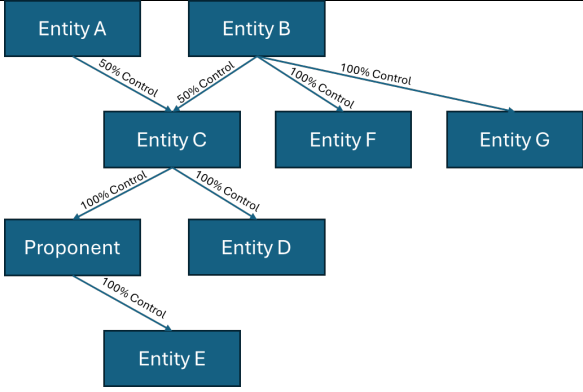
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<p>personnel) will be reviewing and contributing to the preparation of all of the Proposals for all of the various Proponent SPVs.</p>	
<p>26) I am writing to you on behalf of a coalition of cogeneration suppliers and consultants with decades of experience building efficient energy systems for Ontario's industrial and agricultural sectors to recommend the following changes to the IESO's LT2 Procurement Rules:</p> <p>1. The minimum \$500,000 proposal security requirement puts disproportionate strain on smaller projects, effectively setting a high per-megawatt cost for projects under 15 MW. We understand the IESO's rationale in ensuring financial stability given the expedited procurement process, however in the interest of fairness we recommend removing the minimum proposal security requirement and instead applying a consistent dollar per megawatt value.</p> <p>2. CHP CAN members agree that there is a need to incentivize timely project completion. In the interest of meeting Ontario's near-term capacity needs, CHP CAN members recommend that the IESO increase the incentives for early COD for projects that are operational earlier to help the IESO achieve its objectives to meet energy and capacity needs.</p> <p>I would be happy to discuss this further and explore how procurements can better prioritize these smaller, distribution connected facilities. Please let me know a convenient time to connect.</p>	<ol style="list-style-type: none"> 1. The IESO will not be changing the minimum amount of Proposal Security for the LT2 RFP. 2. The IESO will not be changing the Early COD Payment Multiplier values as described in Section 2.2 (e)(iv) of the LT2 RFP.
<p>27) Please find below two questions that our team wanted to submit while the question and comment period is still open:</p>	<ol style="list-style-type: none"> 1. Force Majeure events must meet the definitions and requirements set out in Article 11 of the LT2(e-1) Contract or LT2(c-1) Contract. An appeal of an REA has historically been found to meet the

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<p>* Does the LT2(e) contract allow for a force majeure claim if a project is delayed due to a REA appeal?</p> <p>* We understand that a 400 MW project will require connection to two separate circuits. Would it also require 2 meters and 2 separate contracts, or can it be bundled into one contract and one meter that is connected to 2 separate circuits?</p>	<p>requirements of IESO contractual force majeure relief, but would need to be assessed on a case-by-case basis.</p> <p>2. A project with multiple circuit connections does require separate metering but may not necessarily require separate contracts if the 2 circuits are Common Corridor Circuits and accordingly submitted as part of a single Proposal with a Connection Point comprised of multiple connections to Common Corridor Circuits.</p>
<p>28) Clarification on Hydrogen-Natural Gas Blend under 45 MW Limit</p> <p>Question: If a facility uses a hydrogen-natural gas blend as fuel, how is the 45 MW nameplate capacity limit applied? Does the presence of hydrogen allow a facility to exceed 45 MW, or is the limit still based on the total electrical output regardless of blend?</p> <p>Multiple Procurement Participation Clarification</p> <p>Question: Can a Long-Term Energy Project awarded a contract under LT2(e-1) also participate in the IESO Capacity Auction, Operating Reserve, or other ancillary service markets once in commercial operation?</p> <p>Distribution Connection Cap Clarification</p> <p>Question: Is there a cap on the number of projects or total MW that can be connected to a single LDC feeder or Common LDC Corridor under the LT2(e-1) process, aside from the technical deliverability test?</p> <p>Eligibility and Compensation of Battery Storage under the LT2(e-1) Energy Stream:</p>	<p>1. No, the presence of hydrogen as part of a hydrogen-natural gas blend does not allow a natural gas facility to exceed the 45 MW limit for participating in the LT2(e-1) RFP. As per the Ministerial Directive received by the IESO on November 28, 2024, natural gas resources with a Nameplate Capacity of greater than 45 MW may only participate in the LT2(c-1) RFP.</p> <p>2. A Long-Term Energy Project awarded an LT2(e-1) Contract cannot participate in the IESO Capacity Auction, as only non-committed resources (defined in the Capacity Auction rules as the resource for a facility that is neither in whole or in part rate-regulated, contracted to the IESO, contracted to the OEFC, or obligated as a resource backed capacity export to another jurisdiction during the entire duration of a given obligation period) are eligible to participate in the Capacity Auction. A Long-Term Energy Project may, however, offer Related Products such as Operating Reserve and other Ancillary Services to the IESO Note that the Contract Capacity of the project that is the subject of the LT2(e-1) Contract must not be used to monetize Future Capacity Related Products without</p>

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<p>Question: If a facility utilizes natural gas as its primary fuel source but includes a battery storage component that discharges electricity to the grid, does the 45 MW nameplate capacity limit under the LT2(e-1) Energy Stream still apply to the total project capacity? Specifically, does the limit consider only the natural gas generation component, or does it include the combined output of the gas generation and battery storage systems?</p> <p>Maximum Project Size Limits under the LT2(e-1) Energy Stream Question: Aside from site-specific deliverability constraints assessed by Hydro One or the applicable LDC, is there a maximum MW or MWh limit that can be proposed for a single project under the LT2(e-1) Energy Stream? Specifically, given that the Proposal Security is set at \$35,000 per MW and subject to a maximum of \$15 million (as noted on page 30 of the RFP), this appears to imply a maximum Contract Capacity of approximately 428.57 MW. Can the IESO confirm whether this effectively sets a cap on the maximum size of any single proposal?</p> <p>Clarification on Revenue Calculation and the Role of Actual Output under LT2(e-1) Question: Under the LT2(e-1) Energy Stream contract, and as outlined in Exhibit J, it appears that Monthly Payments (MPm) are determined based entirely on imputed values — specifically, using the Contract Capacity, the Imputed Production Factor (annual and monthly), and average monthly market prices (Imputed Pool Price).</p> <p>We seek confirmation on the following:</p>	<p>the IESO’s prior consent, at the IESO’s sole discretion.</p> <ol style="list-style-type: none"> 3. No, the IESO has not set a limit on the number of projects or total MW that can be connected to a single LDC feeder or Common LDC Corridor under the LT2(e-1) RFP. Technical limits associated with a LDC feeder or Common LDC Corridor are set by the applicable distributor(s) and will be used by such distributor(s) and the IESO during the Stage 5 – Deliverability Assessment. 4. Hybrid Facilities, such as those comprised of a natural gas Facility coupled with a BESS Facility are not eligible under the LT2 RFP. Proponents interested in constructing a natural gas Facility and a battery storage Facility must submit each Facility as a separate Proposal, where the battery storage facility must be submitted into the LT2(c-1) RFP and the natural gas facility must be submitted into the LT2(c-1) RFP if its Nameplate Capacity is greater than 45 MW. 5. The amount of required Proposal Security does not set a cap on the maximum size of any single Proposal. Under the LT2(e-1) RFP, Proponents may submit a Proposal for a Long-Term Energy Project that has a Nameplate Capacity equal to or larger than 1 MW. However, Proponents are reminded of the 3,000 GWH Total Target Annual Energy of the LT2(e-1) RFP. 6. a. No, the actual metered energy is not used to calculate the Monthly Payment described in Exhibit J. However, the actual metered energy (MWh) will be used as part of a Supplier’s monthly settlement to reflect revenues earned by participating in the IESO Real-Time Market and will be used in calculating the Facility’s Actual Performance Factor for

Question/Comment	IESO Response
<p>Is actual metered energy (MWh) injected into the grid ever used to calculate the Monthly Payment? Or is it only used for compliance-related purposes (e.g., determining performance obligations or non-performance penalties)?</p> <p>Does the generator continue to receive real-time or day-ahead market revenues for actual MWh delivered, separate from the LT2(e-1) contract payment? If so, we understand that the imputed market revenue in the formula serves to "net out" these earnings to settle the contract-for-differences.</p> <p>If a generator delivers more actual MWh than the imputed assumption, does this result in any additional compensation from the IESO, or is it strictly neutral in terms of LT2(e-1) contract settlement?</p> <p>Clarification on Affiliate Participation Across LT2(e-1) and LT2(c-1) Streams and Shared Infrastructure</p> <p>Question:</p> <p>Can an affiliate arrangement be structured such that Company A participates in the LT2(e-1) Energy Stream with a natural gas-fired facility, while its affiliate, Company B, participates in the LT2(c-1) Capacity Stream with a battery energy storage project? Specifically, would such a structure be permitted if electricity generated by Company A is used to charge Company B's battery system, and Company B subsequently discharges that electricity to the grid?</p> <p>In this context, can the IESO confirm whether this arrangement would be considered a breach of the restriction outlined in Section 2.1(c)(i) of both RFPs, which prohibits the same Long-Term Project from being submitted to both streams?</p>	<p>purposes of any Non-Performance Charges or potential eventual Supplier Event of Default.</p> <p>b. Yes, in order to meet performance obligations under the LT2(e-1) Contract, Suppliers are required to participate in the IESO Energy Markets whereby revenues are earned via participation in the Day-Ahead Market and Real-Time Market.</p> <p>c. Delivery of additional MWh than the imputed assumption is neutral in terms of the LT2(e-1) Contract. However, this may likely result in revenues earned from the energy market that are greater than the imputed market revenues under the LT2(e-1) Contract.</p> <p>7. No, please see the response in (4.) above.</p>

Question/Comment	IESO Response
<p>29) Following the RFP process, we are kindly adding 2 more questions below – numbers 17 and 18. We have also kindly included a schematic for clarity of our question, but still please let us know if there are any clarifications needed.</p> <p>17. Following the response from IESO to the Question number 24 of “LT2 RFP Question and Comment Period – Batch 2 (July 22, 2025)”, for solar projects, can IESO confirm that the contract capacity that the Supplier commits to will be in MWac but that the Supplier will have flexibility in terms of MWdc on capacity to be installed?</p> <p>18. Following the response from IESO to the Question number 21 of “LT2 RFP Question and Comment Period – Batch 2 (July 22, 2025)”, as per the “Appendix A – Glossary of Terms” of the LT2 Energy Supply Window 1 RFP, the term “Control Group Member” is defined as “means, in respect of any Proponent, an entity that: (a) Controls the Proponent, or (b) is Controlled by the Proponent, or (c) is Controlled by the same entity that Controls the Proponent”. Given that there is still an uncertainty around what exact entities shall be reported in the Item 8 of the Proposal Workbook, could IESO please confirm if in the below schematic example, Item 8 of the Proposal Workbook should include Entities C, D, and E only; or all of A, B, C, D, E, F, and G? Since entities F and G have no practical relation to the Proponent in the below example, listing all of them can be extremely problematic.</p>	<p>17. The Contract Capacity is equal to the Nameplate Capacity, which is defined in the Contract as the lower between, the aggregate of the direct current (DC) ratings of the solar photovoltaic modules, and the alternating current (AC) rating of the applicable inverter(s) (note that there is no fixed restriction on the AC/DC ratio).</p> <p>18. The IESO will revise the language of the requirement in the Proposal Workbook for this purpose. The Proposal Workbook will be revised to require Proponents list only those Persons that Control the Proponent (up to and including the Ultimate Controlling Parent) and those Persons (if any) that the Proponent controls. In the schematic example provided, this would include entities A, B, C, and E. Entities that are Control Group Members merely by virtue of being Affiliates through a common parent do not need to be listed by a Proponent in its Proposal Workbook. However, the limit of 20 Proposals per Proponent—and collectively with any Control Group Member—applies across all such entities (i.e. the 20 Proposal limit applies across Entities A thru G in this example).</p>

Question/Comment	IESO Response
 <pre> graph TD A[Entity A] -- "50% Control" --> C[Entity C] B[Entity B] -- "50% Control" --> C B -- "100% Control" --> F[Entity F] B -- "100% Control" --> G[Entity G] C -- "100% Control" --> P[Proponent] C -- "100% Control" --> D[Entity D] P -- "100% Control" --> E[Entity E] </pre>	
<p>30) We have another two questions regarding LT2(e-1) RFP:</p> <p>Question 1:</p> <p>As per the section 3.7 (c) (i) item 5 Confirmation of Unincorporated Territory (Energy), Proponent must submit an electronic copy of the completed Prescribed Form: Confirmation of Unincorporated Territory (Energy). As part of or attached to this form, Proponents must submit a Confirmation of Unincorporated Territory, which must show the seal or certificate of the issuing Land Use Planner from the Ontario Professional Planners Institute</p> <p>As per the definitions, Unincorporated Territory means any Properties that: (i) are located in areas of the Province of Ontario without municipal organization; (ii) are not Indigenous Lands; and (iii) are not provincial or federal Crown land</p> <p>Can you confirm that for a project on Crown land in an unincorporated township located in the Province of Ontario we don't need a Confirmation of Unincorporated Territory?</p> <p>Question 2:</p>	<ol style="list-style-type: none"> 1) Yes, the Prescribed Form: Confirmation of Unincorporated Territory does not need to be submitted if the entirety of the Project Site is located on Crown Land in an unincorporated township. 2) No, the Prescribed Form: Access Rights Declaration is to ensure the Proponent has confirmed contractual rights to all Properties within the Project Site. Where such Properties may be subject to encumbrances such as municipal or utility rights-of-way, it is the responsibility of the Proponent (and applicable Property owner(s)) to assess suitability and sufficiency of such real estate rights.

Question/Comment	IESO Response
<p>If a project needs to use municipal right-of-way for collector systems and roads, is the proponent must provide evidence of access rights to parts of the project located in the municipal right-of-way as per section 3.7 (c) (i) item 4 Access Rights Declaration ?</p>	
<p>31) We would greatly appreciate clarification on the following question:</p> <p>Can the IESO clarify how Proponents are expected to calculate the monthly Imputed Production Profile used to derive the Imputed Production Factor (IPF)? Specifically, what methodology should be followed, and which factors should be included or excluded in the calculation?</p> <p>We want to ensure our approach is aligned with IESO's expectations under the LT2(e) Contract, particularly given the role the IPF plays in settlement and performance testing.</p> <p>Thank you for your consideration, and we appreciate any guidance you can provide.</p>	<p>The LT2(e-1) RFP does not prescribe a specific methodology for calculating a monthly imputed production profile used to derive the Monthly Imputed Production Factors (IPF). However, the IPF is defined in Exhibit B and is used in performance assessments, with related metrics like the Actual Performance Factor outlined in Exhibit F. While not explicitly required, the Monthly Imputed Production Factors should reflect the facility's expected operational capability based on the specific location and technology of the facility (e.g. historical weather data, outage rates, loss factors, etc.).</p>
<p>32) We would greatly appreciate clarification on the following question:</p> <p>We understand that the LT2(e-1) RFP and your response to Question 24 in Batch 2 Q&A specify that Installed Capacity must match the Contract Capacity. However, given the inherent variability of renewable generation and the IESO's stated goals of ensuring reliability and cost-effective delivery of energy, could the IESO clarify whether limited overbuild, strictly for the purpose of reducing production shortfall risk (i.e., to meet Contract Quantity obligations more reliably), may be permitted, provided that the Contract Capacity and Delivery Electricity limits are fully respected at the POI?</p>	<p>No, overbuilding capacity is not permitted under the LT2 RFP unless that "overbuilt" capacity is reflected as part of the stated Nameplate Capacity, and the corresponding Contract Capacity under the LT2(e-1) Contract.</p> <p>Proponents are expected to submit Monthly Imputed Production Factors that reflect expected Facility performance, including any electrical losses that may exist within the Facility.</p>

Question/Comment	IESO Response
<p>Allowing modest overbuild could help proponents mitigate underperformance risk without affecting system deliverability or contract settlements. Is the IESO open to revisiting or clarifying this restriction to better align with its broader goals of the RFP?</p> <p>Thank you for your consideration, and we appreciate any guidance you can provide.</p>	
<p>33) If we register for the bid as a corporation, can this be changed to an LP at the time of bid submission, or vice versa?</p>	<p>No. Pursuant to Section 3.4(a) of the LT2 RFP, the registration requirement requires Proponents to identify and name the Proponent legally at the time of registration. This is consistent with the requirements for evidence of Indigenous support and evidence of municipal support, and other specified requirements set out in the LT2 RFP which require the named Proponent for identification.</p>
<p>34) Please find below a couple of questions related to the LT2(e-1) RFP.</p> <p>1. Are there corresponding minimum and maximum limits set on the Contract Security amount due at COD (\$20,000/MW)?</p> <p>2. Please confirm that PF:Workbook, Tab: Project Information, item #54 "Additional Generation technology details (include system configuration in the format GT x HRSG x ST)" is not applicable to solar projects?</p> <p>Thank you for the opportunity to submit questions. Looking forward to hearing from you.</p>	<ol style="list-style-type: none"> 1. No, the amount of Completion and Performance Security from COD until the end of the Term is set at \$20,000/MW and does not have a minimum or maximum value. 2. Confirmed, item #54 on the Project Information tab in the LT2 Proposal Workbook is not applicable to a solar project.
<p>35) My organization is looking to bid two projects into this upcoming LT2(e) RFP within the Greater Bruce/Huron Region and wondering if you could provide a timeline on when the regional planning assessment for this region will occur.</p>	<p>The LT2 RFP is designed to address a province-wide reliability need. As such, whether your projects in the Greater Bruce/Huron Region are successful will depend primarily on price competitiveness and the outcome of the IESO's deliverability assessment. While regional</p>

Question/Comment	IESO Response
<p>Conversely, would you recommend reviewing a nearby regional planning summary for guidance?</p>	<p>planning documents may offer useful context, they do not influence LT2 project selection.</p>
<p>36) I attended the July 17, 2025 webinar for LT2 RFPs.</p> <p>During the first session, a question was asked about the applicability of municipal Zoning By-laws. The response indicated that municipal zoning By-laws are applicable but it seemed to suggest that compliance with the Zoning By-law was required prior to approval (ie awarding a contract). It was my understanding that a Zoning By-law compliance was required after the Municipal Support Resolution was provided and after the IESO contract was awarded. A Zoning By-law Amendment could be required after the IESO contract is awarded.</p> <p>Could you please confirm the applicability of the ZB and when a compliance with the ZB is required.</p>	<p>The ability to comply with zoning by-laws prior to Proposal submission, or absent a by-law amendment, is not a requirement under the LT2 RFP. However, Proponents are expected to make all necessary investments for compliance with Laws and Regulations in a timely manner, including within any timeframe set by a Municipality. The IESO notes that a scenario where a zoning bylaw needs to be changed in order for the project to be constructed introduces additional risk and may delay or prevent the Supplier from reaching Commercial Operation by the Milestone Date for Commercial Operation.</p>
<p>37) I just wanted to ask about post contract award of solar and or wind projects and when it comes time for municipalities to start reviewing requests for zoning amendments. Is the guidance that municipalities are to look to for the siting of these projects within the REA and if not, is there a plan for the government to be coming up with guidance in terms of siting?</p>	<p>The Ministry of the Environment, Conservation and Parks (MECP) can assist with questions about wind, solar and bio-energy projects that trigger Renewable Energy Approval (REA) requirements (O. Reg 359/09). For questions please contact the ministry at REAprgramdelivery@ontario.ca</p> <p>The Ministry of Municipal Affairs and Housing (MMAH) is responsible for the Planning Act, which provides the legislative framework for land use planning in Ontario, and the Provincial Policy Statement (PPS), which provides province-wide policy direction on the province's interests in land use planning. Municipalities and planning authorities are required to be consistent with the PPS in their official plans, zoning by-laws, and day-to-day decisions on land use planning matters. MMAH provides services and advice to municipalities through Municipal Services Offices. Here is the link: Find your Municipal Services Office ontario.ca</p>

Question/Comment	IESO Response
<p>38) Thank you for posting the presentations and recorded sessions from the July 17, 2025 LT2 RFP Community Session to your website for reference, as well as publishing the Municipal Guide: Role of Role of Municipalities in the IESO's Second Long-Term Request for Proposals (LT2 RFP), Version 1 dated July 16, 2025.</p> <p>The [redacted] is requesting clarification to statements in the Municipal Guide regarding the following proponent obligations under the IESO LT2 RFP proposal process:</p> <ol style="list-style-type: none"> 1) Step 1: Engagement with Developers "The IESO requires developers to provide the municipality with a Pre-Engagement Confirmation Notice at least 60 days prior to the Proposal Submission Deadline." 2) Step 3: Municipal Support Confirmations "Per the Ministerial Directive, all projects coming forth under the LT2 RFP that are being proposed on Municipal Project Lands must include an MSC as part of the Proposal submission. The MSC is the instrument used by the IESO to confirm that the developer has undertaken (or is committed to undertake) engagement activities to the satisfaction of the Local Municipality and that the Local Municipality supports the submission of the Proposal." <p>Do either of these requirements apply to the upper-tier municipality, or are they specific to lower-tier and single-tier municipalities only?</p>	<p>These requirements in the LT2 RFP are specific to the lower-tier and single-tier municipality.</p> <p>A requirement of the Pre-Engagement Confirmation Notice is that it is delivered to the applicable Local Body Administrator. Where Local Body Administrator means in respect of a Local Municipality, the chief administrative officer, or equivalent.</p> <p>The Municipal Support Confirmation is a resolution or other instrument signed by or on behalf of the Local Municipality. Where Local Municipality means any corporation that is a "local municipality" as defined in and for the purposes of the Municipal Act, 2001, SO 2001, c 25 or the City of Toronto Act, 2006, SO 2006, c 11, Sched A, both as amended from time to time. Municipal Act, 2001, S.O. 2001, c. 25 ontario.ca</p> <p>It is important to note that depending on how the proposed Project Site is zoned and how the responsibility of planning is divided between the lower-tier and upper-tier municipalities there may be a role for the upper-tier municipality during the Pre-Engagement Confirmation Notice phase to support with confirming the land use designation of the proposed Project Site. Additionally, should a Contract be awarded and depending on how the Project Site is zoned there may be a role for the upper-tier municipality during the permitting and approvals stage of developing the project.</p>