Long-Term 2 RFP (Window 2) – October 14, 2026

Feedback Provided by:

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To promote transparency, feedback submitted will be posted on the Long-Term 2 RFP engagement page unless otherwise requested by the sender.

- ☐ **NO - There is confidential information, do not post**
- ■ **YES - Comfortable to publish to the IESO web page**

Following the October 14th, Long-Term 2 RFP Window 2 engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation and recording can be accessed from the Long-Term Procurement engagement webpage.

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

Please submit feedback to engagement@ieso.ca **by October 30, 2026.**

Rated Criteria

Locational Criteria

Do you have feedback on the proposed locational scoring framework, including the treatment of different zones, technology types, and repowering projects?

Environmental Defence Canada (EDC) supports the IESO's proposed expansion of locational rated criteria beyond Northern Ontario to the East, West and Southwest electrical zones. Encouraging development in areas with available transmission capacity is a positive step toward maximizing existing grid infrastructure, reducing system costs and expanding opportunities for affordable, non-emitting electricity generation.

However, the IESO should also review additional zones, including Ottawa and Essa, for eligibility where preliminary deliverability assessments indicate comparable connection capacity. For the capacity stream, opportunities for storage to relieve congestion or serve constrained load areas should also inform locational incentives.

Furthermore, we recognize the IESO's rationale for prioritizing higher-output resources in Northern Ontario, where remaining transmission capacity is increasingly constrained. However, we encourage the IESO to maintain flexibility where solar projects can demonstrate strong system value and deliverability, and to periodically reassess locational incentives as transmission infrastructure and grid conditions evolve.

We recognize the rationale for excluding repowering from locational incentives, given existing sites and grid connections. Modernizing wind and other non-emitting facilities can nevertheless preserve clean generation and improve output. While the IESO has proposed a separate repowering cap, it has clarified that incremental capacity from repowering may count toward the new-build target. EDC opposes this approach, as repowering existing facilities should complement, not displace, the procurement of new electricity supply. We recommend that all repowering capacity remain additional to the 3.6 TWh new-build target, with a distinct, streamlined pathway that prioritizes non-emitting facilities and prevents preferential treatment for fossil gas generation.

Non-Wires Alternatives (NWA)

Do you have feedback on the proposed NWA opportunities, including eligibility, scoring, and the approach to assigning points?

The IESO's introduction of Non-Wires Alternatives (NWA) is an important step in the right direction, as a new rated-criteria category under LT2 Window 2. Recognizing projects that can defer or avoid costly transmission investments is a meaningful design adjustment toward more efficient electricity planning, improved affordability and better use of existing grid infrastructure. We particularly welcome the inclusion of solar and battery storage projects among the eligible technologies in Kirkland Lake and Belleville.

However, we are concerned that natural gas is the only eligible technology for the 95 MW NWA opportunity in Sault Ste. Marie, including gas repowering projects. The October 14 engagement webinar did not sufficiently explain why non-emitting options were excluded. Window 1 showed strong storage competitiveness. Given the competitiveness of storage relative to gas, any new gas-only procurements must demonstrate a clear system need.

NWA eligibility should be defined by required performance, location, duration and reliability characteristics—not technology labels wherever alternatives can meet the need. The IESO should publish the technical rationale for exclusions and allow qualified non-emitting energy technologies to compete.

Agricultural Land Considerations

Do you have feedback on the proposed treatment of prime agricultural areas, agrivoltaics, and potential agricultural exemptions?

Protecting prime agricultural land and expanding non-emitting electricity need not conflict. EDC favours continued protection of productive soils (Canada Land Inventory Classes 1–3), while recognizing appropriately sited development opportunities on lower-capability lands (Classes 4–7).

Targeted exemptions for agrivoltaics and repowering existing wind and solar facilities are appropriate provided they maintain agricultural productivity and minimize land disturbance. Exemptions should include clear safeguards for soil health, continued agricultural use and long-term land restoration.

Importantly, EDC recommends that any agricultural land-use exemptions for repowering be explicitly limited to non-emitting electricity facilities. These exemptions should support the modernization of existing wind and solar infrastructure while protecting agricultural productivity, rather than create opportunities to expand or extend the operation of fossil fuel generation.

LT2(e-2) Contract Design

Non-Performance Charges (NPCs)

Do you have feedback on the proposed NPC changes, including technology-specific thresholds and the treatment of monthly production factors?

EDC recognizes the IESO's rationale for introducing technology-specific Non-Performance Charge (NPC) thresholds, given differences in the predictability of wind and solar generation. However, reducing the allowable production shortfall threshold for solar from 20% to 10% while maintaining the 20% threshold for wind, could increase financial risks for solar developers and affect their competitiveness in LT2 Window 2.

EDC recommends maintaining the existing 20% NPC threshold for solar, consistent with wind, to avoid imposing additional financial risks on renewable energy developers. Any proposed changes should be supported by a clear assessment of their potential impacts on project financing, bid prices and participation in future procurements.

Evolving Value of Energy Storage

Do you have feedback on how the evolving reliability and capacity value of energy storage should be reflected in LT2 evaluation, scoring, or procurement design.

Storage's capacity value should not be assumed to inevitably decline as more battery storage is deployed. While additional storage can reduce its marginal reliability contribution in an otherwise unchanged system, Ontario's electricity grid is evolving. Growing electricity demand, increasing renewable generation and longer-duration storage can change when and how effectively batteries contribute to system reliability.

The IESO's August 2025 *Effective Load Carrying Capacity of Energy Storage in Ontario* study supports this conclusion. It demonstrates that additional wind and solar generation can sustain or increase storage's capacity value by reducing net demand and shortening periods of supply shortfall, allowing batteries to more effectively meet remaining reliability needs. Longer storage durations can further improve this contribution.

These findings are particularly relevant given the IESO's projected 65% electricity demand growth by 2050, alongside Ontario's procurement of additional wind, solar and longer-duration battery storage, including eight-hour projects. They also strengthen the case for enabling hybrid and co-located renewable energy and storage projects, which can combine complementary reliability benefits while making more efficient use of grid connections.

EDC recommends that the IESO assess storage's capacity value under multiple Ontario-specific future scenarios, including higher renewable penetration, changing demand profiles and varying storage durations. Before adopting binding MRI values, the IESO should demonstrate whether planned renewable procurements and projected demand growth could offset or moderate declining marginal storage value, rather than relying solely on a single 2032 reference system.

The IESO should also ensure that duration-based scoring treats resources consistently and does not disadvantage battery storage through overlapping accreditation adjustments and rated criteria. Where storage duration is already reflected in capacity accreditation, additional scoring should be justified by distinct, demonstrated reliability needs.

Finally, as outlined in our September 4, 2026 submission, EDC opposes separating LT2 capacity procurement into storage and non-storage streams. Such an approach could weaken competition and effectively create a dedicated procurement pathway for fossil gas. Combined with potentially lower accreditation values for storage, separate streams risk further disadvantaging non-emitting resources. EDC recommends maintaining a single competitive capacity stream, allowing all capable technologies to compete fairly based on their demonstrated reliability contributions.

Repowering

Do you have feedback on the proposed Independent Engineer certification requirements?

The proposed Independent Engineer certification is appropriate to establish whether repowered facilities can operate reliably for their contracted term. Requirements should remain practical and avoid unnecessary barriers to non-emitting modernization.

For emitting facilities, the certification process should be accompanied by a proponent-funded review of existing environmental approvals and projected greenhouse gas and local air-quality impacts over the renewed contract term, building on existing regulations. Technical operability alone does not establish the public interest in extending fossil gas operation.

Do you have feedback on the proposed treatment of repowering projects within LT2 competition and evaluation processes?

EDC supports clear eligibility requirements that distinguish between extending the operation of existing facilities and undertaking substantial repowering projects. While Medium-Term procurements provide an appropriate pathway for facilities requiring limited upgrades or shorter contract extensions, LT2 repowering should support significant modernization that improves generation efficiency, increases output or extends the reliable operation of non-emitting resources.

The IESO should ensure that its proposed 23-year age and Medium-Term contract eligibility requirements do not unnecessarily restrict non-emitting repowering projects where substantial capital investment and demonstrable system benefits justify modernization. Eligibility should reflect the scale

of proposed upgrades, remaining useful life and long-term value to ratepayers, rather than relying on facility age alone.

EDC also recommends coordinating MT3 and LT2 procurement rules to ensure that facilities securing Medium-Term contracts are not subsequently prevented from pursuing major repowering opportunities. This could include allowing early termination of an MT3 contract without penalty where a facility is awarded an LT2 repowering contract, as recommended by renewable energy associations.

Finally, EDC recommends a distinct, streamlined pathway prioritizing non-emitting repowering, with fossil gas extensions considered only where a demonstrated reliability need cannot be met more cost-effectively by non-emitting alternatives. Any proposed gas repowering should also undergo updated environmental and public-health assessments, including consideration of continued greenhouse gas emissions and local air pollution.

Regulation Service Readiness

Do you have feedback on the proposal to require regulation-service readiness for LT2 projects?

Regulation-service readiness requirements should be based on demonstrated grid-balancing performance, including response speed, ramping capability and operational flexibility, rather than technical readiness alone.

Where these requirements apply to gas generation, the IESO should establish meaningful, measurable performance standards and avoid awarding competitive advantages for capabilities that faster-responding, non-emitting technologies can already provide.

Battery storage can respond to grid signals within seconds, offering significant flexibility and reliability benefits. While we understand that storage regulation services are being addressed through a separate IESO engagement, these capabilities should be fully recognized in Ontario's broader procurement and market design to ensure fossil gas generation is not unnecessarily favoured over cleaner alternatives.

Do you have feedback on the proposed technical requirements and any associated cost, schedule, or implementation impacts?

EDC defers to engineering specialists and proponents on equipment, telemetry, scheduling and implementation details.

Deliverability and System Performance

Do you have feedback on the proposed deliverability methodology, including regional congestion assumptions and transparency of information available to proponents?

EDC supports the IESO's efforts to improve deliverability guidance and transparency around regional transmission constraints. Clear information on available connection capacity is essential to helping developers identify viable locations, reduce project risks and minimize costs. We welcome the inclusion of planned transmission upgrades in deliverability assessments and encourage the IESO to ensure congestion assumptions reflect committed investments and realistic completion timelines.

EDC recommends publishing the assumptions underlying regional congestion limits, regularly updating deliverability guidance and engaging developers early to identify opportunities to maximize existing grid capacity.

Do you have feedback on the proposed treatment of short-circuit strength, minimum system strength requirements, and emerging technologies such as grid-forming inverter-based resources?

EDC supports the IESO's efforts to recognize emerging grid technologies, including grid-forming inverters, in deliverability assessments. These technologies can improve grid stability and help accommodate additional wind, solar and battery storage projects in areas with limited system strength.

We welcome the proposed consideration of project-specific minimum system strength requirements and advanced grid technologies, rather than applying uniform restrictions that could unnecessarily limit renewable energy development.

Do you have feedback on the proposed circuit availability maps and any additional information that would support project siting and proposal development?

EDC supports the IESO's proposed interactive circuit availability maps as an important step toward improving transparency, reducing development uncertainty and helping developers identify viable project locations.

We encourage the IESO to ensure the maps are publicly accessible, regularly updated and clearly identify available connection capacity, regional constraints and planned transmission upgrades. Where possible, the maps should also highlight opportunities for additional energy and capacity development as grid capacity becomes available.

Providing clear, accessible and timely information will help developers make informed siting decisions, reduce unnecessary project costs and accelerate the deployment of electricity resources.

General Comments/Feedback

Do you have additional feedback to share with the IESO?

EDC remains concerned that several proposed procurement changes could collectively favour fossil gas generation. These include the gas-only NWA incentive in Sault Ste. Marie, potential changes to storage accreditation and capacity-stream competition, and repowering provisions that do not adequately distinguish between emitting and non-emitting resources.

We also encourage the IESO to reconsider its October 28 decision not to permit linked energy- and capacity-stream proposals for hybrid and co-located wind, solar and battery storage projects in Window 2. Allowing these projects to share sites, grid connections and infrastructure could reduce development costs and deliver savings for ratepayers. At minimum, procurement and metering rules should accommodate separately metered storage co-located with existing or new renewable generation, where technically feasible.

Finally, maintaining the updated procurement timelines, with energy and capacity proposal submissions scheduled for Q3 and Q4 2027, respectively, is essential. Further delays could increase market uncertainty, slow the deployment of needed electricity resources and undermine Ontario's ability to meet growing demand affordably and reliably.