

**DECEMBER 12, 2024**

# Long-Term 2 RFP Stakeholder Engagement

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# Territory Acknowledgement

The IESO acknowledges the land we are delivering today's webinar from is the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit First Nation.

As we have attendees from across Ontario, the IESO would also like to acknowledge all of the traditional territories across the province, which includes those of the Algonquin, Anishnawbe, Cree, Oji-Cree, Huron-Wendat, Haudenosaunee and Métis peoples.

# Overview

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

# Participation

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

# Agenda

Today's engagement will cover the following:

1. The Minister's Directive & Resulting LT2 RFP Updates
2. High Level Overview of draft LT2(c) RFP and Contract
3. Key Updates to the LT2 Procurement Documents
4. Deliverability Considerations

# High Level Timeline – LT2 RFPs

<b>Dec 2023</b> Engagement kick-off	<b>March 2024</b> Report back to government	<b>July 2024</b> Draft LT2(e) Contract posted	<b>Sept 2024</b> Draft LT2(e) RFP posted. Report back to government	<b>Dec 2024</b> Revised Draft RFPs & Contracts posted	<b>Feb 2025</b> Final RFPs & Contracts Posted	<b>Q3 2025</b> Proposal Submission	<b>Q2 2030</b> Milestone Commercial Operation Dates
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**On-going engagement**





# Ministerial Directive & LT2 RFP Updates



# Overview of Ministerial Directive

The IESO was recently directed by the Minister of Energy and Electrification to launch the LT2 RFP. The Directive included the following key information:

- Details around the multiple submission window approach;
- Updated energy and capacity target limits for the totality of all LT2 RFP procurements;
- Clarity around resource participation, expected commercial operation dates, contract term length, and the applicable revenue model;
- Policy considerations related to support confirmations and project siting;
- Evaluation provisions, including recognition for projects: situated in northern Ontario, sited on lands that are not designated as Prime Agricultural Area; and those that have and retain certain level of economic participation from Indigenous Communities;
- Capacity set-aside around Nanticoke TS and Niagara Reinforcement Line

# Submission Windows, Targets and Timeline

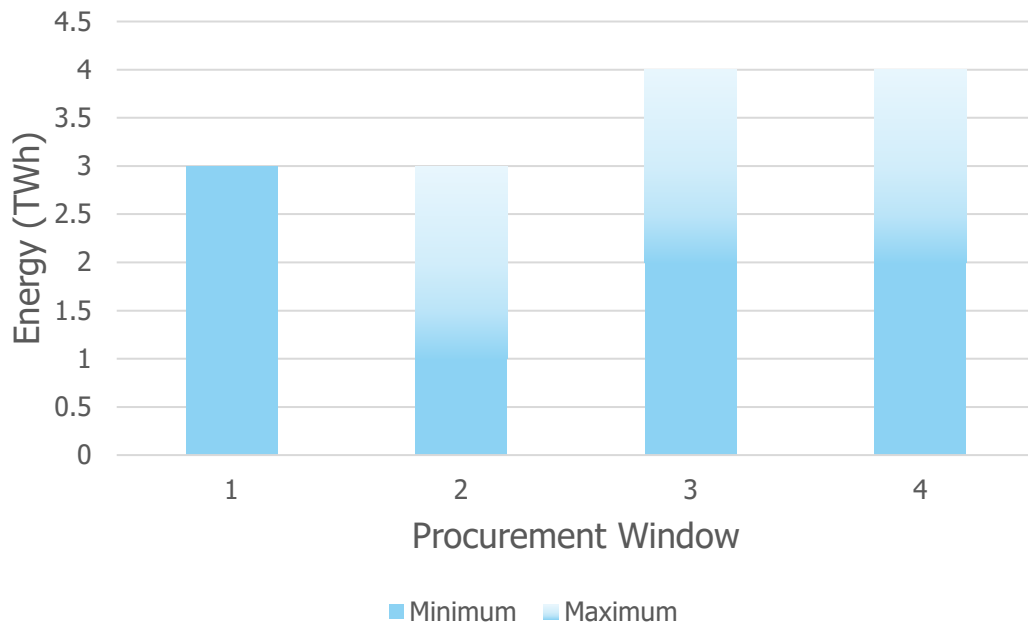
- The LT2 RFP will be structured into a series of standalone procurements, referred to as windows, as presented in the October 22 stakeholder engagement session, with the last contracts issued on or before March 31, 2029
- The totality of all procurements under the LT2 RFP (i.e., including all submission windows) will target the acquisition of:
  - **up to 14 TWh** of annual generation from eligible **energy** producing resources
  - **up to 1,600 MW** through the acquisition of eligible **capacity** resources
- For the first window, the IESO has determined that the target will be 3 TWh for the energy stream and 600 MW for the capacity stream

# Overview of Windows Approach

Proponents should be aware that:

- As set out in the Directive, each "window" in each of the energy and capacity streams is a separate/standalone procurement
- The discussion of windows in this slide-deck is for illustrative purposes only. Future windows may not materialize or may materialize on different terms, and targets are also subject to change

# LT2 RFP Energy Targets



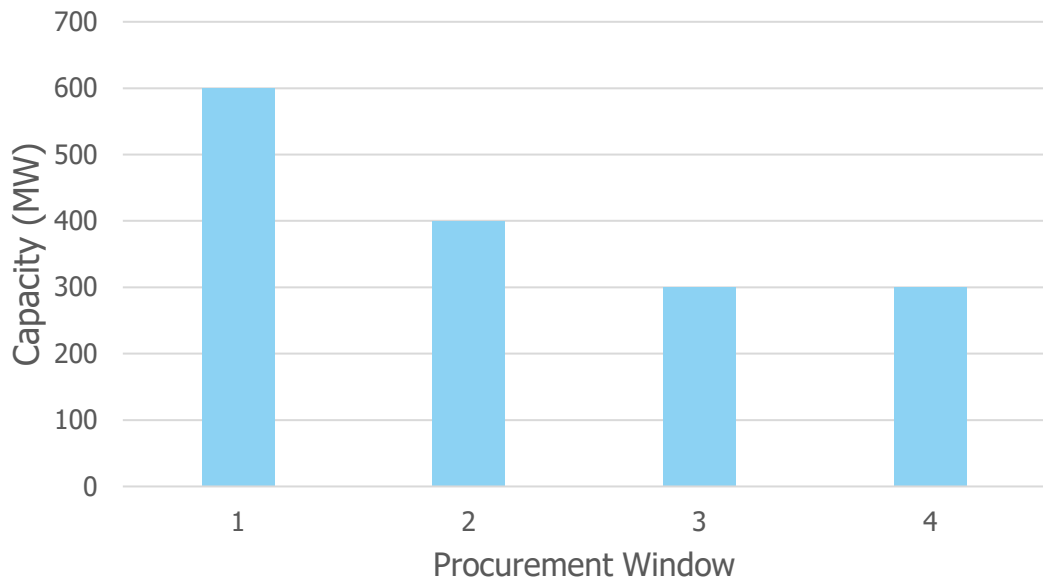
LT2 Procurement Window	Energy Target*
Window 1 – May 1 <sup>st</sup> , 2030 COD**	3 TWh
Window 2 – May 1 <sup>st</sup> , 2031 COD**	1-3 TWh
Window 3 – May 1 <sup>st</sup> , 2032 COD**	2-4 TWh
Window 4 – May 1 <sup>st</sup> , 2033 COD**	2-4 TWh

\* IESO may always exceed targets at its discretion and the LT2 RFP may include provisions to do so based on a set price threshold

\*\* Early Operation Incentives may be used to encourage earlier CODs

*Number of windows, targets and dates are subject to change; final targets for Window 1 will be published in the LT2(e-1) RFP*

# LT2 RFP Capacity Targets



LT2 Procurement Window	Capacity Target*
Window 1 – May 1 <sup>st</sup> , 2030 COD**	600 MW
Window 2 – May 1 <sup>st</sup> , 2031 COD**	400 MW
Window 3 – May 1 <sup>st</sup> , 2032 COD**	300 MW
Window 4 – May 1 <sup>st</sup> , 2033 COD**	300 MW

\* IESO may always exceed targets at its discretion and the LT2 RFP may include provisions to do so based on a set price threshold

\*\* Early Operation Incentives may be used to encourage earlier CODs

*Number of windows, targets and dates are subject to change; final targets for Window 1 will be published in the LT2(c-1) RFP*

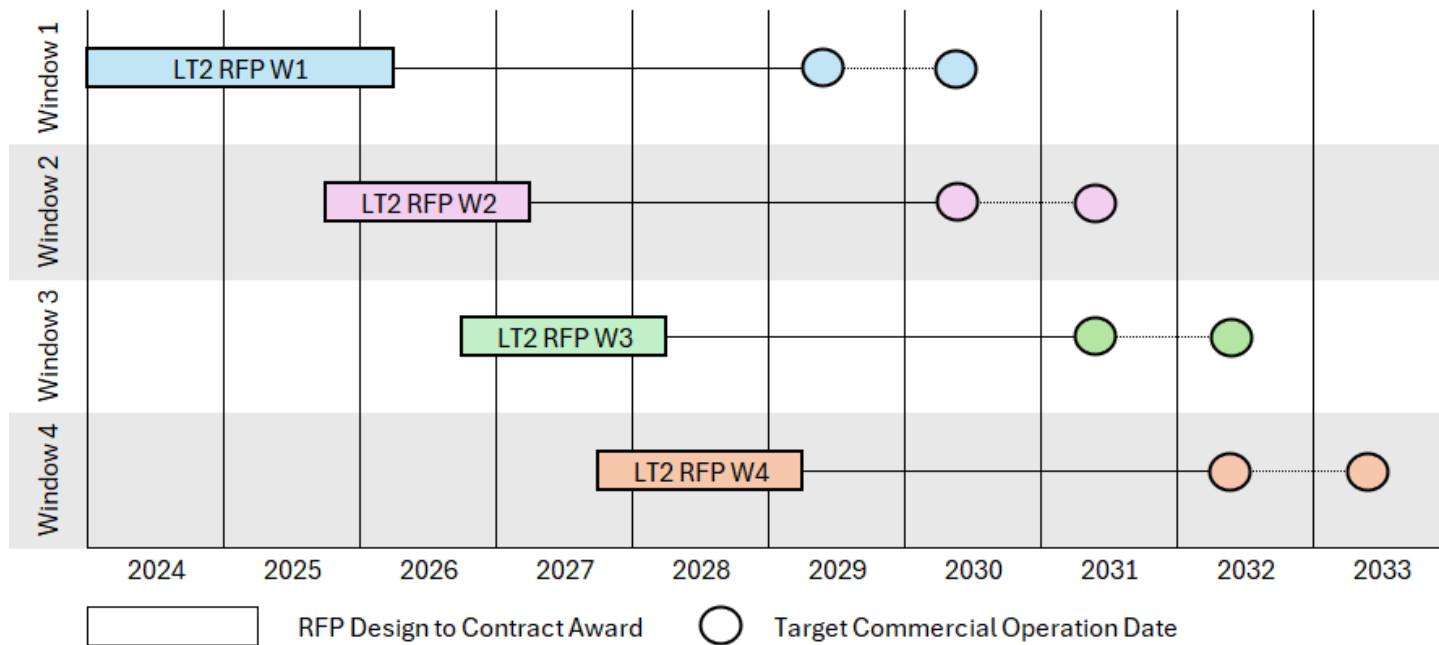
# Setting Flexible LT2 RFP Targets

Flexibility has been built into the energy targets for windows 2-4 for the following reasons:

- Iterative target setting based on the results of prior windows, as well as updates to the Ontario Demand Forecast
- While wind and solar are considered energy resources, they will still have some nominal capacity value, and conversely capacity resources like natural gas will have some nominal energy value; the IESO is allowing room to re-evaluate energy targets based on the nature of the resources procured through prior capacity RFPs, and vice versa

The LT2 RFP is expected to work with the other mechanisms in the IESO's Resource Adequacy Framework, including programs, to ensure emerging system needs are met in a manner that accounts for changes in Demand forecasts

# LT2 RFP Submission Windows – General Approach



\*Timelines are provided for illustrative purposes; number of windows subject to change

# Timeline for the First Submission Window

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

<b>Milestone</b>	<b>LT2(e)</b>	<b>LT2(c)</b>
<b>Final Documents Released</b>	[Feb 27, 2025]	[February 27, 2025]
<b>Deadline for Questions and Comments</b>	[April 24, 2025]	[June 26, 2025]
<b>IESO's Deadline for issuing Addenda</b>	[May 8, 2025]	[July 10, 2025]
<b>Registration Deadline</b>	[June 19, 2025]	[August 21, 2025]
<b>Proposal Submission Deadline</b>	[July 24, 2025]	[September 25, 2025]
<b>Target date for notification to Selected Proponents</b>	[January 20, 2026]	[March 24, 2026]

\*Timelines are draft and are subject to change



# Eligibility, In Service Date and Contract Term

- The LT2 RFP will be open to all resource types that can meet the mandatory criteria outlined for that submission window (e.g., nameplate capacity >1MW)
  - Proponents must choose to participate in either the energy or capacity stream
  - Natural gas resources with a nameplate capacity greater than 45 MW may only participate in the capacity stream
- Resources procured under all LT2 RFP streams must be in service by no later than May 1, 2034
  - For the first submission window, all resources will be expected to be in-service by May 1, 2030, for both the energy and capacity streams

## Eligibility, In Service Date and Contract Term (2)

- The contract term length will be 20 years for all resource types, subject to the appropriate contractual provisions and adjustments
- For the first window, early operation incentives will be offered to non-electricity storage projects that can be in service prior to May 1, 2030, which may result in contract term lengths greater than 20 years (further details on slides 42-43)

# Contract Revenue Model

- For the first LT2 RFP submission window, the following contract revenue models will continue to apply, as reflected in the draft procurement documents:
  - **Energy RFPs:** Energy-producing resources will be awarded the E-PPA form of contract substantially as described in stakeholder engagements to date
  - **Capacity RFPs:** Capacity resources will be awarded a capacity style contract substantially in the form of the LT1 contract
- Procurements under subsequent submission windows will use substantially similar contracts as the first procurement window, subject to appropriate adjustments

# Policy Considerations (1)

As reflected in draft documents, the following policy considerations continue to apply:

- The requirement to obtain support confirmations where the project is located on Municipal Project Lands or Indigenous Lands
- Ministry of Natural Resources (MNR) endorsement of the proponent's Crown Land Site Report (CLSR) where the project is proposed to be located on Crown lands
  - Where a project is both within municipal boundaries and on Crown lands, a proponent will be required to provide both a Municipal Support Confirmation and obtain MNR's endorsement of their CLSR
- Restrictions that prohibit projects being built in Specialty Crop Areas or new ground mount solar projects from being built in a Prime Agricultural Area

## Policy Considerations (2)

- For all non-ground mount solar projects proposing to locate in a Prime Agricultural Area:
  - Requirement to confirm that the Proponent has evaluated alternative locations to the satisfaction of the Local Municipality at the time of proposal submission
  - Requirement to complete an Agricultural Impact Assessment (AIA)
- For technology types not subject to a provincial environmental approvals framework, Proponents must consult with the Ministry of Energy and Electrification (ENERGY), or MNR in the case of MNR related permits, to determine whether the Crown's duty to consult (DTC) applies
  - If DTC is required, the Proponent must provide confirmation to the IESO that any procedural aspects of consultation delegated to the proponent have been undertaken to the satisfaction of ENERGY and/or MNR

# Evaluation Provisions

- As reflected in the draft documents, rated criteria will apply to recognize projects that:
  - Are situated in northern Ontario, defined as being within the collective territorial Districts of Kenora, Rainy River, Thunder Bay, Cochrane, Algoma, Sudbury, Timiskaming, Nipissing, Manitoulin, and Parry Sound
  - Are sited on lands which are not designated as Prime Agricultural Area
  - Have and retain certain levels of economic participation by an Indigenous Community or Indigenous Communities and propose to site their project on lands within the treaty area, or the established or asserted traditional territory or homeland of the participating Indigenous Community or Indigenous Communities
- Energy-producing resources will be prioritized across both streams (as applicable)

# Long Lead Time Resource Procurement (1)

- Earlier this year, the IESO issued a Request for Information (RFI) for Long Lead Time Resources, in particular hydroelectric generation and long duration energy storage (LDES), which closed on November 1st
- The IESO is currently reviewing the numerous responses received which included submissions from parties proposing to develop distinct projects, technology providers, and some general feedback from interested parties.
  - Certain submissions were in respect of projects with shorter lead times and expected lifetimes less than 40 years; potential proponents with projects that can participate in the LT2 RFPs are encouraged to do so.
- Insights from the RFI responses will be shared in early 2025

# Long Lead Time Resource Procurement (2)

## Next Steps

- The IESO will continue engaging with individual RFI respondents to seek further information that can help inform the development of the Long Lead Time Resource procurement
- The RFI responses and any subsequent stakeholder engagement/discussions will feed into a report back that will be submitted to the Minister of Energy and Electrification by March 14, 2025





## LT2(c) – High Level Overview of RFP and Contract

*Note: The following overview reflects the draft documents that were posted on November 22, 2024. Further revisions will be made in the next drafts based on the Directive language outlined earlier in this presentation*

# Resource Eligibility

The IESO released the first drafts of the LT2(c) RFP and Contract, that will be applicable to the first submission window, on October 30, 2024; subsequent drafts were issued on November 22, 2024:

The procurement will:

- Secure capacity services from **all technology types** that can meet the Must Offer Obligations outlined in the LT2(c) Contract (natural gas resources greater than 45MW are only eligible to participate in the capacity stream)
- Be open to **New Build resources** that are capable of achieving Commercial Operation by May 1, 2030, or earlier
- Include a **registration process** prior to proposal submission; proponents that wish to participate in window 1 of the LT2(c) RFP must register to be eligible

# Mandatory Requirements

Similar to the LT2(e) RFP, mandatory requirements include, but are not limited to:

- Satisfying the Team Member Experience requirements
- Delivery of a Pre-Engagement Confirmation Notice to the applicable Local Body Administrator, depending on Project Site
- Municipal Support Confirmation, Indigenous Support Confirmation, and/or an MNR Confirmation Letter, depending on the Project Site
- Prohibition on locating projects on any lands located in areas designated as Specialty Crop Areas as of the Proposal Submission Deadline
- Consideration of alternative sites to the satisfaction of the municipality where the project is proposed to be located in a Prime Agricultural Area

## Mandatory Requirements (2)

The following mandatory requirement reflects a change from the LT1 RFP:

- The minimum duration of continuous delivery of Electricity to a Connection Point on a Distribution System or Transmission System during the Qualifying Hours has been increased from four (4) consecutive hours to **eight (8) consecutive hours**
- Recent studies completed by the IESO indicate that to effectively sustain the capacity value provided by storage, the grid increasingly requires storage resources capable of injecting for longer durations as the total capacity of the storage fleet increases. The IESO expects to publish a white paper in the coming months that sets the context for how storage capacities could be qualified by the IESO in its procurements.

# Rated Criteria (1)

## Key Details

- Rated Criteria will be used to calculate a Proposal's Evaluated Proposal Price
- Under LT2(c) Proponents will be eligible to earn up to fifteen (15) rated criteria points based on key categories
- The first four categories are aligned with LT2(e)
- A new rated criteria category related to duration will be introduced for the capacity stream, awarding points for projects with the ability to inject for 12 hours or more

<b>Rated Criteria Category</b>	<b>Points Available</b>
Indigenous Community Participation	3
Local Indigenous Participation	3
Project is sited outside of Prime Agricultural Areas	3
Project is sited in a territorial district of Northern Ontario	3
**NEW CRITERIA - Duration	3
<b>Total Rated Criteria Points Available</b>	<b>15</b>

## Rated Criteria (2)

### New Rated Criteria: Duration

Proposals that include duration capabilities of 12 or more hours will be awarded up to three (3) rated criteria points as set out in the table below:

<b>Rated Criteria Points Available</b>	<b>Duration of continuous delivery of Electricity to a Connection Point during the Qualifying Hours</b>
3	Non-Electricity Storage Facility with a duration of twelve (12) or more hours during Qualifying Hours
2	Electricity Storage Facility with a duration of twelve (12) or more hours during the Qualifying Hours
0	Any Facility with a duration of less than twelve (12) hours during the Qualifying hours

# LT2(c) Contract Overview (1)

The LT2(c) contract will be a capacity-style contract, substantially similar to the LT1 contract (subject to appropriate adjustments), including the following key contractual parameters:

- **Requirements for Commercial Operation (Article 2)**

- The Facility must come into service by the Milestone Date for Commercial Operation of May 1, 2030 or the Longstop Date (i.e., 18 months after the MCOB)
- The Supplier must provide documentation to demonstrate that the facility has achieved commercial operation (e.g., IE Certificate, Metering Plan, etc.)

- **Completion and Performance Security (Article 6)**

- The Supplier must post and maintain the required amounts of Completion and Performance Security from the Contract Date until the end of the Term

## LT2(c) Contract Overview (2)

- **Must-Offer/Performance Obligations (Article 3)**

- Requirement to offer electricity output from the Facility into the Day Ahead Market during Qualifying Hours (07:00 to 23:00 on Business Days) such that the Monthly Average Offered Quantity for the Settlement Month is equal to or greater than the Adjusted Monthly Contract Capacity
- If the Monthly Average Offered Quantity < Adjusted Monthly Contract Capacity, an Availability Non-Performance Charge shall apply:

$$\mathbf{ANPCm = MCPm \times SFm \times NPF^{**}}$$

*\*\*Non-Performance Factors can be found in Exhibit F of the LT2(c) Contract*





# Updates to LT2(e) and LT2(c) RFPs and Contracts

# Overview of Updates to the LT2 RFP and Contract

- The IESO released revised drafts of the LT2(e) and LT2(c) RFP and Contract on November 22, 2024, and intends to release another set of drafts in the coming days
- The following table highlights the major changes:

<b>Changes Reflected in November 22, 2024 Drafts</b>	<b>Changes To Be Reflected In Next Drafts</b>
<ul style="list-style-type: none"><li>• Added provisions related to the Agricultural Impact Assessment (AIA) process</li></ul>	<ul style="list-style-type: none"><li>• Update to requirement for projects that are located on Unincorporated Territory</li></ul>
<ul style="list-style-type: none"><li>• Update to support confirmations to address validity across submission windows</li></ul>	<ul style="list-style-type: none"><li>• Revisions to the Early COD Payment Multiplier</li></ul>
<ul style="list-style-type: none"><li>• Update to definition of Indigenous Community</li></ul>	<ul style="list-style-type: none"><li>• Introduction of Grid-Based Unavailability concept</li></ul>
	<ul style="list-style-type: none"><li>• Updates to DARTA calculation (energy stream only)</li></ul>

# Projects Located in Prime Agricultural Areas (1)

- To align with the policy direction outlined in the June 6 and August 28, 2024, ministerial letters, revisions have been made to the RFP and Contract to provide further clarity around the Agricultural Impact Assessment (AIA) process for projects proposing to locate in a Prime Agricultural Area (PAA)
- In response to stakeholder feedback, the definition of PAA has also been updated:
  - Prime Agricultural Area** has the meaning given to that term in any Official Plan and includes any substantially similar designation in any Official Plan for agricultural land use designation purposes based on the definition of "Prime Agricultural Area" in the Provincial Planning Statement, 2024*
- For further clarification on the AIA process, interested parties are encouraged to review the [AIA Q&A](#) that has been jointly prepared by the IESO and OMAFA

## Projects Located in Prime Agricultural Areas (2)

### **Proposal Submission Requirements:**

At the time of proposal submission, Proponents must satisfy the Pre-AIA Submission Filing Requirement, which is a written notice delivered by the Proponent to the chief administrative officer or equivalent of an applicable Local Municipality which:

- Acknowledges that the Project Site includes land located in areas designated as PAA and that the Proponent has evaluated alternative locations within the Local Municipality outside of PAAs or on lower priority soil
- Includes a description of the manner in which alternative locations were evaluated

The municipality will confirm that the Pre-AIA Submission Filing Requirement has been completed to their satisfaction as part of the Prescribed Form: Evidence of Municipal Support

# Projects Located in Prime Agricultural Areas (3)

## Requirements Post Contract Award:

- Where the project is located in whole or in part on lands that are within any PAA, the Supplier shall provide confirmation to the IESO by no later than the 18 month anniversary of the Contract Date that the Supplier has completed an Agricultural Impact Assessment with respect to the Facility to the satisfaction of the Local Municipality
- The Form of AIA Confirmation Certificate, to be completed by the Local Municipality, will be available in Exhibit S of the Contract (current drafts contain a placeholder)

# Support Confirmations Across Windows (1)

- In response to stakeholder feedback requesting that support confirmations should have the ability to remain valid across all LT2 RFP submission windows and in order to provide Indigenous Communities and Municipalities the flexibility to review projects on an ongoing basis, the IESO has revised the Prescribed Form: Evidence of Indigenous Support and Prescribed Form: Evidence of Municipal Support
- The Prescribed Forms now include a checkbox under Section 3 requiring the Proponent to attest that the form of Indigenous/Municipal Support Confirmation included as part of the proposal, has not been revoked, amended or supplemented in any material respect as of the date of submission

## Support Confirmations Across Windows (2)

- For further clarity, support confirmations are to be obtained no earlier than the final LT2 RFP documents are issued (currently targeting February 27, 2025) to ensure that they meet all requirements and align with the final language provided in the relevant Prescribed Forms
- Prior to proposal submission, Proponents are encouraged to contact the Local Governing Body who issued the support confirmation to confirm the validity of the support confirmation

# Revised definition of Indigenous Community

- To reflect feedback received and in coordination with the Ministry of Energy and Electrification, the IESO has updated the definition of Indigenous Community and added a new definition of First Nation Community. The definitions are consistent across LT2(e) and LT2(c); definitions from LT2(e) are shown below:

## **Indigenous Community**

*means, for the purposes of this LT2(e) RFP, a First Nation Community or a Métis Community*

## **First Nation Community**

*means, for the purposes of this LT2(e) RFP,*

*(a) a First Nation located in whole or in part in Ontario that is a "band" as defined in the Indian Act, RSC 1985, c I5, as amended from time to time; or*

*(b) a Person, other than a natural Person, that has been determined by the Government of Ontario (for purposes of this LT2(e) RFP) to represent the collective interests of a community that is composed of First Nation natural Persons in Ontario.*



# Projects located on Unincorporated Territories

- The IESO has revised the mandatory requirements in the LT2 RFP for projects with Project Sites on Unincorporated Territory
- The IESO is no longer requiring Proponents to submit the Prescribed Form: Evidence of Pre-engagement Confirmation Notice for Unincorporated Territory, instead:
  - The IESO is proposing that Proponents will need to provide evidence, as part of the **Prescribed Form: Confirmation of Unincorporated Territory**, in the form of a letter addressed to the Proponent and the IESO, issued by a Land Use Planner that includes the seal or certificate of such Land Use Planner issued by the Ontario Professional Planners Institute, confirming that the Project Site is located on Unincorporated Territory

# Early COD Payment Multiplier (1)

- Initiatives under the IESO's Resource Adequacy Framework, including competitive procurements, have ensured that we have contracted the resources we need to meet our electricity needs through to 2029.
- The IESO is committed to ensuring that resources can come on-line as soon as possible so that emerging energy needs in 2029 can be met.

## Early COD Payment Multiplier (2)

- The IESO has revised the LT2 Contracts to incentivize early operation for all non-electricity storage projects.
- If Commercial Operation is achieved before the COD Bonus End Date, the Supplier will be entitled to a fixed payment multiplier based on the time period in which COD was achieved.
- The IESO is proposing the following multipliers (which are not yet reflected in the draft documents):

<b>Commercial Operation Date</b>	<b>Early COD Payment Multiplier</b>
Prior to and until April 30, 2029	1.5
From May 1, 2029 to December 31, 2029	1.4
From Jan 1, 2030 to April 30, 2030	1.2

# New Concept: Grid-Based Unavailability

In response to stakeholder feedback related to incurring Non-Performance Charges due to Tx/Dx system outages, the IESO has introduced a new defined term:

## **Grid-Based Unavailability:**

- Accounts for Outages (other than Planned Outages and events of Force Majeure) related to the Transmission/Distribution system
- Applies only to cases where the Supplier has complied with Outage reporting requirements and demonstrated they were physically prevented from delivering electricity and that such outage was not caused (directly or indirectly) by the Supplier
- Protects Supplier from incurring Non-Performance Charges due to Tx/Dx outages without reducing their Monthly Payment

# Removal of Intervening Forced Derate Factor (IFDF) from DARTA Calculation

The IESO has revised the definitions of **Forecast Day-Ahead Quantity** and **Forecast Real-Time Quantity** in Exhibit J of the LT2(e) contract :

- These quantities will now be determined by the IESO Centralized Forecast, modified to reflect their generating capability absent of any Outages
- Prevents the unintended reduction of Forecast Weighted Average Price (FWAP) due to Outages
- Eliminates the need for the Intervening Forced Derate Factor (IFDF) in the DARTA calculation; as such this term has been removed

## Excess Deemed Revenues (1)

- The IESO has engaged extensively on the E-PPA and has been responsive to stakeholder feedback to de-risk the revenue model (introduction of Forecast Weight Average Pricing (FWAP), Day-Ahead to Real-Time Adjustment (DARTA), 3-year average Non-Performance calculation with 20% buffer, Grid-Based Outages, etc.)
- The final outstanding item has been the treatment of excess deemed revenues in the rare case that average Day-Ahead Locational Marginal Prices at a given node, in a given month, are high enough that a supplier's Deemed Revenues are higher than their Monthly Revenue Requirement, resulting in a negative payment

## Excess Deemed Revenues (2)

The IESO has continued to receive mixed feedback from stakeholders on this issue, with some continuing to ask to retain all excess deemed revenues, some indifferent to the treatment of excess deemed revenues, and some adamantly opposed to the idea of opting out of DARTA in exchange for a share of excess deemed revenues.

### **IESO Decision:**

- The IESO will not pursue the option to opt out of DARTA in exchange for a share of excess deemed revenues
- In keeping with the structure of existing deeming contracts, coupled with the additional protection provided by DARTA, the IESO will be retaining all excess deemed revenues



# LT2 RFP Deliverability Update



## LT2 RFP Deliverability Agenda

- LT2(e) deliverability preliminary guidance update
- LT2(e) deliverability test methodology update
- LT2(c) deliverability update
- Early thoughts on deliverability process for the new windowed approach

## LT2(e) Preliminary Guidance Update

- Preliminary Connection Guidance document version 3.0 is underway. Major updates include:
  - New Transmission Availability Tables (TAT) section identifying the most restrictive limitation for each circuit with a higher resolution for available capacity based on stakeholder requests
  - Most circuits are to be removed from the list of restricted circuits due to potential Sub-Synchronous Resonance – only X503E and X504E will remain restricted
  - Update of the list of short-circuit limited stations by removing Lennox and adding Allanburg. Burlington and Trafalgar will be identified as having limited room available
  - Acknowledgement of the 300 MW set aside applicable to 230kV circuits that connect to Nanticoke and the Niagara Reinforcement line between Allanburg and Middleport, as per the Minister's Directive

# LT2(e) Deliverability Test Methodology Update

- The Evaluation Stage Test Methodology will use similar assumptions to the Preliminary Guidance Document
- IESO responsibilities:
  - Test for deliverability, potential Inverter-Based Resource specific interactions and provide deliverability test results for eligible projects
- Transmitter responsibilities
  - Test deliverability from the point of connection with the distributor to the point of connection with the transmission system and complete short-circuit test for the transmission network
- Local Distribution Company (LDC) responsibilities
  - Test distribution system deliverability to the point of connection with transmitter owned equipment and complete short-circuit tests for the distribution network

# LT2(c) Deliverability Update

- Deliverability Methodology, for evaluation stage, and Connection Guidance to be combined in one document
- LT2(c) Connection Guidance to be similar to that for LT2(e), including area limits and circuits limits including TAT
- The LT2(c) deliverability uses updated assumptions from the LT1 deliverability, which results in increased connection availability. The main assumption updates include:
  - Demand forecast increases by 2030 will enable more capacity for connections mainly in the West of GTA areas
  - Generator outage assumptions will enable capacity connections in all areas
  - Performance criteria updates, including higher reliance on Remedial Actions Schemes on an interim basis

## LT2(c) Deliverability Update (cont'd)

- Short-circuit connection limitations and Inverter-Based Resource limitations relating to sub-synchronous resonance (SSR) and (SSCI) will likely be the same as those for LT2(e)
- Preliminary results indicate the following capacity room for the LT2(c) Window 1:
  - 635 MW in Northern Ontario
  - 420 MW in East of GTA
  - 2,660 MW in West of GTA
- The LT2(e) Window 1 results will affect the availability for the LT2(c) Window 1, as the LT2(e) deliverability testing will be performed ahead of the LT2(c)

# Thoughts on Deliverability for Windowed Approach

- Given the compressed timelines under the windowed approach, providing comprehensive guidance that includes results from a previous window into the next window will not be practical
- Considering providing preliminary connection guidance for all subsequent procurement windows (e.g. 2, 3 and 4) on a regular basis starting in Q2 2025, which would reflect future system changes, e.g., transmission reinforcements, demand forecasts
- Considering maintaining deliverability test methodologies from Window 1 throughout all LT2 windows

# Deliverability - Next Steps

- Target dates for connection guidance & methodology documents:
  - LT2(e) methodology document (end Dec. 2024)
  - LT2(e) guidance document v3.0 (Jan. 2025)
  - LT2(c) guidance & methodology document (Jan. 2025)
- Investigating the feasibility of developing a connection feasibility assessment platform and process that would allow on-demand, site specific, assessments
- Continue to explore solutions for short circuit restricted areas



# Next Steps



# Participating in the LT2 RFP

- Splitting the LT2 RFP into multiple procurement windows will provide opportunities for projects that are not ready to participate in the first window
- In order to provide as much certainty and predictability as possible to Proponents:
  - The form of RFP and contract will remain substantially the same across the windows with appropriate adjustments made to reflect lessons learned, updated system needs and/or revised policy considerations
  - Updated procurement targets for window 2 will be communicated as early as possible after the completion of window 1
- The IESO recognizes that it will be more challenging to advise on connection availability for subsequent windows prior to having results from the previous window, and will work with stakeholders to identify the most valuable information to provide

## Next Steps

- The IESO will release the next set of draft RFP and contract documents in the coming days
- The IESO invites written feedback on the materials presented today and the forthcoming draft RFP and documents by **January 10, 2024**. All written feedback should be submitted to [engagement@ieso.ca](mailto:engagement@ieso.ca) utilizing the IESO Feedback Form posted on the engagement webpage.
- The IESO will host a follow-up engagement in late January and expects to release final LT2 RFP documents in February 2025

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# Thank You

[ieso.ca](http://ieso.ca)

1.888.448.7777

[customer.relations@ieso.ca](mailto:customer.relations@ieso.ca)

[engagement@ieso.ca](mailto:engagement@ieso.ca)



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