Feedback Form

Medium Term 3 Request for Proposals (RFP) – October 16, 2026

Feedback Provided by:

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Date: 27 October 2026

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

- ☐ **There is confidential information, do not post**
- X **Comfortable to publish to the IESO web page**

Following the Medium-Term 3 RFP 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 Medium-Term RFP engagement page.

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

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

The Ontario Rivers Alliance (ORA) supports re-contracting Ontario's existing non-emitting generation through short, competitive Medium-Term 3 (MT3) contracts. ORA recommends that the Independent Electricity System Operator (IESO) hold every existing resource, including hydropower and natural gas, to the same competition and the same short terms.

Procurement Process and Timelines

Do you have any feedback on the procurement process and/or proposed timing for proposal submission?

Host Communities Are Not Informed:

The IESO offers MT3 as a contracting pathway for a facility that is unable to obtain the municipal support needed for repowering.[1] At the session, the IESO explained that "*facilities would need municipal support to get a long-term contract to repower*", and that MT3 "*is the alternative for those who cannot at this time do so*".[2]

The 2022 Minister's Directive recognizes that "*community support is vital to new-build energy projects*".[3] Under the Long-Term 2 (LT2) Request For Proposals (RFP) rules, a facility needs municipal support to win a contract to repower. MT contracts have no such step. In MT2, a stakeholder asked the IESO to notify each municipality hosting a facility under consideration, and the IESO did not commit to doing so.[4] The result is a gap. A facility that has not obtained municipal support for repowering can still win a new MT3 contract, for up to 10 years if the IESO's proposal proceeds, and no one is required to tell the community.

ORA Recommendation 1: That the IESO require each MT3 proponent to provide evidence of municipal and Indigenous support, similar to the evidence required in the LT2 and Long Lead-Time (LLT) RFPs.

Flexible Contract Terms

Do you have any feedback on the IESO's proposal to allow proponents to select a contract term between 3 to 10 years at the time of proposal submission?

Five Years Should Remain the Standard Term:

MT2 contracts ran for five years. The IESO is now considering letting each proponent choose a term of 3 to 10 years. It is also considering a limit on the number of contracts longer than five years "*to maintain flexibility to respond to evolving system needs and demand conditions as contracts come up for renewal*".[1] At the session, the IESO explained that "*the whole purpose of us initially offering five-year contracts was to provide us with contracting flexibility and essentially provide affordability for ratepayers by recontracting facilities as we need based on evolving demand projections*".[2]

ORA agrees. A short contract lets the IESO buy only what the system needs, at the price of the day. Each renewal can then reflect how a facility has actually performed.

ORA supports re-contracting existing wind, solar and other non-emitting facilities. They are already built and already connected. Comparing MT2 with the first window of the LT2 RFP for new build, the IESO reports that MT2 energy contracts "*achieved a lower weighted average price than new-build LT2 Window 1 Energy projects ($79.55/MWh vs $88.84/MWh)*".[1] Using what is already built, before building new, is ORA's standing position.

ORA Recommendation 2: That five years remain the standard MT3 contract term.

Natural Gas Should Stay on Short Contracts:

In MT2, every capacity contract went to natural gas or dual-fuel (natural gas and oil) facilities: 2,006.14 megawatts (MW) at eight facilities.[1] These facilities emit greenhouse gases for as long as they run. The 2022 Minister's Directive that governs the MT RFPs requires the IESO to "*determine eligibility criteria of MT RFPs after taking into account environmental policy objectives and initiatives of the government*".[3] A contract longer than five years for an emitting facility locks in its emissions. It also gives up the flexibility that the IESO itself says short terms provide.

ORA Recommendation 3: That no MT3 contract longer than five years be awarded to a natural gas facility or any other emitting facility.

D*o you have any feedback on approaches on the mechanics for submitting proposals with flexible contract terms, or on the methodology for evaluating proposals with varying contract terms?*

Compare Proposals on Their Total Cost:

The IESO is assessing several ways to compare proposals with different terms, ranging from price alone to term-adjusted methods such as net present value (NPV).[1] NPV converts each stream of contract payments into today's dollars, so a 3-year proposal and a 10-year proposal can be compared fairly. Comparing price alone would let a long contract win on a low yearly price while committing ratepayers for twice as long. The IESO is also considering letting each proponent submit more than one price-and-term option.[1]

ORA Recommendation 4: That the IESO compare MT3 proposals with different terms on net present value, not on price alone.

Enhancing Competition in Proposal Evaluation

Do you have any feedback on setting the MT3 procurement target as a percentage of the aggregate nameplate capacity of submitted proposals, as well as on potential mechanisms to limit the influence of any single proposal on procurement outcomes?

Keep the Competition, and Publish the Result:

The MT3 procurement target will again be a percentage of the capacity offered. That percentage was 80 percent in MT2, and the IESO said of MT3: "*that's the number that we're considering, but we haven't finalized on that number as of yet*".[2] In MT2, the IESO explained that "*to protect the ratepayer the IESO cannot accept all projects regardless of price*".[4] ORA supports the percentage target. ORA also supports the IESO's proposal to limit how much any single large proposal can sway the outcome.[1]

Competition protects ratepayers only if the public can see what it produced. The 2022 Directive requires the IESO to set a maximum price for MT procurements, with "*a maximum capacity price which shall be less than the net cost of new entry for a new-build electricity resource*".[3] Ratepayers should be able to check that this test was met.

ORA Recommendation 5: That the IESO publish the MT3 maximum prices after contracts are awarded.

ORA Recommendation 6: That the IESO publish the MT3 results by resource type, with contract prices shown from lowest to highest wherever a resource type attracted enough proposals that no individual price can be identified.

Published results must also be accurate. Slide 11 of the MT3 presentation states that the 19 MT2 energy facilities have an expected annual energy production of "*261.4 MWh*".[1] By ORA's arithmetic, those 19 facilities total about 995 MW of capacity (3,001.11 MW in all, less 2,006.14 MW in the capacity stream).[1] At that size, they would produce far more than 261.4 MWh in a year, so the figure or its unit appears to be in error, and ORA asks the IESO to correct it.

General Comments/Feedback

Do you have additional feedback to share with the IESO?

Existing Hydropower Has Its Own Lane:

The IESO describes the MT RFPs as "*the IESO's primary re-contracting mechanism*".[1] Hydropower is not shown in the MT3 eligibility diagram on slide 14, and no hydroelectric facility won an MT2 contract.[1] The IESO did say that MT3 is "*basically open to anyone*" who meets its basic requirements.[2] Existing hydroelectric facilities are instead being offered new contracts through two standard offer programs. The larger of the two does not include Ontario Power Generation's (OPG's) regulated hydroelectric stations.[5] In a standard offer program, the IESO offers each eligible facility a standard-form, non-negotiable contract at a price it sets, and no facility competes on price.

- The Small Hydro Program (SHP), for facilities of 10 MW or less, sets, for facilities with no current contract or with an Ontario Electricity Financial Corporation (OEFC) contract, an "*initial Contract Price of $94.67/MWh in 2023*", with 60 percent of the price rising with inflation. The program runs to 30 April 2043.[6]
- The Northern Hydro Program (NHP), for facilities over 10 MW, states: "*The Indexed Fixed Price will be equal to $92/MWh in 2025.*" Every contract ends on 30 April 2050, and only the supplier may end it early, in the 8th or 15th contract year. No non-performance charge applies until after the fourth contract year, and force majeure, the clause that excuses events beyond a supplier's control, includes "*floods and drought*".[5] The IESO reports that the program will secure over "*1,000 megawatts from approximately 26 large, hydroelectric generating facilities*" in Northern Ontario.[7]

ORA recognizes that the IESO expects to re-contract the NHP facilities "*at rates 20 per cent below those under previous contracts compared to extending current contract terms*".[7] The contrast with MT remains. Existing wind and biofuel facilities competed for five-year MT2 contracts, which averaged $79.55 per megawatt-hour (MWh), mostly for wind.[1] The SHP and NHP starting prices are $15.12 and $12.45 per MWh higher. These differences are ORA's own arithmetic on the IESO's figures, which were set in different years. The hydro terms run to 2043 and 2050.

The IESO's reason for five-year terms, flexibility and affordability for ratepayers, applies to hydropower at least as much as to any other resource. Hydropower's output depends on seasonal flows and drought. The IESO's own 2026 Annual Planning Outlook states: "*As actual weather and seasonal trends diverge from historical trends, supply resources may perform differently from assumed historical performance*".[8] A short term also lets the IESO decide at each renewal whether to re-contract a facility at all. The IESO itself describes MT contracts as a bridge for resources "*until they can repower under LT2, or until they decommission*".[1]

The lane is growing. On 7 May 2026, the Minister of Energy and Mines asked the IESO to report on contract options for hydroelectric facilities that are "*either not currently eligible for, or well-suited to, the SHP or NHP*", "*with the ultimate goal of eventually moving them all into the SHP or NHP, where appropriate*".[9] In its LT2 submissions, ORA asked on 12 March[10] and 31 August 2026[11] that repowered hydroelectric facilities be re-contracted under five-year MT contracts, and on 27 October[12] under MT contracts of no more than five years. The same reasoning applies to existing hydroelectric facilities now offered contracts to 2050.

ORA Recommendation 7: That existing hydroelectric facilities be re-contracted through competitive MT procurements on terms of 3 to 5 years.

ORA Recommendation 8: That the IESO publish each year the number, capacity, price and term of the contracts signed under the Small Hydro Program and the Northern Hydro Program.

MT3 Will Inherit the LT2 Rules:

The IESO states that "*The MT3(e) RFP will follow these and any other updates that are adopted under the LT2(e-2) RFP for the E-PPA model and non-performance obligations*".[1] At the session, the IESO put it plainly: "*wherever LT2 goes, so shall go MT3*".[2] One of the LT2 updates the IESO is proposing would cut the shortfall that solar facilities may have before a non-performance charge applies to 10 percent, while hydroelectric, wind and all other resources keep 20 percent.[13] The IESO based that change on an analysis of the historical production of the existing wind and solar fleet. ORA's LT2 submission of 27 October 2026 asked the IESO to run the same analysis on hydropower and, until it does, to hold hydropower to the same threshold as solar.[12] If the change is adopted, existing solar facilities with MT3 contracts would carry a tighter rule than hydroelectric facilities carry under LT2 and the NHP.

ORA Recommendation 9: That the IESO set the non-performance threshold for hydroelectric facilities in LT2 and MT3 on the same variability analysis it ran on wind and solar.

MT Checks a Facility's Output Against Its Record:

Each energy contract pays a facility according to the yearly output it is expected to produce, called its production factor. Proponents propose their own production factors, but in MT the IESO sets limits on them. For MT2, it used "*the five (5) most recent years of historical data to determine the minimum and maximum annual average imputed factor*".[4] In LT2, the IESO has found that "*It is possible to set imputed monthly production factors to values that are not reflective of the actual capability*",[13] and it says it "*will be taking steps to mitigate this possible bidding behaviour going forward*".[13] ORA's 27 October LT2 submission addressed how that should be done for hydropower.[12]

The IESO already knows how to check a proponent's number against a record. For hydropower, the record alone is no longer a safe guide. The IESO's 2026 Annual Planning Outlook warns that supply resources may perform differently "*As actual weather and seasonal trends diverge from historical trends*".[8] A check for hydropower must look forward to the water flows expected under a changing climate, including seasonal flows and drought.

ORA Recommendation 10: That the IESO apply to every hydroelectric proposal in LT2 and the LLT RFP an independent check of its production factor, based on the water flows expected under a changing climate.

Closing:

MT3 shows that the IESO knows how to protect ratepayers when it re-contracts existing power: competition, a target below what is offered, and short terms. ORA supports all three. Existing

hydropower in the SHP and NHP is offered none of them. ORA asks the IESO to apply its own rules to every existing resource.

Respectfully submitted,

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Chair, Ontario Rivers Alliance
[redacted]

Endnotes:

1. *Independent Electricity System Operator (IESO), Medium-Term 3 (MT3) RFP, engagement presentation, 16 October 2026, slides 11, 12, 14, 23, 24, 25, 26 and 27. https://www.ieso.ca/en/Sector-Participants/Engagement-Initiatives/Engagements/Medium-Term-RFP*
2. *IESO, MT3 RFP engagement webinar, 16 October 2026; times from ORA's own recording, at 00:13:02, 00:16:18, 00:46:21, 00:46:23, 00:47:52 and 00:51:19. https://www.ieso.ca/en/Sector-Participants/Engagement-Initiatives/Engagements/Medium-Term-RFP*
3. *Ontario, Minister's Directive to the IESO, Order in Council 137/2022, 27 January 2022, Background and sections 3(b) and 3(c). https://www.ontario.ca/page/directive-order-council-1372022*
4. *IESO, Stakeholder Feedback and IESO Response, Medium-Term 2 RFP, 5 November 2024, pp.2, 7 and 8. https://www.ieso.ca/-/media/Files/IESO/Document-Library/medium-term-rfp/MT2-20241105-response-to-feedback.pdf*
5. *IESO, Northern Hydro Program Rules, Version 1, 23 April 2026, sections 1.5, 2.1, 3.3(j), 6.2(b), 6.3, 6.7(e), 6.8(a) and 6.9. https://ieso.ca/-/media/Files/IESO/Document-Library/nhp/NHP-Rules-Version-1-0.pdf*
6. *IESO, Small Hydro Program Rules, Version 2.1, 2026, sections 1.4, 1.6, 2.1(a) and 6.7(b). https://ieso.ca/-/media/Files/IESO/Document-Library/energy-procurement/SHP/SHP-Rules-Version-2-1.pdf*
7. *IESO, Advancing the Northern Hydro Program, IESO News, 27 April 2026. https://ieso.ca/Sector-Participants/IESO-News/2026/04/Advancing-the-Northern-Hydro-Program*
8. *IESO, 2026 Annual Planning Outlook: Ontario's electricity system needs: 2027-2050, March 2026, section 7.2.1.4, p.71. https://www.ieso.ca/-/media/Files/IESO/Document-Library/planning-forecasts/apo/2026/2026-Annual-Planning-Outlook.pdf*
9. *Hon. Stephen Lecce, Minister of Energy and Mines, letter to Lesley Gallinger, President and Chief Executive Officer, IESO, 7 May 2026. https://www.ieso.ca/-/media/Files/IESO/Document-Library/corporate/ministerial-directives/Letter-from-the-Minister-of-Energy-and-Mines-20260507-Hydroelectric-facilities.pdf*
10. *Ontario Rivers Alliance, Feedback Form, Long-Term 2 RFP engagement of February 24, 2026, submitted 12 March 2026. https://www.ieso.ca/Sector-Participants/Engagement-Initiatives/Engagements/Long-Term-RFP*
11. *Ontario Rivers Alliance, Feedback Form, Long-Term 2 RFP, August 20, 2026, submitted 31 August 2026, ORA Recommendation 4. https://www.ieso.ca/Sector-Participants/Engagement-Initiatives/Engagements/Long-Term-RFP*
12. *Ontario Rivers Alliance, Feedback Form, Long-Term 2 RFP (Window 2), October 14, 2026, submitted 27 October 2026, ORA Recommendations 5, 6, 8 and 14. https://www.ieso.ca/Sector-Participants/Engagement-Initiatives/Engagements/Long-Term-RFP*
13. *IESO, Long-Term 2 (LT2) RFP, Window 2, engagement presentation, 14 October 2026, slides 16, 17 and 18. https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/long-term-rfp/lt2-rfp-20261014-engagement-presentation.pdf*