

Memorandum

To: Strategic Advisory Committee

From: Barbara Ellard, Director, Resource and System Adequacy

Date: October 16, 2025

Re: IESO Business Update – Resource Adequacy

The following provides an update to members of the Strategic Advisory Committee (SAC) on the IESO's resource acquisition activities that are part of the IESO's Resource Adequacy Framework.

Summary

The IESO continues to leverage the Resource Adequacy Framework (RAF) to meet emerging system needs. The IESO is leveraging all the mechanisms under the framework to meet emerging system needs. This memorandum provides a brief status update on a selection of resource acquisition activities:

- Capacity Auction
- Long-Term 2 Request for Proposals (LT2 RFP)
- Long Lead Time Request for Proposals (LLT RFP)
- Northern Hydro Program (NHP)
- Ancillary Services (AS)
- Transmitter Selection Framework (TSF)
- Corporate Power Purchase Agreement Framework (C-PPA)

Capacity Auction

On August 14, the IESO published the pre-auction report for the 2025 Capacity Auction, signaling the start of the pre-auction period. This year's auction will target 1,800 MW for the

summer 2026 and 1,200 MW of capacity for the winter 2026/27 obligation periods. The capacity qualification period has now commenced, and prospective auction participants have submitted requests to qualify their resource's capacity. These submissions are currently being assessed, and results will be released to participants later in October to prepare for offer submission in November. The auction will be held on November 26-27, and results will be announced to the public on December 4.

Enhancements to the 2025 auction are in the final stages of approval and are anticipated to complete the Technical Panel review and IESO Board approval this month. The enhancements to this year's auction include the improved tie-break mechanism and improved options for participants to manage their commitments (i.e. buy-out and transfer provisions) framework.

LT2 RFP

The LT2 Window 1 RFP has now been launched with the Energy RFP seeking 3 TWh of energy per year and the Capacity RFP targeting 600 MW of new capacity. The IESO posted final consolidated versions of the LT2 Energy and Capacity RFPs, incorporating all Addenda, on September 5 and September 11, respectively. Following those dates, the registration deadlines also passed for the LT2 Energy and Capacity RFPs on September 4 and October 3, respectively. Proposals for Energy projects are due October 16 and for Capacity on December 18. The IESO is now under the Prohibited Communications Protocol for this window.

On October 20, the IESO will begin its engagement on the LT2 Window 2 RFPs, at this time primarily focusing on options for existing resources reaching their end of life in order to ensure the procurements appropriately incent existing resources to re-power and re-develop when and where needed.

Long Lead Time Request for Proposals (LLT RFP)

The IESO submitted its report back on the design of a Long Lead Time procurement to the Minister of Energy and Mines earlier in the summer. The IESO held an engagement session on September 16, 2025, to present an overview of the considerations in the report back and seek feedback from stakeholders to progress several design items. The IESO is working on releasing

the first draft of the RFP and Contract for the capacity stream in mid-October, followed by the draft documents for the energy stream in November. The IESO is working with the Ministry on the next steps and timing.

Northern Hydro Program

The Northern Hydro Program provides re-contracting opportunities to non-rate regulated hydroelectric facilities over 10 MW. Approximately 1,000 MW of existing hydroelectric capacity in Northern Ontario is eligible for the program.

In June, the IESO was provided formal direction to launch the program by the end of Q1 2026. The IESO, OWA and facility owners are working together on finalizing the commercial terms of the Northern Hydro Program contract as well as the creation of a formal set of program rules and application forms.

Ancillary Services

The 2025 Annual Planning Outlook (APO) identified a growing need for regulation service over the next ten years beginning in 2026. The IESO held a stakeholder engagement was held on July 24th to both educate stakeholders on both the need and what is required to fulfill it. The IESO is continuing to engage with a number of existing facility owners to understand the potential interest and capabilities.

Transmitter Selection Framework (TSF)

The IESO continues to engage with stakeholders on the design of the Transmission Selection Framework (TSF). In particular, on October 15, a Focused Engagement Session was held that centered on RFP and contract design considerations, including terms and conditions and proponent requirements during the RFP and contracting phases. These sessions have been instrumental in collecting feedback from Indigenous communities and stakeholders on TSF design features. The feedback from this session will be used to inform the first draft RFP and contract documentation, scheduled for release in early 2026.

Corporate Power Purchase Agreement (C-PPA) Framework

In June 2025, Ontario Regulation 429/04 was amended to give large electricity consumers new options to access clean electricity through Corporate Power Purchase Agreements (C-PPAs). These agreements allow Class A consumers participating in the Industrial Conservation Initiative (ICI) to virtually procure electricity from eligible non-emitting generators. The electricity can be used to help offset a facility's peak demand for the purpose of Global Adjustment settlement. As part of these amendments, the IESO has a number of obligations to review eligibility and also is required to process certain adjustments to ICI participants' Peak Demand Factors (PDFs) once the regulatory requirements are met.

To fulfill our obligations, the IESO established the C-PPA Framework. The framework is administered by the IESO and provides a consistent and transparent process for reviewing participant submissions, confirming eligibility, supporting compliance through clear guidance, and monitoring obligations on an ongoing basis. On June 12, 2025, the IESO issued a bulletin highlighting the regulatory amendments and launched a dedicated C-PPA webpage and email inbox to support inquiries. Several stakeholder questions have already been received and are currently under review.

In October 2025, the IESO will post draft guidelines and supporting C-PPA framework documents to its C-PPA webpage, along with a Bulletin inviting stakeholders to register for an upcoming engagement session. In November 2025, the IESO will host the session to provide an overview of the framework and request feedback from stakeholders. Submissions for the 2026–2027 base period will be due by March 30, 2026, in advance of the period commencing in May 2026.