

Indigenous Community Feedback and IESO Response

Long-Term 2 RFP (LT2 RFP)

Following the January 17, 2024 LT2 RFP community engagement webinar, the Independent Electricity System Operator (IESO) invited Indigenous communities to provide feedback on LT2 RFP design considerations. The IESO is currently in the design stage of the LT2 RFP. Stakeholder feedback was reflected in the IESO's report back to the Ministry of Energy in March 2024. Feedback is posted on the Long-Term RFP [community engagement webpage](#). Please reference the feedback forms for specific feedback as the information below is provided in summary.

Note on Feedback Summary and IESO Response

The IESO appreciates the feedback received from Indigenous communities. The following tables respond to the feedback received and are organized by each topic. This document is provided for information purposes only. It does not constitute, nor should it be construed to constitute, legal advice or a guarantee, offer, representation or warranty on behalf of the IESO.

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A) LT2 RFP Engagement

Feedback submissions communicated the need for transparency and greater involvement early in the process in order to help build an understanding for the LT2 RFP so that Indigenous communities may be instrumental in the decision-making process. Feedback on this topic is summarized below.

Feedback	IESO Response
<p>(a) The IESO should help ensure that Indigenous communities are involved early in the process: well-informed engagement at every stage of the project development.</p> <p>(b) Offer Energy Project terminology 101: course/workshops, for capacity building and understanding the whole process including the lingo and understanding the acronyms. Few First Nations have experts and engineers but are willing to learn!</p> <p>(c) Reaching out to First Nations: to keep them informed on the projects, instead of hearing about them from proponents who want to be awarded projects. And ensuring that the regional treaty partners are made aware and given chance to enter into partnerships with proponents and IESO knowledge keepers.</p>	<p>(a) The IESO remains committed to engaging with Indigenous communities early in its procurement design and planning processes. These opportunities will include formal outreach, targeted webinars and individual meetings, as needed.</p> <p>(b) The IESO will continue to offer and welcomes community engagement opportunities for project information sharing that is presented in an understandable manner, such as the one that was held for communities on January 17, 2024. Visit the Learn tab on the IESO website at www.ieso.ca, for more information on the IESO and the electricity market in Ontario.</p> <p>(c) The IESO will continue to endeavor to ensure that communities are informed about upcoming procurements, procurement terms that are of interest to Indigenous communities, and energy/capacity needs in Ontario.</p> <p>Since it is project proponents, and not the IESO, that will select potential project sites for the LT1, proponents are more likely to be the first to reach out to Indigenous communities regarding specific projects. Proponents are responsible for selecting potential sites based on technical criteria (e.g., connection availability) as well as site access arrangements with property owners. In most cases these decisions are made outside of the IESO's purview. The IESO encourages all prospective project proponents to engage with locally impacted communities as early as possible in the project development process.</p>

(d) The IESO must also develop a transparent Indigenous procurement policy.

(e) Remove barriers in order to enhance collaboration: remove barriers that will allow access to the internet and webinar as not everyone has the opportunity/ability to travel for in-person meetings.

(f) Allow First Nation communities to be the lead and submit a RFP: taking into consideration First Nation communities with no experience as the developer/owner and bring in secondary partners with experience as hired subcontractors, consultants, engineering firms, etc.

(g) Requiring proponents to provide early, standardized information.

(d) The IESO believes that Indigenous engagement and economic participation is key to the success of electricity infrastructure projects in Ontario. As such, the IESO will seek to build on and evolve Indigenous support and engagement requirements, and participation incentives, for each procurement, leveraging lessons learned from past procurements.

(e) The IESO is committed to meaningful engagement and will work with Indigenous communities to help ensure the sharing of information and ongoing dialogue is achieved through a mutually agreeable manner that may include in-person, virtual, email, phone, or hybrid.

(f) The IESO has and will continue to allow for First Nation owned developers to participate in its procurements. However, it should be noted that the IESO anticipates that certain team member experience thresholds may be required for subsequent procurements (i.e., the LT2 RFP). The IESO is open to feedback on how best to structure those requirements to enable participation by Indigenous owned developers, while ensuring that certain experience thresholds continue to be met in its procurements.

(g) The IESO also acknowledges that LT2 RFP timelines should allow for more time for proponents to engage and work with communities. Final LT2 RFP documents are expected to be posted in Q4 2024 with proposal submission due mid-2025, providing greater lead time for Indigenous communities to review projects and make decisions, than previous IESO procurements. The IESO will continue to seek input from Indigenous communities as it refines community engagement requirements for its procurements.

(h) For projects that have 51% or more of Indigenous ownership there needs to be Indigenous adders in some form be it a higher rate or a return of taxes to the First Nation or the indigenous owner.

(h) The IESO has included this feedback as part of its report back on the LT2 RFP to the Ministry of Energy in March 2024 and is currently considering options to encourage meaningful partnership with Indigenous Communities.

B) LT2 RFP Rated Criteria

Feedback submissions communicated consideration regarding removing the requirement for municipal consent and the need for a participation-rated criteria prioritizing treaty rights holders. Feedback on this topic is summarized below.

Feedback	IESO Response
<p>(a) Look at set-aside projects specifically reserved for First Nation Communities to bid on.</p> <p>Set aside a pot of resources for Indigenous communities: applying for these resources should be a percentage of all transmission lines and any other electrical generation line and any other electrical generation projects, no matter where they are.</p> <p>(b) Delete the requirement for municipal consent where projects have 50% First Nation partnerships: First Nations can invest significant time and money in developing projects with qualified partners over months and years, only to see those projects killed with a single short-term thinking municipal council resolution (or lack of a resolution).</p> <p>(c) Points for Indigenous participation should be made more specific to: 1) prioritize Treaty rights holders; 2) require proponents to engage with all Treaty rights holders in a shared territory. Otherwise, proponents can get points by partnering with one First Nation in a shared territory without contacting or engaging with the other rights holders.</p>	<p>(a) The IESO does not anticipate establishing any distinct set asides in its procurements for Indigenous communities at this time, as this is driven by government policy. However, the IESO will continue to incentivize Indigenous economic participation in its procurements and is open to feedback on how best to enhance those incentives.</p> <p>(b) The requirement to obtain municipal support for a project is driven by government policy and impacts those projects that are being proposed on lands under the jurisdiction of a local municipality. The IESO appreciates the feedback but does not foresee a change in this policy for the LT2 RFP. The IESO continues to work collaboratively with municipalities to help advance efforts toward project success.</p> <p>(c) The IESO is proposing that the mechanism for awarding Rated Criteria points for Indigenous participation in the LT2 RFP be the same as that which was used in the LT1 RFP. That mechanism included granting additional points to projects partnering with communities that are local to the project (including those with treaty rights or on whose traditional territory the project is located). With respect to a requirement for engagement with all Treaty rights holders in a shared territory, the IESO's current procurement design encourages early engagement with Indigenous communities.</p>

(d) It would be good to see: rate considerations for the nations as part of an incentive for participation, i.e., a percentage savings on communities billing for example.

(e) First Nation “points” in RFPs are helpful. However, municipalities as tertiary levels of government have veto power over projects that often have 50% First Nation rights-holder equity. The IESO needs to value First Nation rights-holder equity participation to advance necessary electricity projects vs. providing municipal governments the right to vet First Nation driven projects – which is simply wrong.

(d) The IESO appreciates the feedback; however, rate setting guidelines are not in the IESO’s mandate.

(e) The purpose of Municipal Support Confirmation is to provide the IESO with the confidence that should a project that is located in a municipality be awarded a contract, it has the support of the elected officials of that municipality, and to grant municipal councils a say in what projects are submitted and selected in IESO procurements. Municipalities have some discretion over the Municipal Support Confirmation language. For example, a council can limit the Municipal Support Confirmation to a specific project, technologies, locations, or sizes.

The IESO will seek to build on Indigenous and municipal support and engagement requirements, and participation incentives established under the E-LT1 and LT1 RFPs based on community and stakeholder feedback as well as lessons learned.

C) LT2 RFP Indigenous Community Support Programs

Feedback submissions communicated the need for capacity funding that can help enhance Indigenous engagement participation pertaining to program knowledge. Feedback on this topic is summarized below.

Feedback	IESO Response
<p>(a) Funding that provides flexibility: especially for First Nations whose development is minimal and just starting out.</p> <p>(b) The CEC and Education capacity benefit are good starts. But the work of informing First Nations on upcoming projects and IESO work is still majorly needed. The use of IESO capacity funding is sometimes being used for superfluous funding to prop up consultants that move in to take advantage of legitimate First Nation government. Overtime these scenarios can damage First Nation ability to negotiate and to understand due to what might be called consultant complacency, and with support of some elected officials and not others can sometimes lead to severe gridlock and inability to move forward in program development and in energy planning and investment planning in terms of economic development strategy connected to IESO-led projects.</p>	<p>(a) The IESO offers a range of Indigenous funding programs through the Indigenous Energy Support Programs to help make Ontario’s electricity system cleaner, greener, and smarter. The funding programs of the IESO promote broad equitable participation in Ontario’s energy sector by supporting community capacity building, including energy planning and renewable energy development, as well as the building of energy knowledge and awareness, and skills related to energy projects. The 2024 Indigenous Energy Support Programs launched on Friday, April 19, 2024.</p> <p>(b) The Indigenous Energy Support Programs have been integral in building capacity and reducing barriers for communities to participate in the energy sector.</p> <p>The IESO works closely with Indigenous communities to provide more tailored funding options that will help to achieve Indigenous communities’ energy objectives so that communities will be better equipped to participate and play an increased key role in electricity projects.</p> <p>The IESO has increased funding caps and the added flexibility of program support will help encourage additional community participation that can benefit both community goals and IESO resource adequacy initiatives such as participation in competitive procurements.</p> <p>The IESO Indigenous Relations Team encourages Indigenous communities to reach out with any questions that they may have regarding the Indigenous Energy Support Programs at Indigenousrelations@ieso.ca.</p>