

Municipal Feedback and IESO Response

Long-Term 2 RFP (LT2 RFP) – April 29, 2024

Following the January 17, 2024 community engagement webinar, the Independent Electricity System Operator (IESO) invited municipalities to provide feedback on LT2 RFP design considerations. Feedback is posted on the Long-Term RFP [community engagement webpage](#).

Note on Feedback Summary and IESO Response

The IESO appreciates the feedback received from interested parties. The following tables summarize feedback received through the January 17 webinar and written submission and responses, organized by each topic. Please reference the feedback forms for specific comments.

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A) LT2 RFP Design Considerations - Municipal Council Resolutions

Feedback submissions indicated support for municipal support confirmations (MSC) in the form of municipal council resolutions to be utilized for the LT2 RFP, with some in favour of MSCs prior to proposal submission, while others were concerned about the timing due to interaction with other parallel land development processes. Feedback received indicated the desire for more detailed project information to be provided as part of the MSC process. There was general support for opportunities to improve the delineation between the role of the MSC and municipal land use approvals. Feedback on this topic is summarized below.

Feedback	IESO Response
<p>The IESO should revise the municipal support design to save staff time and address equity issues with other land use type applications: provide a standard form for municipalities to indicate awareness of the forthcoming development planning application and indicate support of the type of technology being proposed.</p> <p>Include flexibility in council support resolution wording: allow the use of the words “support in principle” to indicate to proponents that they may not be able obtain Council approval for other applicable approvals such as zoning amendments.</p>	<p>The purpose of MSC is to provide the IESO with the confidence that should a project be awarded a contract, it has the support of the elected officials of the municipality, and to grant municipal councils a say in what projects are submitted and selected in IESO procurements.</p> <p>Municipalities have some discretion over the MSC language. For example, a council can limit the MSC to a specific project, technologies, locations, or sizes.</p> <p>The IESO intends to provide a template for municipal support resolutions (similar to the approach in the first Long-Term RFP (LT1 RFP)), that can be used by municipalities and proponents if they so desire to help streamline the MSC process.</p> <p>The IESO appreciates the feedback and will consider updates to the municipal council support resolution template.</p>

Proponents should be required to provide specific details on the projects earlier in the process.

The IESO encourages proponents to reach out to municipalities as early in the project development process as possible. However, specific project details are not always available or may still be evolving.

That said, municipalities are encouraged to work directly with proponents to review available project details and set expectations on minimum information needed to be confirmed prior to requesting council support through the MSC. As the ultimate decision-making authority, municipalities can request and require as much project information as deemed necessary to provide their support.

Furthermore, the IESO has required that local municipal officials (Chief Administrative Officers) be notified of public community engagement meetings that are held for the general public, so that they can be informed ahead of any council decision making process.

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.

A key distinction is the IESO is proposing that the LT2 RFP will require evidence of municipal support for new projects ahead of proposal submission given the longer timelines compared to the E-LT1 and LT1 RFPs. This requirement is intended to help ensure that there is broad municipal support for projects prior to proposal evaluation and contract award.

The IESO also acknowledges that LT2 RFP timelines should allow for more time for proponents to engage and work with communities as they seek to obtain municipal support ahead of proposal submission. Final LT2 RFP documents are expected to be posted in Q4 2024 with proposal submission due mid-2025,

Feedback	IESO Response
	<p>providing greater lead time for municipalities to review projects and make decisions than previous IESO procurements.</p> <p>Further, the IESO is also considering how best to ensure early engagement can occur in the LT2 RFP by expanding the requirements of the LT1 RFP. The IESO will consider the feedback received as part of the updates to the design of the community engagement requirements for proponents under the process and developing materials to support their work with communities.</p>
<p>Blanket approval is not possible in absence of complete project details such as location, noise, impacts to neighbouring properties, fire plans, etc.,</p>	<p>Municipalities have discretion as to whether or not to provide a blanket municipal support resolution and will continue to have discretion in the LT2 RFP.</p> <p>The IESO included the option of a blanket support resolution based on feedback from some municipalities that expressed a desire for a streamlined approach for approving multiple projects or technology types.</p> <p>MSCs in the form of a blanket municipal support resolution or an individual municipal support resolution do not replace any existing regulatory processes, or municipal responsibilities under local or provincial legislation.</p>
<p>Timing of MSC submission should be considered: requirement of municipal support resolution before proposal submission can be problematic for local Councils due to lack of project details in advance of local planning approvals and Renewable Energy Approvals.</p>	<p>As described above, it is important for municipalities to work directly with proponents to set expectations about the project details needed to secure a MSC. Most importantly, the MSC does not supersede or override any of the Municipality's legal authority in respect of applicable regulatory approvals and land use functions.</p>

Feedback	IESO Response
<p>MSCs should be required ahead of RFP submissions, thus rated criteria points should not be provided</p>	<p>The IESO is proposing that municipal support confirmations be required ahead of LT2 RFP Proposal submission, and as such, municipal support would not be a rated criteria category.</p>

B) LT2 RFP Design Considerations- Agricultural Lands

Feedback submissions indicated there is interest in protecting the agricultural industry, and that the protection of agricultural land is a competing priority with siting electricity generation projects. Concern over the environmental impact of constructing generation facilities on agricultural land was also raised. Feedback on this topic is summarized below.

Feedback	IESO Response
<p>Clarity on provincial priorities between electricity projects and preservation of prime agricultural land is needed: municipalities are being asked to make a decision on the higher priority from a land use perspective. Previous restrictions on large-scale ground mount solar on Class 1, 2 and 3 agricultural lands, essentially prohibited any projects in specific municipalities where the entire municipality is predominantly prime agricultural land.</p> <p>Projects should be sited close to where the energy is needed, in urban or settled areas, or within existing transmission corridors. Siting for energy projects should not be located within lands defined as Prime Agricultural Areas in municipal Official Plans. Siting for energy projects within rural lands not defined as Prime Agricultural Areas, but with active farming, should make every effort to avoid or minimize both loss of productive acres and interference with ongoing farm businesses.</p> <p>Preserve higher class soils for farming: projects should not be permitted in Prime Agricultural Areas due to the significant land consumption needs, such as for solar projects and battery projects, and the potential for the sterilization of the land by solar projects.</p> <p>Compensation for agricultural land damage at any point in the life of the project should be required.</p>	<p>The IESO appreciates the feedback received from both communities and developers on the impact that additional agricultural land use restrictions would have on the LT2 RFP and has provided this feedback in the March 2024 report back to the Minister of Energy in order to inform policy. Any impact to the LT2 RFP design will be determined by a government directive to the IESO.</p> <p>Current policy in Ontario is driven by the Provincial Policy Statement (PPS) (2020). Based on these requirements, municipalities are responsible for making planning decisions in areas under their control. Municipalities are responsible for decisions pertaining to the permitted uses of lands (agricultural or otherwise). Municipalities should leverage their decision-making processes through their official plans and zoning bylaws that are already in place to govern permitted uses, including on agricultural land.</p> <p>The IESO is conducting standalone informational webinars with a number of ministries, including the Ministry of Agriculture, Food and Rural Affairs (OMAFRA), to provide clarity on current policy and promote a better understanding of the provincial requirements pertaining to land use and siting. The next session is being held for municipalities on March 26, 2024. Visit the dedicated community engagement webpage for more information.</p>

C) Guidance and Support for Municipalities

Feedback received indicated the desire for continued engagement on the design of the LT2 RFP. The IESO also requested feedback on how it can better support municipalities when making decisions about proposed projects. Submissions indicated that additional IESO resources should be provided for addressing municipal issues. Municipalities have highlighted resource constraints and are interested in ways to streamline processes and recoup the cost of staff resources invested into the decision making process.

Feedback	IESO Response
Continue to provide ongoing webinar updates and written submissions.	<p>The IESO recognizes the important role communities play in the procurement of new electricity infrastructure that is crucial to supporting Ontario’s economic growth. The IESO notes that it along with developers, communities and interested parties will need to continue to work together to meet system reliability needs.</p> <p>The IESO will continue to host tailored webinars, such as the one that was held for communities on January 17, 2024 and will provide additional opportunities for municipalities, communities and other stakeholders to comment as the LT2 RFP design evolves.</p>
Consider a standardized community benefit payment to local municipalities as a condition for MSC.	<p>The IESO is considering additional mechanisms for inclusion in the LT2 RFP that further incentivize willing host communities and value the key role that communities play in project development.</p> <p>Generally, the IESO has not and does not intend to examine or dictate the nature of community benefit agreements made between private developers and local municipalities.</p>

Feedback	IESO Response
<p>Provide a dedicated IESO point of contact for municipal staff to reach out to when issues arise to receive a timely response.</p>	<p>The IESO endeavors to provide timely information to all interested parties, including municipalities and Indigenous communities across the province through its community engagement webpage and via emails to our distribution list from the regional & community engagement team. Common themes and questions are addressed in webinars, event presentations, and other materials such as the Municipal FAQ document. The community engagement team can be reached at (communityengagement@ieso.ca).</p> <p>While we endeavor to respond to inquiries as soon as possible, the speed of response and availability of information will change once the LT2 RFP is live. When the procurement is live (i.e., when the IESO is accepting and evaluating proposals), the IESO is required to adhere to the communication protocol outlined in the RFP. Questions and comments related to the LT2 RFP must be submitted to and responded to via LT2.RFP@ieso.ca.</p>
<p>IESO should engage with Councils prior to the procurement opening</p> <p>IESO should deliver presentations and participate in City Council meetings: allow for questions by council on the need for future generation, the key role the municipalities play, and provide answers to questions about specific procurements.</p> <p>IESO should provide educational materials on the types of energy being included in the procurement</p>	<p>The IESO is committed to providing information, resources and support to enable municipalities to make informed decisions about projects proposed for their community.</p> <p>Given the volume and geographic dispersion of potential energy-related projects across the province, we have developed several resources/actions targeted to the needs of municipal elected officials and staff to ensure uniform access to high-quality information to aid municipal decision-making, including:</p>

- Dedicated [community engagement webpage](#): houses information tailored to municipalities, including Frequently Asked Questions, presentations and recorded webinars, feedback received and the IESO's responses, and other relevant documents
- Conferences: we will continue to engage directly with municipal elected officials and staff during various conferences throughout the year including Good Roads, Northern Ontario Municipalities Association, Ontario Municipal Administrators Association, Association of Municipalities of Ontario, Ontario Professional Planners Institute, Municipal Finance Officers Association, among others.
- Targeted engagement opportunities: exclusive community focused webinars including an upcoming session featuring the Ministry of Environment, Conservation and Parks, Ministry of Natural Resources and Forestry, Ontario Ministry of Agriculture, Food and Rural Affairs, and Ministry of Municipal Affairs and Housing
- Key points of contact: communityengagement@ieso.ca and a team of dedicated Advisors are available to receive inquiries, follow-up on questions or requests for information
- [Municipal Toolkit](#): Educational resources for municipalities to build awareness and understanding of Ontario's electricity system, planning to meet future needs, and how to get involved

Feedback	IESO Response
	<p>The IESO continuously strives to improve our engagement practices and disseminate the most up-to-date information through its outreach and engagement efforts around its long-term procurements.</p> <p>In addition to posting recordings, presentations, and responses to feedback, the IESO welcomes feedback on how to improve its communication materials to ensure it meets the needs of the various audiences. We encourage communities to continue sharing their local experiences as it helps inform the development of Q&As and material for future information sessions.</p>
<p>Funding for municipal participation: provincial assistance or site and project specific levies on proponents to cover time and resources of municipalities</p>	<p>The IESO does not have a mandate to provide funding to municipalities for their planning work associated with these procurements.</p> <p>As noted above, the IESO is considering additional mechanisms that may be appropriate for the LT2 RFP that further incentivize willing host communities and value the key role that communities play in project development.</p>
<p>Provide the opportunity to review and provide comments on the RFP requirements.</p>	<p>The IESO is currently in the process of seeking feedback on the design parameters for the LT2 RFP.</p> <p>As part of the IESO engagement activities, draft procurement documents will be made publicly available for comment.</p> <p>Visit the dedicated community engagement webpage for more information about how to participate in the engagement process.</p>

D) Other Considerations

Feedback submissions suggested opportunities to update regulations and approvals processes that are complementary and/or applicable to electricity generation projects.

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<p>The RFQ process should consider qualifying companies that are reputable and have proven development and public engagement experience.</p>	<p>The IESO will not utilize an RFQ process for the LT2 RFP.</p> <p>The minimum development experience threshold in the LT2 RFP will seek to ensure that proponents are appropriately qualified and have the financial wherewithal to successfully develop the proposed projects.</p>
<p>Limit municipal engagement until after the deliverability testing: a significant amount of municipal time and resources are being spent engaging with proponents up-front only to later find out projects were not deliverable.</p>	<p>Since the LT2 RFP is focused on procuring energy producing resources, the deliverability process that was used for the E-LT1 and LT1 RFPs, which focused on capacity resources, would not be appropriate.</p> <p>For the LT2 RFP, the IESO will be taking a different approach than was taken for the E-LT1 and LT1 RFPs. Instead of completing a preliminary deliverability test prior to the RFP, that disqualifies proposals that are not deliverable, the IESO will provide proponents with early guidance on transmission congestion and other technical limitations that can impact project siting. This information may include overviews of present and future transmission capability, go and no-go zones and technical considerations such as short circuit conditions, that will provide developers with information to help site projects. The IESO aims to provide this information in the coming weeks.</p> <p>Subsequently, the IESO will provide more information about how deliverability testing will be carried out in the evaluation stage of the procurement.</p> <p>Collectively, the information provided by the IESO will provide guidance that will help proponents select sites that would meet the IESO’s reliability needs. Municipalities can request that proponents provide this information, or can review this information directly, to understand whether one or more sites in their municipality will be eligible for this procurement.</p>

Feedback	IESO Response
<p>Consider local planning processes: Official Plan process and the Planning Act responsibilities of municipalities and setback criteria should be reviewed when repowering wind turbine projects.</p>	<p>The IESO has highlighted the need for government policy direction regarding the requirements for existing facilities wishing to repower as they relate to municipal planning in the March 2024 report back to the Minister of Energy.</p> <p>Additional information about land use regulations and responsibilities is being provided to proponents, communities and interested parties through webinars hosted by the IESO in conjunction with other relevant provincial ministries. The next session is being held for municipalities on March 26, 2024. Visit the dedicated community engagement webpage for more information.</p>
<p>Update provincial regulations: O Reg 359/09 should provide guidance on BESS, pumped storage, repowering, and transmission projects.</p>	<p>The LT2 RFP contract does not govern environmental regulations and requires all proponents to adhere to applicable regulatory approvals and land use functions.</p> <p>The IESO will consider applicable environmental regulations and land-use permitting limitations for existing facilities in conjunction with its development of the LT2 RFP and has included feedback in the March 2024 report back to the Minister of Energy.</p>

Feedback	IESO Response
<p>Project information including proposed contracts, payments, and agreements to landowners made by proponents should be made public.</p>	<p>As part of the procurement, the IESO will not request information about agreements between private entities and private citizens and therefore will not be in a position to make the information public.</p> <p>The IESO will post the draft LT2 contract and RFP on the IESO’s website for public comment.</p> <p>Final LT2 RFP documents are expected to be posted in Q4 2024 with proposal submission due mid-2025.</p> <p>The IESO will be publishing project information for successful projects that are awarded contracts, however, this will exclude any commercially sensitive material.</p>
<p>Any inducements provided privately to anybody responsible for, or involved in, project approval, should be cause for project termination with prejudice.</p>	<p>The IESO’s procurement documents include restrictions on proponents attempting to influence the outcome of the procurement. Where a proponent is found to have obtained an unfair advantage, influenced the outcome of the RFP, or influenced government officials with respect to the RFP (or attempted any of the foregoing), the IESO may disqualify a project from further consideration under the RFP.</p>

Feedback	IESO Response
<p>Require longer, more meaningful community engagement prior to proponents coming before Council to request an MSC: building more time into the community engagement and municipal council support process allows for additional time to seek public input and address concerns that would benefit both proponents and municipalities.</p> <p>Incorporate best practices in public engagement into community engagement requirements, such as those included in the Planning Act: notice circulation should be a minimum of 120 metres, posting signage along proposed site frontage, 20-day notice to open houses, selected on dates aligned with local council availability.</p>	<p>For the design of the LT2 RFP, the IESO will seek to build on the 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. A key distinction is the IESO is proposing that the LT2 RFP will require evidence of municipal support for new projects ahead of proposal submission, given the longer timelines compared to the E-LT1 and LT1 RFPs. This requirement is intended to ensure that there is broad municipal support for projects prior to proposal evaluation and contract award.</p> <p>The IESO encourages municipalities to set expectations and minimum community engagement standards with proponents directly. There are no restrictions in the LT2 RFP that would prohibit municipalities from requiring more detailed information prior to deliberating on whether to issue an MSC.</p> <p>In parallel to the community engagement activities in support of the LT2 RFP design, the IESO is actively engaging with the developer community (i.e. proponents) and will continue to encourage proponents to reach out to municipalities and begin community engagement as early as possible.</p>