
OCTOBER 21, 2022

Meeting Ontario's Future Electricity Needs Update and Discussion

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Purpose

During today's session, we will: provide an update on the IESO's procurements for new electricity resources; the ongoing Expedited Process (E-LT1 RFP) and the subsequent the Long-Term RFP (LT1 RFP). Today's session will include:

- A recap of the feedback we heard from the July 2022 info session
- An update on the E-LT1 RFP, including an overview of the draft E-LT1 RFP and Contract which are now posted
- A look-ahead to the LT1 RFP where the IESO is seeking feedback
- An opportunity to ask questions of the IESO

What We Heard So Far – Indigenous Communities

- Communities should be prioritized for participation where projects will be located in their traditional territories
- IESO should consider projects that were previously cancelled
- Price adder mechanism will encourage Indigenous participation
- IESO should prioritize renewables rather than a technology agnostic approach
- Proponents who are engaging should develop their knowledge of Indigenous communities and engage in a more collaborative way; communities should be given a greater say in how they are engaged in order for engagement to reflect each community's unique circumstances



E-LT1 RFP Overview

Meeting Remaining Reliability Requirements

Ontario needs a reliable and affordable grid to remain attractive for business development and ensure future growth and decarbonization

Ongoing competitive procurements are expected to secure up to 4,000 MW of long-term capacity. This will:

- Provide security against the risk of not having resources to meet North American planning standards
- Enable emissions reductions in other sectors AND support the transition underway
- Allow time for sector transformation – a more decentralized system, technological evolution to create new business opportunities and drive down costs

E-LT1 and LT1 Schedule

Milestones	E-LT1	LT1
Qualified Applicants Announced	August 23, 2022	August 23, 2022
Draft RFP and Contract Posted	August 25, 2022	N/A
Deliverability Test Submission Deadline	August 30, 2022	January 4, 2023
Final RFP and Contract Posted	November 1, 2022	January 30, 2023
Deliverability Test Results	November 30, 2022	[April 14, 2023] (Additional time may be required depending on volume of applicants)
Proposal Submission Deadline	December 20, 2022	[July 2023]
Contract Offer Announcement	February 28, 2023	[October 2023]

Minister's Directive 1/3

- On October 7, the IESO received a Government directive from the Minister of Energy to enter into procurement contracts with successful proponents for the acquisition of new incremental capacity from:
 - **new build** capacity resources; and
 - **same technology expansions** of existing capacity resources, where the expansion is separately metered and registered
- This directive instructs the IESO to issue final E-LT1 procurement documents and conclude the process in early 2023
- The E-LT1 RFP will have a procurement target of 1,500 MW and include a commercial operation date (COD) target of no later than May 2026

Minister's Directive 2/3

- Importantly, the directive provides further clarification on the eligibility of gas generation, which the IESO recommended was necessary to help meet short term system reliability needs:
 - Gas generation contracts must expire by **April 30, 2040**, to align with the latest expiration date of the IESO current natural gas generation contracts
 - All other contracts must expire no later than **April 30, 2047**

Minister's Directive 3/3

- The directive requires that proposed projects obtain
 - Support from Indigenous Communities, where the project is located in Indigenous Lands;
 - all necessary municipal permits or other support from the municipality where the project is-located in a municipality
- The directive also requires proponents to publish and submit to the IESO community and Indigenous engagement plans in relation to their proposed projects
- Requirements for greenhouse gas (GHG) abatement plans as well as requirements for the IESO to recover 50% of funding from future government subsidies, grants, or payments are also included in the directive

Procurement Targets

The following procurement targets are also informed by the government directive, with gas generation contracts limited to a maximum of 1500 MW across all three procurement mechanisms, and up-to 600 MW for the E-LT1 RFP

Procurement mechanism	Procurement Target (MW)	Storage (MW)	Non-Storage (MW)	Gas
Same Technology Upgrades	300	No limit	No limit	Up to 300
Expedited Long-Term 1	1,500	900	600	Up to 600
Long-Term 1*	2,200	~1,600	600	Up to 600
Total by 2027	4,000	~2,500	Up to 1,500	-

*Exact targets to be confirmed

** Non-emitting resources including hybrids and biofuels

E-LT1 RFP Mandatory Requirements 1/2

Community and Indigenous Engagement

- Proponents must have a Project Website that describes the community and Indigenous engagement plan in respect of the Long-Term Reliability Project.
- The community and Indigenous engagement plan must incorporate at least one (1) public community meeting to discuss the Long-Term Reliability Project with members of the public at large, which must be held, in person or virtually, prior to the Proposal Submission Deadline
- The notice of public community meeting must be posted on the Project Website at least (15) days prior to the date of the public community meeting, with further notification requirements identified in the draft E-LT1 RFP

E-LT1 RFP Mandatory Requirements 2/2

Public Community Meeting

- The public community meeting must, at a minimum, describe and display:
 - (1) the identity and contact information of the Proponent;
 - (2) the name, nameplate capacity and generating or storage technology of the Long-Term Reliability Project; and
 - (3) a scale map showing the boundaries of the Project Site, location of the Connection Point and the Connection Line.
- The public community meeting must include a question and answer portion where members of the public have an opportunity to ask questions to the Proponent.

Community Engagement and Indigenous Engagement

The IESO is proposing that:

- The Proponent must deliver a notice of such public community meeting to owners of adjacent properties, and municipalities and Indigenous communities where the project is located

Projects Proposed on Indigenous Lands

- For any Proposal where the Project Site is proposed to be located in whole or in part on Indigenous Lands, the Proposal **must** include an **Indigenous Support Confirmation** (Indigenous Support Resolution, Indigenous Support Confirmation Letter, Blanket Indigenous Support Resolution)
- This could include a band council resolution (or equivalent) or letter addressed to the IESO authorized by an executed band council resolution stating:
 - That the Indigenous Community supports the development, construction and operation of the Long-Term Reliability Project (or multiple Projects in the case of a Blanket Indigenous Support Resolution) on the Indigenous Lands

Rated Criteria

- The draft E-LT1 RFP outlines the following Rated Criteria, that if attained will award Projects by improving their ranking at the Proposal Evaluation stage

Location
<ul style="list-style-type: none">4 points for West of Chatham and East of FETT2 points for East of CherrywoodNo points for other locations

Duration of Service
<ul style="list-style-type: none">3 points for duration greater than 12 hours2 points for duration between 8 and 12 hours1 points for duration between 6 and 8 hours

Local Governing Body Support Resolutions
<ul style="list-style-type: none">3 points awarded for evidence of having obtained local community support through a Local Governing Body Support Resolution<i>Guaranteed for Projects located on Indigenous Lands</i>

Indigenous Community Participation
<ul style="list-style-type: none">3 points awarded for equal to or more than 50% Economic Interest2 points awarded if equal to or more than 25% but less than 50% Economic Interest1 points awarded if equal to or more than 10% but less than 25% Economic Interest



Questions?



What's Next

What to Expect: Procurement Process

Communities are critical to the success of the IESO's procurements. Looking ahead in the coming months, the next steps for involvement in the process may include:

1. Responding to inquiries from Qualified Applicants/ Proponents
2. Providing Indigenous Support Confirmation to new generation and/or storage projects located on Indigenous Lands
3. Participating in public meetings to ask questions and gather information

The IESO will be finalizing E-LT1 RFP and Contract which will be posted to the IESO website on November 1, 2022.

Seeking Feedback

The IESO has aimed to incorporate feedback received to date in the finalization of the E-LT1 RFP. Following today's session and moving forward, communities will be invited to submit written feedback on:

1. The design of the next procurement, the LT1 RFP, which is expected to be finalized in Q1 2023.
2. Guidance or information to support communities with discussions with proponents and/or inform community members.

Feedback on the information shared today can be submitted via feedback form by **November 18, 2022** to engagement@ieso.ca

Next Steps

- Feedback on the information shared today can be submitted via feedback form by **November 18, 2022** to engagement@ieso.ca
- We will continue to provide information and engage on these topics and new items to help inform the procurement process.
- Stay in touch by visiting the [community engagement page](#).

Thank You

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Appendix

IESO Procurement-Related Information Sources for Communities

IESO Long-Term RFP and Expedited Procurements Webpage – main procurement project webpage, includes project timelines, postings of key documents such as the draft requests for proposals and contracts, and information on qualified applicants

IESO Procurements Engagement Webpage – main engagement webpage for the procurements; includes webinars and feedback received

IESO Procurements Community Engagement Webpage – dedicated engagement webpage for municipalities and Indigenous communities related to the procurements; includes dedicated webinars and community feedback as well as key related materials