

Long-Term RFP: Municipal Feedback and IESO Response

Long-Term RFP Information Session for Municipalities - July 11, 2023

Following the Long-Term Request for Proposals (LT1 RFP) Community Engagement Information Session and Municipal Breakout discussion held virtually on July 11, 2023, the Independent Electricity System Operator (IESO) invited feedback on the presentation materials and how the IESO can support municipalities in this initiative.

The presentation materials and recordings of the sessions are available on the dedicated [Community Engagement webpage](#).

Written feedback was received from the following parties and posted on the Long-Term RFP:

- [City of Ottawa](#)
- [City of Sault Ste Marie](#)
- [Town of Milton](#)
- [Wind Concerns Ontario](#)

Note on Feedback Summary and IESO Response

The IESO appreciates the written feedback received from municipalities and other interested parties. The table below responds to the written feedback received and is 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.

Theme: LT1 RFP Procurement Design Considerations

Feedback received expressed continued support for municipal discretion for project approvals. Further, that upfront access to further detailed project information, Council support, and improved

community engagement requirements can improve municipal approval processes and reduce associated regulatory (e.g., zoning) approval risks. Feedback received included additional recommendations and considerations which are addressed below:

Feedback	IESO Response
<p>Municipal Support Confirmation (MSC):</p> <p>The IESO should require more robust project information and community benefit explanation when seeking Council support.</p> <p>Use of Blanket Municipal Support Resolutions (BMSR) obtained for the Expedited Process (E-LT1 RFP) should be used at the municipality’s discretion, and only if relevant procurement requirements have not changed.</p> <p>Rated criteria points should not be awarded for BMSRs where outstanding items required by municipalities have not been satisfied.</p> <p>Need for provision to address situation where municipality would like to revoke support (provided through a Municipal Support Resolutions (MSR) or BMSR once detailed project information becomes available.</p>	<p>Municipalities play a central role in the long-term procurement process. The IESO understands that there is a diversity of perspectives surrounding how this role is reflected within the procurement.</p> <p>The IESO’s requirements are aligned with provincial government policy with respect to municipalities being able to make well-informed decisions around land use for energy infrastructure projects.</p> <p>MSCs are mandatory to demonstrate to Proponents/Developers (i.e., project developers) and the IESO that projects are supported by the community. All successful projects are required to evidence Council support within 18 months plus 60 days after their Contract Date, as part of their contractual requirements (unless an MSC was submitted with the Proposal).</p> <p>Those Proponents/Developers that received a MSR or BMSR ahead of Proposal Submission Deadline will be eligible to receive rated criteria points, which will apply in the Proposal Evaluation process.</p> <p>An MSC, in the form of a MSR or a BMSR, is the mechanism that empowers municipalities to provide their support for generation and storage projects that align with their strategic goals and priorities. They do not replace any applicable laws, permitting requirements</p>

or regulations, and/or local planning processes and approvals.

Successful Proponents/Developers must obtain an MSC in order for their project to be developed under the LT1 RFP. It is up to individual Councils to work with Proponents/Developers in a manner that satisfies their own internal requirements for granting that support.

The IESO is seeking to provide optionality for municipalities to signal their support for projects. For example, where a Council previously granted BMSR(s) for a single or for multiple projects under the E-LT1, which also included a reference to the LT1 RFP or future IESO RFPs, the IESO will enable Proponents/Developers to use these same resolutions.

The IESO intends to be flexible with respect to BMSRs that were specifically passed to support a project in both the E-LT1 and the LT1 RFPs. However, in instances where no such support was granted for a specific project (i.e., where the resolution does not explicitly apply to the LT1 RFP or future IESO RFPs), the IESO wants to ensure that Councils and communities hear about the projects within the context of a specific procurement, and within a reasonable time horizon under the auspice of the procurement in question.

The IESO's expectation, based on the attestation of Proponents in the Prescribed Forms, is that Proponents will only submit MSCs to the IESO where those confirmations are currently in effect.

Community Engagement Design:

Requirements should be enhanced, and forms should be updated to encourage improved project awareness, participation volume and dialogue value; this should be modeled after the existing municipal zoning consultation process.

Additional community meetings should be required if the project design is changed or when new information becomes available.

Community should have the option to provide direct project feedback to the IESO should project concerns remain following community engagement activities.

The IESO's procurement design and the community engagement requirements aim to ensure that members of the public are informed about potential projects that may be sited in their community.

The IESO encourages Proponents/Developers to reach out to local municipalities early as possible to discuss potential projects. As part of the community engagement requirements described in section 2.1 (f) of the LT1 RFP, the IESO lays out several notification requirements, including that a notice of the public meeting is shared with the local municipality's Chief Administrative Officer. This requirement aims to ensure that municipalities have the most up-to-date information about the project and the community engagement process.

In response to feedback from municipalities and other community representatives, and experience with the E-LT1 RFP, the IESO has sought to further clarify the community engagement requirements in the LT1 RFP regarding which contents of the Community and Indigenous Engagement Plan must be included at Proposal Submission. These changes reflect a balance between the community engagement and broader LT1 RFP requirements. The RFP evaluation process must be based on Proponent/Developer activities that are carried out prior to the Proposal Submission Deadline.

The IESO encourages municipalities to leverage the community feedback shared during the public meetings as part of the MSC process to ensure that Proponents/Developers are sharing sufficient information with the public. Minutes from the public meeting are to be posted on the Project Website by the Proponent/Developer.

Communities are welcome to provide feedback to the IESO regarding the process and are encouraged to participate in supplementary community engagement opportunities that may also be a condition of applicable regulations such

	zoning regulations and environmental approvals processes.
<p>Deliverability:</p> <p>Deliverability requirements are constraining communities that are in need of electricity to address their growth, economic development, and decarbonisation opportunities.</p> <p>Locational considerations within the procurement favour southern Ontario over Northern Ontario electricity needs.</p>	<p>The IESO must ensure that resources are located where the injection of electricity to the grid from new generation capacity, and withdrawals from the grid in the case of electricity storage facilities, can be accommodated and the new capacity is able to meet province wide reliability needs. The Deliverability Testing process seeks to ensure that projects are sited in locations where they can contribute to those province-wide needs.</p> <p>Capacity acquired through the LT1 RFP must be deliverable from the connection location to load centres, to ensure that system reliability needs can be met. The IESO's Deliverability Test requirements, described in the Deliverability Test Guideline, are designed to ensure that there is sufficient grid connection availability where projects are seeking to be located.</p> <p>There are no Rated Criteria Points awarded for location in the LT1 RFP Rated Criteria, unlike in the E-LT1 RFP. In the LT1 RFP, project location is guided by deliverability. As described in the next paragraphs, transmission infrastructure is expanding across Ontario to accommodate emerging electricity needs and system constraints.</p> <p>The IESO is supportive of transmission reinforcements to enable additional capacity and greater deliverability of generation where it is needed. Bulk system plans have been completed in recent years that have recommended significant transmission reinforcements to enhance deliverability in Southwest and Northeast Ontario. For example, the IESO's West of London Bulk Plan recommended a new set of lines from Lambton to Chatham and a line from Longwood (London) to Lakeshore to enable greater deliverability of generation resources from Sarnia-Lambton. The Northeast Bulk Plan</p>

	<p>recommended two new lines between Sudbury and Sault Ste. Marie and a new line from Wawa to Timmins.</p> <p>The Ministry of Energy (MOE) is consulting on a proposal to take certain actions to facilitate the timely development of three transmission projects across Northeast and Eastern Ontario. Public input is being collected and is due to the MOE by September 8, 2023.</p> <p>Further, the government’s Powering Ontario’s Growth report and letter to the IESO have asked the IESO to undertake several actions, specific to the North examine and develop new transmission options to serve the Greater Toronto Area (GTA), enable Northern Development, and support other new generation commitments outlined in report. As the next step, IESO is required to report back by 2024 on potential options for new transmission.</p>
<p>Other:</p> <p>Move the LT1 RFP submission deadline later in December 2023 to accommodate December Council meeting dates</p>	<p>To help ensure the success of the LT1 RFP procurement process, the IESO has continuously encouraged Proponents/Developers to reach out to municipalities as early as possible to work together on the project development process. Pending other administrative considerations, the IESO is determining whether adjusting the submission deadline is feasible. The final submission date will be made available when the final LT1 RFP is posted at the end of September.</p>

Theme: Guidance and Support for Municipal Decision Making

Feedback received expressed continued desire for the IESO to play a leadership role in helping municipalities navigate procurement-related approval processes. Of note, municipalities are seeking guidance surrounding approving battery energy storage systems. Feedback received included additional recommendations and considerations which are addressed below:

Feedback	IESO Response
<p>Access to Technical Information:</p> <p>Provide guidance on how to evaluate energy proposals on or near prime agricultural land.</p> <p>Offer a one window approach for municipal inquiries rather than municipalities reaching out to multiple ministries.</p> <p>Provide access to funding to assist with associated planning work.</p> <p>Provide information on the safety implication and locational/zoning considerations for battery energy storage systems.</p>	<p>Guidance</p> <p>The LT1 RFP is designed in a manner that aligns with government policy which seeks to empower municipalities to decide the types of projects that can be built in their communities and where those projects are located.</p> <p>One-Window Approach & Funding</p> <p>The IESO does not have a mandate to provide funding for planning work associated with these procurements. It is also unable to provide a one-window approach to municipal inquiries or support with municipal project reviews, because land use planning is outside of the scope of IESO's authority. The recommendation has been shared with government as part of ongoing discussions between the IESO and the MOE.</p> <p>It should be noted that all projects selected under the LT1 RFP will still be subject to all other permitting and siting requirements that apply to the Project Site, based on its location.</p> <p>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>For support with the <i>Planning Act</i> requirements, please reach out to Ministry of Municipal Affairs and Housing (MMAH). Inquiries on the provincial policy statement and provincial plans in relation to the IESO procurements can be directed to the Municipal Services Office in your region or through the MMAH mailbox.</p>

Fire Safety

Fire safety is an important consideration for siting battery energy storage systems. The IESO contract requires facility owners and operators to follow Good Engineering and Operating Practices once in operation, and successful Proponents/Developers bear responsibility for working with municipal and provincial agencies to ensure that all relevant permitting and approvals processes have been met, prior to entering service.

In addition to existing provincial and municipal laws, there are several organizations such as the Electrical Safety Association (ESA), the Technical Standards and Safety Authority (TSSA) and the Office of the Fire Marshal, that are responsible for developing the standards and regulations that govern the safe operation of generation facilities in Ontario and the protection of workers and the environment.

Many batteries include safety features such as overcharge protection, which prevents the battery from being overcharged and potentially catching fire. Additionally, many batteries are encased in protective housing to prevent physical damage and contain any potential leaks. Proper installation and maintenance of energy storage systems can also help ensure their safety.

Recently, Hydro One provided information about siting requirements, such as setbacks. Hydro One's setbacks are to protect critical transmission infrastructure in the event of fire. For more information refer to Hydro One BESS Fire Protection Risk & Response Assessment Standard, ([Hydro One BESS Fire Protection Risk & Response Assessment Standard](#))).

Municipalities can also refer to publicly available information, such as information released by [Energy Storage Canada](#).

.Communication materials:

Provide more detailed information about ideal locations and specific procurement timeframes.

Provide information about the procurement’s impact on electricity costs.

Communication materials should be designed for a more general audience to make the topics easier for all concerned to understand.

Consumer advocates for seniors and lower income populations have not been involved.

Developers/Proponents and municipalities are encouraged to work together to identify unique locations within their communities that can technically deliver power to Ontario’s electricity system and align with Council and community preferences for land uses.

Upon completion of the LT1 RFP procurement process, the contract prices will be posted on the IESO’s website. The E-LT1 weighted average prices of the Storage and Non-Storage projects are available on the IESO [website](#).

Upcoming procurements are competitive and open to a range of technologies to help ensure the reliability of the grid as cost effectively as possible. These investments are needed to meet growing demand. While it’s difficult to determine the impact on each individual bill, costs will be spread across a broad and growing pool of consumers, decreasing the impact on individual ratepayers. These investments are also supporting decarbonization and business development which will deliver economic benefits for all Ontarians.

The public information sessions and discussions provide opportunities for all stakeholders, including consumer advocates, to increase awareness and share information.

The IESO continuously strives to improve our engagement practices and disseminate the most up-to-date information through its outreach and engagement efforts around the LT1 RFP.

The IESO is taking steps to ensure its communication materials meet the appropriate target audiences and encourages continued sharing of local experiences to help inform the development of Q&As and future information sessions.

Theme: Future procurements and Policy Implications

Additional feedback recommended that municipal support be required for future expansions of renewable energy in the province, which is addressed below:

Feedback	IESO Response
<p>Renewable Energy:</p> <p>The IESO, the Ministry of Environment, Conservation and Parks (MECP), and MMAH should establish a working group to identify the role of municipalities in renewable energy procurement and related regulatory obligations such as the Renewable Energy Approval (REA) process.</p> <p>Add the requirement for municipal support for compliance with existing REA to address problems with existing projects.</p>	<p>The IESO recognizes the value of collaboration, which is why it has created a series of engagements regarding the LT1 RFP.</p> <p>While the creation of a working group is out of the IESO's scope, the recommendation has been shared with government as part of ongoing discussions between the IESO and the provincial government.</p> <p>Recommendations with respect to the REA process are best directed to the Ministry of Energy who has direct oversight of the process.</p>