

Ministry of Energy

Office of the Minister

77 Grenville Street, 10<sup>th</sup> Floor  
Toronto ON M7A 2C1  
Tel.: 416-327-6758

Ministère de l'Énergie

Bureau du ministre

77, rue Grenville, 10<sup>e</sup> étage  
Toronto ON M7A 2C1  
Tél.: 416-327-6758



MC-994-2024-316

May 8, 2024

Ms Lesley Gallinger  
President and Chief Executive Officer  
Independent Electricity System Operator  
1600—120 Adelaide Street West  
Toronto ON M5H 1P1

Dear Ms Gallinger:

I would like to thank you and your team at the Independent Electricity System Operator (IESO) for your report dated October 7, 2022 containing an assessment of potential options to provide new contracts for existing large hydroelectric generation facilities (i.e., facilities with installed capacity greater than 10 megawatts).

Ontario's hydroelectric fleet plays an important role, both in generating electricity and providing benefits such as flood control, irrigation and supporting local employment and economic development. Our government is committed to ensuring the province is making the best use of these non-emitting assets.

I am pleased to see that last year, the IESO launched the Small Hydro Program (SHP) after undertaking extensive stakeholder engagement and incorporating valuable stakeholder feedback in the design of the program.

I am now asking the IESO to continue engaging with stakeholders on the development of a Northern Hydro Program (NHP) to recontract existing large hydroelectric generation facilities whose installed capacity is greater than 10 megawatts and whose existing contracts with the IESO or the Ontario Electricity Financial Corporation (OEFC) have expired (or will expire) on or before April 30, 2043, and to submit a report back to me by no later than **December 2024** containing the draft design of the program.

In developing the program design, I ask that the IESO leverage lessons learned and best practices identified in the development of the SHP, including key design elements of the SHP that were identified as suitable for large hydroelectric facilities by stakeholders and the IESO. I ask that the program design consider the benefits and/or social value that may be provided in addition to the electricity system benefits (e.g., water management) and capital investments needed to maintain and operate large hydroelectric facilities, while delivering ratepayer value.

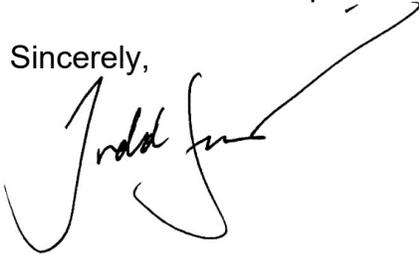
.../cont'd

I understand that the IESO is allowing existing hydroelectric facilities who want to expand or upgrade to participate in the LT2 RFP. For facilities that chose not to participate or are unsuccessful, I would ask that the IESO consider a similar approach to expansions and upgrades as used in the SHP.

In developing the timelines for the NHP, I ask that the IESO's report back include an analysis of the implications of potentially launching the program subject to a potential Minister's Directive.

I would like to thank the IESO in advance for all the work required on this initiative and I look forward to the report.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Smith", with a long, sweeping flourish extending upwards and to the right.

Todd Smith  
Minister

c: William (Bill) Sheffield, Board Chair, IESO  
David Donovan, Chief of Staff to the Minister of Energy  
Jason Fitzsimmons, Deputy Minister of Energy  
Paul Norris, President, Ontario Waterpower Association