

Ministry of Energy and Mines**Ministère de l'Énergie et des Mines**

Office of the Minister

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MC-994-2025-996

July 4, 2025

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 ongoing work to prepare the launch of the Second Long-Term Procurement (LT2), and for meaningfully engaging with stakeholders to inform the proposed design.

At a time of economic uncertainty, when families and businesses are facing rising costs, Ontario must prioritize affordable and reliable energy. As we continue to see historic investments, including in electric vehicles, battery manufacturing and clean steel, we are taking an all-of-the-above approach to energy planning to meet our growing needs. *Energy for Generations*, Ontario's first Integrated Energy Plan, provides a clear path to meet growing demand while keeping electricity costs down and supporting business investment. This plan will ensure we continue to have affordable power while delivering a near net-zero electricity grid by 2050 – proving we can grow our economy while reducing emissions.

As part of this, Ontario's plan will procure new resources through competitive processes that are transparent, cost effective and technology agnostic. I appreciate the IESO drawing my attention to the uncertainty natural gas developers are facing on their costs for accessing the natural gas transmission network; uncertainty which may prevent their participation in the LT2 procurement. I understand that decisions around the scale and who bears responsibility for recovery of these costs is a decision for the Ontario Energy Board (OEB) as the independent regulator of Ontario's gas system and that the OEB must take a prudent approach to making decisions on new gas infrastructure. Because of this, it may delay the ability for developers to obtain clarity on connection costs.

Given the IESO's assessment that a diverse supply mix – including firm, dispatchable capacity – offers the most cost-effective path to ensuring system through to 2050, I would support the IESO's proposed inclusion of a mechanism in the LT2 contracts to mitigate the risk of gas transmission cost for eligible proponents. This approach, like considerations already extended to other technologies such as battery storage, will help ensure a level playing field and enable a broader range of solutions to compete.

The government remains committed to a technology agnostic competitive procurement framework to ensure electricity ratepayers benefit from the lowest cost resources to meet the province's needs. I appreciate the IESO's continued efforts and collaboration in securing an affordable, secure, reliable and clean electricity system.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Stephen Lecce'.

Stephen Lecce
Minister

c: Carolyn Calwell, Interim Chief Executive Officer, Ontario Energy Board
Susanna Laaksonen-Craig, Deputy Minister of Energy and Mines
Matt Hiraishi, Chief of Staff to the Minister of Energy and Mines