Connection Process Deposit FAQ

July 23, 2026

Frequently Asked Questions

Project Overview

1. Why is the IESO increasing the cost recovery deposit now?

- The current connection process deposit structure has remained largely unchanged since the early 2000s, despite significant growth in scale and complexity of connection requests. The updated deposit framework is intended to better align deposit requirements with the actual costs of supporting projects through the connection process, while enhancing transparency and cost-predictability for customers and strengthening the IESO's cost recovery model.

2. How were the new deposit levels determined and benchmarked?

- The new deposit levels were established based on an analysis of actual project costs and resource requirements across the connection process. The IESO benchmarked its approach against neighbouring system operators and comparable jurisdictions to better understand industry approaches to cost recovery and connection-related financial commitments. The proposed framework introduces a tiered structure based on project size (MW), enabling deposit requirements to more accurately reflect the anticipated costs, complexity, and resources associated with different project sizes. While the proposed deposits represent an increase from the current framework, they remain below those of neighbouring jurisdictions and are generally set at approximately 50% of peer deposit levels, helping ensure Ontario remains a competitive jurisdiction for new connections.

3. Will these changes affect the overall cost of connecting a project?

- The proposed changes are intended to improve the accuracy and timing of cost recovery and will not increase the overall cost of connecting a project. Deposits represent an upfront financial commitment that is applied against actual costs incurred by the IESO. The updated structure is designed to better align deposit requirements with project size and complexity, while providing connection applicants with greater transparency and predictability regarding connection process costs.

4. What is the rationale for increasing the technical feasibility study (TFS) deposit?

- The technical feasibility study deposit is being increased to better align with the effort associated with completing these studies. The updated deposit supports a more accurate and transparent cost recovery framework and provides connection applicants with a clearer understanding of expected study costs upfront.

Structure & Application

5. How will deposits be determined for transmission projects?

- For transmission projects, deposit requirements will be determined based on whether the project has been designated by an Order in Council (OIC). Transmission projects that have received an OIC designation will be subject to the deposit range applicable to projects greater than 750 MW. Transmission projects that are not designated through an OIC will follow the deposit structure applicable to projects less than 20 MW. This approach recognizes the unique nature of transmission projects while providing clear and consistent deposit requirements within the broader tiered framework.

6. How will the IESO ensure the new structure does not create barriers to entry for smaller connection applicants?

- The proposed tiered structure establishes deposit requirements based on project size, with lower deposit levels for smaller projects and higher deposit levels for larger, more complex projects. By aligning upfront financial commitments with the anticipated level of effort and resources required for each project, the framework helps ensure that smaller connection applicants are not disproportionately impacted while supporting a fair and transparent cost recovery approach for all connection applicants.

Deposit Use & Financial Treatment

7. Why is the deposit held by the IESO throughout the design and build phases?

- The deposit is held throughout the design and build phases to support the ongoing work required by the IESO as a project progresses toward registration and key in-service milestones. During this period, the IESO continues to provide project management support, including reviews, coordination activities, and guidance to help facilitate successful project implementation.

8. At what stage is the deposit refunded, following issuance of the Connection Assessment stage or after project registration?

- Connection applicants may request a refund of any remaining deposit balance following completion of the Connection Assessment stage. However, connection applicants are encouraged to maintain the deposit with the IESO as the project advances through design and build, registration, and commissioning activities. Retaining the deposit helps avoid the need to provide an additional deposit later in the process and supports a more streamlined transition into the subsequent phases of the project.

9. Is the connection deposit refundable if a project is cancelled or significantly delayed?

- Yes. The connection deposit is fully refundable, less any costs incurred by the IESO in support of the project. If a project is cancelled or does not proceed, the IESO will apply the deposit against costs incurred up to that point and refund any remaining balance to the connection applicant. Where actual costs exceed the deposit amount, the connection applicant will be invoiced for the remaining balance. Unlike some jurisdictions where portions of connection deposits may be non-refundable, the IESO's deposit framework continues to support full cost reconciliation and refunds of any unapplied funds.

Implementation

10. When will the new deposit requirements come into effect, and will there be any transition period?

- The new deposit requirements will come into effect on September 1, 2026. This date establishes the point at which the updated deposit framework will apply to newly signed connection applications.

11. How will legacy projects (already in the queue) be treated under the new framework?

- Projects that have already signed a System Impact Assessment (SIA) Agreement prior to the implementation date will continue to be subject to the existing deposit structure. The new deposit framework will apply only to new projects entering the connection process on or after September 1, 2026.