Stakeholder Feedback and IESO Response

2025 Hydrogen Innovation Fund: Request for Application – October 1, 2025

- Following the October 1, 2025, Hydrogen Innovation Fund: Request for Application stakeholder engagement webinar, the IESO invited stakeholders to provide comments and feedback on the materials presented by October 15, 2025.
- The IESO received written feedback submissions from:
    - Canadian Hydrogen Association
    - Sarnia-Lambton Economic Partnership
- The presentation materials and stakeholder feedback submissions have been posted on the IESO stakeholder engagement webpage for this engagement. Please reference the material for specific feedback as the below information provides excerpts and/or a summary only.

Summary of Stakeholder Feedback:	IESO Response
KPIs, Project Categories, and Definitions • Stakeholders generally found the KPIs and project categories practical but requested more flexibility for hydrogen hub concepts that are still emerging and may not yet have defined GHG or job metrics. Some asked for clearer definitions of "low-carbon hydrogen," "projects directly or indirectly enabling broader applications," "hub", and whether feasibility or research-focused work is eligible.	• We appreciate that the federal definition of low-carbon hydrogen and associated verification process may be challenging for smaller applicants or applicants with novel approaches to meet. The Clean Hydrogen Investment Tax Credit provides an incentive for hydrogen producers to use this definition. For the purpose of HIF 2025, low-carbon hydrogen is defined as hydrogen produced from any process that results in lower greenhouse gas emissions than the same quantity of hydrogen produced through steam methane reformation

	without carbon capture and carbon utilization or storage. • Projects that directly or indirectly enable broader applications are those that advance the energy and sector-wide use of hydrogen. This may encompass industrial and transportation applications, hydrogen fueling infrastructure, the development of hydrogen hubs that connect producers with end users, the enhancement of data and digital infrastructure, etc. • The IESO adopts the definition of a hydrogen hub as outlined by Hydrogen Ontario: "A project that initiates and/or continues to expand a network of like-minded companies, facilities, organizations, research institutions, and academia. This network aims to create a supportive and sustainable environment to attract, secure, and implement hydrogen projects." • The IESO has previously invested in research projects. The IESO is focusing on demonstration projects in HIF 2025 to accelerate commercialization of innovative solutions that are ready for real-world deployment. Projects must achieve a Technological Readiness Level (TRL) of 7. Research-focused projects are not eligible for funding.
Application Process & Accessibility • Participants recommended that the application forms be shared early to give proponents more preparation time and allow for collaborative submissions (multi-writer access or shared platforms).	• While the IESO is working to improve the accessibility of the application templates, at the time of the 2025 HIF call launch, templates will be provided in a fillable Word document. These documents will be downloadable and shareable with collaborating parties to complete. The application forms available prior to the application window opening.

Evaluation Criteria & Eligibility – Feedback emphasized that the objectives and evaluation framework are clear, but several areas could benefit from clarification: – Whether Stream 2 projects qualify for Canadian Status evaluation points. – Recognition for multi-stream or multi-benefit projects that contribute to both grid integration and industrial decarbonization. – Expanding the definition of "partners" to include affiliates or customers contributing in non-financial ways. – Considering a "Buy Canadian" approach or preference for domestic hydrogen sourcing. –	• Applications for the Stream 2 will have their Canadian Status evaluated as part of the Ministry evaluation criteria. • While the IESO acknowledges that some proposed projects may deliver benefits that align with both streams, applicants may apply to only one stream (Stream 1 or Stream 2) for each project, even if benefits overlap. To determine the appropriate stream, applicants should review the project categories and criteria to ensure the chosen stream aligns with the primary benefits and outcomes of their project. • In response to the feedback received, the IESO will update the application guidelines to provide greater flexibility for applicants and allow "affiliates" to count towards the minimum two-partner requirement for Stream 2 applications, provided the minimum combined cash contribution from applicant and partner(s) is at least 30% of the total project value. • The 2025 HIF prioritizes the advancement of Canadian businesses through evaluation criteria that advantages Canadian applicants. Also, all projects must be sited in Ontario. While applicants are encouraged to pursue a Buy Canadian approach where feasible, the 2025 HIF provides flexibility for applicants to make purchasing decisions that will support their efforts to advance their hydrogen technology or application to commercial readiness.
Funding Model & Financial Requirements • Stakeholders encouraged more flexibility in funding mechanisms, especially for SMEs. Suggestions included:	• The IESO acknowledges the feedback received regarding greater flexibility in funding mechanisms and preferences for earlier cash flow support to support long-lead procurements. However, the

• Allowing earlier-stage cash flow support or partial upfront payments to manage capital intensity. Allow eligible costs to begin earlier (e.g., January 2026) to account for long-lead procurement. • Ensuring in-kind and cash contributions can be balanced across partners as long as total thresholds are met. • Accepting review-level financial statements instead of full audits for smaller applicants.	current funding structure is designed to balance risk and fairness, aligns with fiscal accountability requirements, and will remain unchanged for the 2025 HIF Call. Funding will be issued based on milestone achievements as determined between the IESO and applicant. Stream 2 is tax-funded and subject to fiscal accountability requirements, as set out in the Transfer Payment Accountability Directive. In accordance with the Directive, funding will be issued to IESO based on milestone achievements. • The IESO confirms that in-kind and cash contributions may be distributed across partners, provided that the applicant provides a minimum cash contribution of at least 15% of the total project value, and the minimum combined contribution (applicant + partner/affiliate) totals at least 30% of total project value. • The IESO will accept audited or review-level financial statements in place of full audits.
Timelines & Eligible Costs Overall support for the proposed schedule, with requests to: • Allow eligible costs to begin earlier (e.g., January 2026) to account for long-lead procurement. • Provide clarity on funding disbursement schedules. • Allow for shorter project durations (e.g., 12–36 months).	• Each project schedule will be unique. Under Part B of the application, applicants must provide a breakdown of proposed Milestone payments (up to three), along with associated deliverables. Once a project is selected, the IESO will work with the applicant to determine the appropriate funding disbursement and agree on a project timeline. • The costs incurred prior to the execution of the Contribution Agreement will not be eligible for re-imbursement. Project payments will be issued upon submission and the IESO approval of completed milestone deliverables.

	• The current application guidelines specify a maximum project duration of 36-months - shorter project durations are permitted.
Scope & Program Gaps • Stakeholders encouraged expanding program scope to strengthen ecosystem development: • Include hydrogen hubs and derivative fuels (e.g., methanol, ammonia). • Recognize blending and hybrid projects as transition pathways. • Broaden focus beyond heavy-duty transportation to light-duty and multi-use fueling infrastructure. • Ensure multi-stream projects can demonstrate co-benefits in evaluation scoring.	• Derivative fuels such as ammonia, and methanol are eligible under Stream 2, specifically within the 2.A.2 project category. Projects that involve building or enhancing natural gas infrastructure to enable hydrogen blending into the natural gas network are not eligible, in accordance with the Ministry evaluation criteria. The Ministry of Energy and Mines notes that it will consider the results of Enbridge's Markham hydrogen blending pilot once released, expected in 2026, to inform future policy. Other types of blending and hybrid projects may be eligible, provided they align with the HIF evaluation criteria, which prioritize accelerating decarbonization and emissions reductions. • In the transportation sector, the majority of hydrogen demand is expected to come from on-road heavy-duty transport, which offers greater decarbonization potential compared to other proposed technology solutions. Heavy-duty transportation broadly refers to vehicles with a registered gross weight (RGW) over 4,500 kg, including transit buses, school buses, delivery trucks, garbage trucks, and long-haul tractor-trailers.
Broader Policy Context & Funding Envelope • Respondents highlighted the need for regulatory alignment (CO_2 sequestration, permitting, hydrogen standards) to enable large-scale investment. Some suggested increasing the program	• Feedback related to CO2 sequestration has been provided to the Ontario Ministry of Natural Resources, as well as the Ministry of Energy and Mines. Ontario has taken steps to advance a regulatory framework for commercial-scale geologic carbon storage, most recently through the proposed *Geologic*

budget if strong project demand exceeds the $30M cap.	*Carbon Storage Act* and the posting of regulatory proposals under this Act. Regulatory proposals were open for comments until September 26, 2025 (Regulatory Proposals under the Proposed Geologic Carbon Storage Act | regulatoryregistry.gov.on.ca). • The program budget has been set by the Minister's Directive or through funding agreement with the Province and will not be changed. • The Ministry of Energy and Mines notes that the 2025 HIF is part of several initiatives Ontario is implementing to support the growth of the sector. The ministry will continue to monitor the sector and the effect of these initiatives to inform future policy measures.
General Comments/Feedback • Stakeholders are very supportive of the fund's design and objectives but seek clarity, flexibility, and inclusiveness — particularly around eligibility, funding flow, and recognition of early-stage and collaborative hydrogen ecosystem projects.	• The IESO is pleased with the level of engagement from the sector and looking forward to launching HIF 2025 Call on November 4, 2025. We would like to thank everyone for submitting their feedback.