

# Long-Term Request for Proposals

## Questions and Answers for Communities

This paper provides background and information to address some questions that may emerge for municipalities and Indigenous communities as they join discussions and engage on the IESO's Long-Term Request for Proposals (LT RFP) procurement process. The following information is organized into three sections:

- General questions with respect to some details and rationale related LT RFP procurement process
- Section for Municipalities
- Section for Indigenous Communities

This document will be updated as additional questions emerge or as additional information becomes available throughout the process.

### Questions regarding the LT RFP procurement process

#### **Why does Ontario need more electricity?**

Ontario is expected to experience a steady rise in demand for electricity resulting from strong economic growth in the industrial, mining and agricultural sectors, as well as abroad-based increase in electrification. Pockets of demand are also being driven by the retirement of the Pickering Nuclear Generating Station and multiple nuclear refurbishments, as well as the expiry of thousands of generator contracts, all of which will contribute to significant local and province-wide supply gaps over the next decade.

#### **Where can I find more information about Ontario's electricity needs?**

The IESO forecasts energy demand and identifies sustainable electricity solutions for Ontarians in the 18-month to 20-year timeframe, and publishes periodic reports that assess electricity requirements for the power system.

The quarterly Reliability Outlook presents Ontario's demand forecast and associated drivers for an 18-month period, while the IESO's [Annual Planning Outlook](#) (APO) forecasts electricity demand,

assesses the reliability of the electricity system, identifies capacity and energy needs, and explores the province’s ability to meet them over a 20-year timeframe.

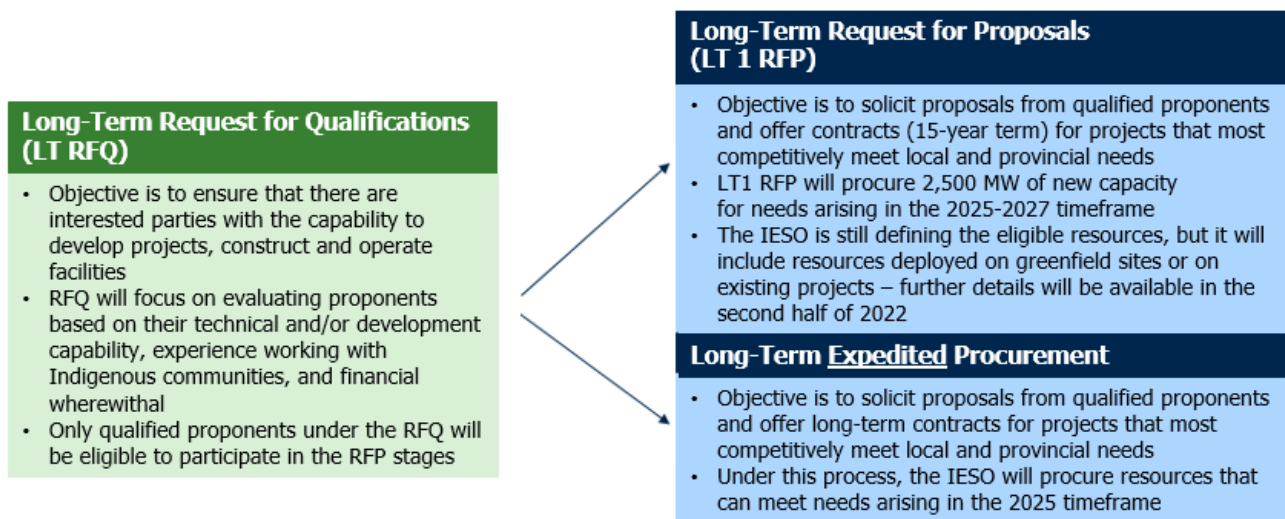
The [Annual Acquisition Report](#) (AAR) translates planning and operational information into a series of acquisition requirements that signals anticipated targets and acquisition mechanisms to secure services to supply the province’s needs over a variety of time frames.

Over time, the yearly publication of the Annual Planning Outlook and the AAR will provide the marketplace and its participants with predictable sources of information to understand Ontario’s current and forecasted needs and the proposed activities to satisfy those needs. With readily available information, existing and potential market participants will be better positioned to make investment decisions about potential sources of supply.

### How will the IESO procure new resources to meet future electricity needs?

The IESO has begun working with sector participants, municipalities and Indigenous communities to design the first long-term request for proposals (LT1 RFP), which will seek resources that will be in service no later than 2027 for a baseline 15-year commitment. An option for early in-service operations is also under development, referred to as the long-term expedited procurement process.

The process has begun with a Request for Qualifications to pre-qualify proponents that are capable of developing projects. Here’s what it looks like:



### Where will new resources be built?

The procurement will acquire facilities to help meet both provincial and regional needs. To support existing regional needs, the IESO will incent resources to locate in areas of highest need, such as southern Ontario, specifically, in areas around the Greater Toronto Area (GTA), and in the southwest part of the province.

### What type of new resources will be built?

The IESO has outlined what the technical requirements are for resources participating in the procurements but is agnostic as to resource type. Should a policy decision be made that would limit any technology, the IESO will communicate that publicly.

The IESO expects a variety of new resources to compete in the LT1 RFP, such as storage resources that could be co-located at existing renewable projects. Through additional mechanisms, the IESO also expects proponents to propose upgrades and expansions to existing facilities.

### Will natural gas plants be considered in the selection process?

At the request of the Minister of Energy, the IESO is evaluating a moratorium on the procurement of new natural gas generating stations and developing an achievable pathway, in terms of cost, operability and timing, to decarbonize the electricity system. This report will be released later this year and will support future decision making on the future of Ontario’s electricity system.

The LT RFP is a technology agnostic procurement. The IESO has outlined what the technical requirements are for resources participating in the procurements. The Request for Qualifications (RFQ) process associated with this procurement will provide more insights as to the types of projects to be brought forward. Should a policy decision be made that would limit any technology, the IESO will communicate that publicly.

### What touchpoints can I expect with proponents in this procurement and when?

| Time Period                                      | Procurement           | Potential Touchpoints   |
|--|-----------------------|---|
| April – October 2022<br>(Pre-Final RFP Release)  | Expedited Procurement | Proponents qualified through the RFQ process may choose to conduct early outreach to communities in order to build awareness of potential project(s), form relationships where applicable and prepare for the RFP based on draft RFP requirements. These activities may occur prior to final RFP release. |
| April – December 2022<br>(Pre-Final RFP Release) | LT1 RFP               |   |
| October – November 2022<br>(RFP Open Period)     | Expedited Procurement | During the RFP Open Period, communities can expect intensive outreach and communication from proponents. This may take the form of requests for municipal council resolutions/Band Council resolutions or outreach for formal partnership formation (i.e., economic interest).                            |
| December 2022 – July 2023<br>(RFP Open Period)   | LT1 RFP               |   |
| January 2023 – 2025 and beyond                   | Expedited Procurement | Successful (contracted) proponents will engage with communities as they develop their projects and seek all associated permits and approvals. Once facilities are built, proponents will continue to engage with communities over the life of their facilities.   |
| Fall 2023 – 2025/27 and beyond                   | LT1 RFP               |   |

## **How will this work align with my Community Energy Plan?**

Ontario needs all existing supply and new electricity supply this decade to support economic growth and decarbonization efforts.

The LT RFP opens the door to new possibilities for Ontario's electricity sector, in part by providing certainty and clarity for proponents needing lead time for investment. Newer forms of supply competing to provide reliability to the system will increase the diversity of the provincial supply mix and create opportunities for non-emitting resources.

The IESO will be engaging throughout 2022 with communities, Indigenous Peoples, and industry stakeholders as it moves forward with plans to acquire new supply and ensure the provincial grid is reliable and affordable. Creating a broader understanding of the needs and options available to meet those needs requires community input and involvement.

## **How will the IESO's engagement with Indigenous communities and municipalities be structured?**

In addition to engaging regularly with energy sector participants, the IESO will rely on input through outreach, engagement, and information sharing to groups and communities outside the energy sector.

Indigenous communities and municipalities can expect to be engaged throughout this initiative in the following three phases:

- Phase 1 – Informing (awareness building)
- Phase 2 – Engage (engagement/feedback)
- Phase 3 – Support (in RFP process/developer inquiries)

For more information visit the dedicated [LT RFP community engagement webpage](#).

## **Section for Municipalities**

### **What roles can municipalities expect to play in the procurement process?**

Communities are playing a growing role in the province's rapidly shifting electricity landscape. During the procurement process municipalities may:

- Receive inquiries from developers about potential site locations
- Be directly involved in applicable approvals processes (i.e. siting and permitting)
- Be informed of community meetings held by project developers
- Receive inquiries from community members
- Receive information from the IESO to understand the process, their role, timelines, and opportunities for input in procurement design

### **Do I have a say of what resources can be built in my municipality?**

Your support will not only help ensure Ontarians have access to electricity where and when they need it, it will keep our economy powering forward into the future.

The Ontario government's Green Energy Repeal Act in 2018 restored municipal authority over siting renewable energy projects and made municipalities full partners in the future of Ontario's electricity system.

The IESO has outlined the areas in which we see the need for new resources – southwestern Ontario, Toronto and east of Toronto are the areas where we are incenting resources to locate. The IESO's evaluation process considers factors that largely measure project maturity and risk, beyond the price evaluation process. The IESO has generally required proponents to demonstrate sufficient community engagement in their proposals. The IESO has also provided incentives for projects that demonstrate municipal or Indigenous community support and involvement. These are however, just some of many considerations in the evaluation process. Municipalities will have the ability to work with the project proponents through regulatory and permitting processes (e.g., site planning, zoning, municipal approvals).

### **How will my comments be incorporated into the decision-making process?**

Comments provided will be used to inform the design of the IESO outreach and engagement activities, and supporting materials that will be shared with communities. Feedback received will also be considered into the [broader LT RFP engagement process](#) that is underway now, in particular for the design of the RFP and contract. The final RFP is targeted to be posted in December 2022.

All stakeholder questions and comments during engagement sessions will be recorded by the IESO and used to refine the design of the procurements. Stakeholders are encouraged to also submit any questions and comments in writing after the sessions in order to ensure that they are captured accurately.

With respect to the decision-making process, or the evaluation of projects, the IESO will outline the evaluation process in the procurement documents and will have a Fairness Advisor overseeing the process.

### **When should I expect proponents to reach out to my municipality?**

Potential proponents are being encouraged to engage with municipal councils early on in the development process. We are anticipating that the months leading up to the proposal submission deadline generally will generate the most activity for communities and regulatory bodies.

### **Who can we contact at the IESO with follow-up questions?**

We encourage all municipalities to actively participate in our stakeholder engagement activities, including our dedicated webpage with Q&As, webinars, and other resources. You may email questions to [communityengagement@ieso.ca](mailto:communityengagement@ieso.ca)

## **Section for Indigenous Communities**

### **What can Indigenous communities anticipate with respect to LT RFP?**

Indigenous communities will be critical to the success of the procurement as they may be directly involved in the process, develop or partner on projects, and could be the host of a new facility. Indigenous communities can expect to:

- Potentially receive correspondence from government ministries/agencies regarding the duty to consult for projects
- Potentially receive inquiries from developers about consultation and business participation and be asked to meet
- Be asked to host community meetings with project developers
- Receive inquiries from community members
- Receive information from the IESO to understand the process, their role, timelines, and opportunities for input in procurement design

### **What role will the duty to consult have in LT RFP?**

The projects procured through the LT RFP may require permits, approvals or licenses issued by government ministries or agencies, such as the Renewable Energy Approval for example. Proponents will work with the relevant government ministry or agency to identify communities that are to be consulted, with those communities then contacted to initiate the consultation process.

### **What supports are in place from the IESO to facilitate Indigenous participation in projects procured through the LT RFP?**

The IESO delivers the Energy Support Programs which assist Ontario Indigenous communities to build capacity and develop energy-related opportunities. The Energy Support Programs include:

- Indigenous Energy Projects (IEP) Program
- Community Energy Champion (CEC) Program
- Education and Capacity Building (ECB) Program
- Indigenous Community Energy Plan (ICEP) Program

[Further information about the Energy Support Programs can be found here.](#)

The Energy Support Programs application window will open on April 4, 2022. The deadline to apply is June 30, 2022 at 11:59 PM EDT.

Ontario Indigenous communities are invited to reach out to ESP staff if they have any questions at [IndigenousRelations@ieso.ca](mailto:IndigenousRelations@ieso.ca).