



Continuing Steps to Acquire and Enable Resources to Meet Ontario's Growing Electricity Needs

Discussion with Municipalities

Purpose

During today's session, we will provide an update to municipalities on the IESO's Long-Term RFP (LT1 RFP) and Expedited Process and continue to seek input on the procurement process. Today's session will include:

- A recap of the feedback we heard from you from the April discussions
- An overview of what municipalities can expect over the course of the procurement process
- An opportunity to ask questions about the process
- An invitation to provide written input/feedback by August 5

Seeking Feedback

Following today's session, participants will be invited to submit written feedback on:

- LT1 RFP contract design elements, including Mandatory Requirements for Proponents and any information/resources needed by municipalities to work with Proponents and inform their communities
- Opportunities to help the IESO better understand the needs/priorities of municipalities during this procurement process

What We Heard So Far

Through the feedback from our engagement process municipalities have indicated they are seeking:

- Additional information and opportunities for input about the procurement design such as eligible resources, locations, and community engagement requirements
- Up-to-date information tailored to municipal audiences about the procurement process and associated timelines
- Resources to help varying levels of staff address procurement responsibilities
- Collaborative processes and opportunities for two-way dialogue with potential proponents



Recap/ Review of the Procurement Designs

Planned Actions Work Together to Ensure Reliability & Manage Uncertainties

2022
-
2024

Solutions are in place to meet needs as a result of efforts already underway.

2025
-
2026

Supply needs increase following Pickering retirement. The IESO will work with sector participants and communities this summer to confirm options to best meet these needs.

2027
+

Longer-term electricity demand continues to grow requiring new supply solutions beyond what is already planned.

SOLUTIONS

Short
Term

- Increase annual capacity auction target

Medium
Term

- Five-year contracts with existing resources (MT I RFP)

Long
Term

- Contracts with generators to meet local reliability needs or policy needs

- Increase annual capacity auction target
- Capacity Sharing Agreement with Quebec

- Multi-year capacity auction
- Five-year contracts with existing resources (MT I RFP)

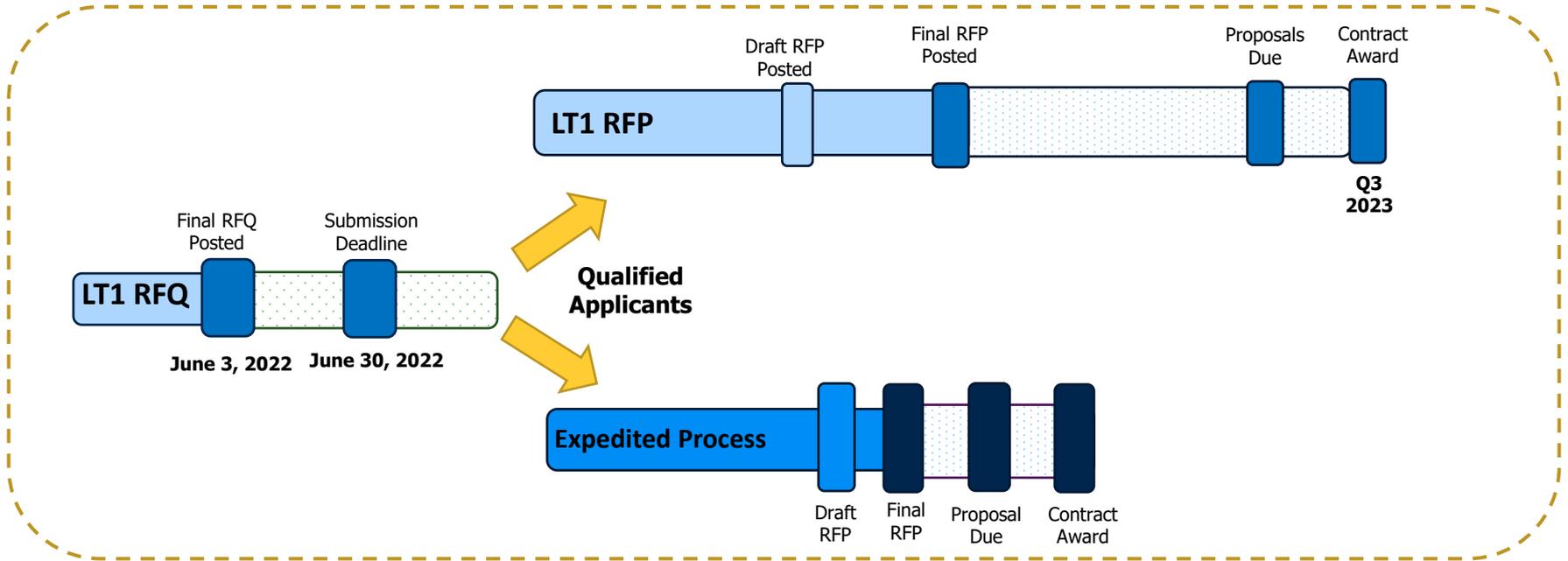
- New energy efficiency programs
- Expansion of existing facilities
- Expedite new facilities

- Capacity auction target adjusted based on need

- Five-year contracts/expansions and upgrades (MT II RFP)

- New capacity, including new facilities (LT RFPs)

Long-Term Procurement Process Milestones



*Timelines are illustrative. RFQ Evaluation is currently ongoing.

Proposed Mandatory Requirements

Site Control and Permitting	<ul style="list-style-type: none">• Proposal is able to demonstrate site access via site access declaration and associated documentation
Community Engagement	<ul style="list-style-type: none">• Proponent must develop and post a Community Engagement Plan• Must hold 1 public meeting with each local community in which the project is proposed to be located
Indigenous/ Municipal Support	<ul style="list-style-type: none">• Proponent must obtain a Municipal Council Support Resolution if the proposed project is to be located on land under municipal jurisdiction• Proponent must obtain an Indigenous Community Support Resolution if the proposed project is to be located "on-reserve"• Proponent must inform Indigenous communities whose Aboriginal and/or treaty rights may be impacted• Successful proponents in the LT1 RFP will be required to re-confirm support after contract execution <p><i>Note:</i></p> <ul style="list-style-type: none">• <i>The IESO recognizes that it will be challenging to meet the requirements outlined for the LT1 RFP given the condensed timing of the Expedited Process, as well as the upcoming Ontario municipal elections. The IESO is contemplating requiring successful proponents to obtain applicable support Resolutions after contract execution.</i>• <i>The IESO is looking for feedback on whether a Municipal Council Support Resolution should be a mandatory requirement or rated criteria, which has been the practice in past procurements.</i>

Updates to Locational Considerations (1)

- The IESO developed a detailed guide, [Locational Considerations for New Resources](#)
- The guide describes preferred locations for new resources and circuits that should be avoided for connecting resource projects.
- The location of the new resources will support regional economic growth in areas such as Southwestern Ontario, which have seen significant growth in demand, while also responding to the retirement of the Pickering nuclear plant.
- Rated Criteria points will be awarded to Projects located in preferred locations to incentivize project development in a manner that supports economic growth and addresses regional reliability need.

Updates to Locational Considerations (2)

Preferred areas for locating new resources include:

- Kingsville-Leamington area
- Municipality of Chatham-Kent to the City of Windsor
- Windsor area
- East of Flow East Towards Toronto (FETT) interface, west of Cherrywood Transmission Station (roughly from Oakville to Pickering)

Evaluations in the deliverability test process will indicate whether a connection to a specific circuit at a specific location with a specific amount of power injection will pass the test

Working with Local Distribution Companies

- The IESO's proposed Deliverability Testing process will aim to ensure that electricity produced by contracted resources can be delivered where and when it is needed.
- Only those projects deemed "deliverable" or "deliverable but competing" through the Deliverability Testing process will be eligible to participate in the RFP stage of the LT1 RFP and Expedited Process
- Connection assessments are still are required by the IESO, Transmitters and Local Distribution Companies (LDCs), after contract award
- Qualified applicants will be required to work with their LDCs as part of the deliverability assessment process
- Throughout this year, LDCs were invited to participate in various engagement webinars; materials from the July session are available on the [community engagement webpage](#)



What to Expect

What to Expect: Procurement Process

Procuring new electricity supply is supporting the growth and decarbonizing efforts in Ontario communities and helps to ensure that power is available where and when it is needed.

Municipalities are critical to the success of the procurements. Looking ahead in the coming months, municipalities may be involved in various elements of the process such as:

1. Providing input into the draft procurement documents
2. Responding to inquiries from Qualified Applicants
3. Approving new generation and/or storage projects
4. Participating in the procurement

The IESO will be developing supporting documents that will be made available with the posting of the final RFP and Contract documents.

Municipalities and Proponent Touchpoints

As the LT1 RFP and Expedited Process are launched and as they progress, municipalities can expect several touchpoints with proponents throughout the process.

Procurement Milestone	Potential Touchpoints
Qualified Applicants Announced to Final RFP Documents Issued	Proponents qualified through the RFQ process may choose to conduct early outreach to municipalities 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.
Final RFP Documents Issued to Proposal Submission (Procurement Open Period)	During the RFP Open Period, municipalities can expect intensive outreach and communication from proponents. This may take the form of requests for municipal council resolutions or outreach for formal partnership formation (i.e., economic interest).
Contract Execution to Commercial Operation	Successful (contracted) proponents will engage with municipalities as they develop their specific projects and seek all associated permits and approvals as well as Duty to Consult requirements (the location of the projects will be made known after contract execution). Once facilities are built, proponents will continue to engage with communities over the life of their facilities.



Seeking Input

Seeking input: Mandatory Criteria

Proposed Mandatory Criteria for the LT1 RFP and Expedited Process include:

- Develop and post a community engagement plan
- Hold one public meeting with each local community in which the project is proposed to be located
- Obtain a municipal council support resolution

The IESO is looking for feedback on whether a Municipal Council Support Resolution should be a mandatory requirement or rather a rated criteria, which has been the practice in past procurements

Provide input:

The IESO has traditionally not mandated Municipal Support resolutions in procurements but has rather awarded rated criteria points to those able to obtain them.

1. Does this approach present any opportunities or challenges to municipalities?
2. If an alternative should be considered, what other municipal processes could complement, supplement or replace municipal resolutions?
3. How does the concept of a support resolution align with existing planning and permitting processes?

Seeking input: Guidance for Municipalities

- The IESO is committed to assisting municipalities within our scope of responsibility.
- Guidance materials are under development to prepare municipalities for future steps. The key areas of focus in the guideline document will include:
 - Overview of components of the procurement processes and timelines related to the roles of municipalities and their interaction with proponents
 - Information and key messages to support discussions with elected officials, staff and constituents
 - Access to resources

Provide input:

- What other information would you expect to find in a guidance document that the IESO could provide to assist municipalities in this procurement process?



Discussion

For Today's Discussion

Based on what you have heard today, and the information available on the dedicated community engagement webpage:

- 1) What questions do you have related to your ability to provide input into LT1 RFP contract design elements, including Mandatory Criteria for Proponents?
- 2) What future information is important for you to receive or provide throughout the engagement of this procurement process?
- 3) What other engagement or outreach activities should be considered by the IESO?

Next Steps

- Feedback on the information shared today can be submitted via feedback form by **August 5, 2022** to engagement@ieso.ca
- We will continue to provide information and engage on these topics and new items to help inform the procurement process.
- Stay in touch by visiting the [community engagement page](#).



Thank you for joining us for this Discussion Session with Municipalities

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Thank You

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