



APRIL 24, 2025

Long-Term 2 RFP Stakeholder Engagement

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Territory Acknowledgement

The IESO acknowledges the land we are delivering today's webinar from is the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit First Nation.

As we have attendees from across Ontario, the IESO would also like to acknowledge all of the traditional territories across the province, which includes those of the Algonquin, Anishnawbe, Cree, Oji-Cree, Huron-Wendat, Haudenosaunee and Métis peoples.

Overview

- This engagement is conducted according to the [IESO Engagement Principles](#) posted on the IESO Website
- Today's presentation will be recorded and available for viewing online following the session
- All documents associated with this session can be found on the [Long-Term RFP Engagement webpage](#)

Participation

- For questions and comments, click on the “raise hand” icon (hand symbol) at the top of the application window
- To unmute audio, click on the microphone icon at the top of the application window
- Audio should be muted when not asking a question
- If experiencing connection issues, contact engagement@ieso.ca or Microsoft Office Support

Agenda

Today's engagement will cover the following:

1. LT2 RFP Status and Timeline
2. LT2 RFP and Contract Updates
3. LT2 RFP Requirements for Crown Land Projects
4. LT2 RFP Deliverability Update



LT2 RFP Status and Timeline

LT2 RFP Proposal Submission Deadlines

The IESO published revised draft LT2 RFPs and Contracts on April 17th, 2025

In response to stakeholder feedback, and to account for the timing of the provincial election, the IESO has revised Proposal Submission dates as follows:

- LT2(e-1) RFP Proposal Submission Deadline: **October 16th, 2025**
- LT2(c-1) RFP Proposal Submission Deadline: **December 18th, 2025**

Milestone COD and early operation incentives will remain unchanged

Timeline for the First Submission Window

The IESO is proposing the following timelines* for the first LT2 RFP submission window:

Milestone	LT2 (e-1)	LT2 (c-1)
Final Documents Released	TBD	TBD
Deadline for Questions and Comments	TBD	TBD
IESO's Deadline for issuing Addenda	TBD	TBD
Registration Deadline	August 29, 2025	September 19, 2025
Proposal Submission Deadline	October 16, 2025	December 18, 2025
Target date for notification to Selected Proponents	April 14, 2026	June 16, 2026

*Timelines are draft and are subject to change



LT2 RFP and Contract Updates

Overview of LT2 RFP/Contract Design Items

LT2 RFP/Contract Updates

- LT2 (c-1) Contract: GHG Abatement Plan
- Period of Irrevocability
- Agricultural Impact Assessment (AIA) Requirements
- Common Corridor Circuits and Common TS Feeders
- Requirement to Rescind Connection Impact Assessments (CIAs)
- Pre-Engagement Confirmation Notice
- LT2 (c-1) Contract: Capacity Check Test Requirements
- Pre-COD Change of Control
- Outlier Proposal Price Methodology

Outstanding Stakeholder Concerns

- Tariffs
- Gas Development Issues

LT2 (c) GHG Abatement Plan

The language in Section 2.14 has been updated to reflect that the Government of Canada published **Clean Energy Regulations: SOR/2024-263** on December 13th, 2024.

Modified 2.14(b) to give Suppliers up until the first anniversary of their Contract Date to provide the IESO with a written summary detailing the Supplier's plan to achieve compliance.

Period of Irrevocability

LT2 RFP language has been changed such that Proponents must consent to an extension in the period of irrevocability.

If a Proponent does not respond to the request within five (5) Business Days or refuses to extend the Period of Irrevocability, the Proponent's Proposal shall continue to be irrevocable in accordance with its original Period of Irrevocability.

AIA Requirements (1)

The Agricultural Impact Assessment (AIA) has three main components: 1) Avoid, 2) Minimize, 3) Mitigate.

For clarity, the Pre-AIA Submission Filing Requirement in the RFP has been renamed the AIA Component One Requirement (the avoid component). This requirement remains to be completed by the Proponent to the satisfaction of the Local Municipality, prior to proposal submission, and evidenced via the Municipal Support Confirmation.

To support the undertaking and evaluation of this requirement OMAFA plans to publish guidelines for the AIA Component One Requirement.

AIA Requirements (2)

In the Contract, the AIA Requirement has been renamed the AIA Component Two and Three Requirement. This requirement remains to be completed by the Supplier to the satisfaction of the Local Municipality, within 18-months post contract award, and evidenced via The Form Of AIA Confirmation.

To support the undertaking and evaluation of this requirement OMAFA plans to publish guidelines for AIA Component Two and Three Requirement.

Common Corridor Circuits and Common TS Feeders

- **Common Corridor Circuits** are parallel to one another and utilize the same, or proximate parallel land-based rights of way, or otherwise start and end at common transmission stations.
- Proponents may identify up to 4 Common Corridor Circuits as the Connection Point in their Proposal.
- **NEW:** Additionally, for Projects connecting to Common Corridor Circuits, the IESO will allow Proponents to identify an alternative Connection Point for the Primary Proposal PQ, and each Proposal PQ Alternate, where applicable.
- For clarity, an alternative Connection Point will not be associated with any change in price or Contract Capacity

Requirement to Rescind CIAs

The IESO has added language to section 2.1(e) of both the LT2 (e-1) and LT2 (c-1) RFPs requiring that any Long-Term Energy Project seeking to connect to a **Distribution System** may not be the subject of a CIA as of the Proposal Submission Deadline.

This aligns with the approach taken for the LT1 RFP, however this requirement had previously been part of the Pre-Proposal Submission Deliverability Test. As there is no Pre-Proposal Submission Deliverability Test for the LT2 RFP, this requirement was added directly into the RFP language.

Pre-Engagement Confirmation Notice

In response to stakeholder feedback, the IESO will provide a **sample Pre-Engagement Confirmation Notice** (this sample format is optional and solely intended to demonstrate what is expected to meet the requirements; Proponents may ultimately use any format they choose) in the following Prescribed Forms to help Proponents ensure that Pre-Engagement Confirmation Notice requirements are met:

- Prescribed Form: Evidence of Indigenous Support
- Prescribed Form: Evidence of Municipal Support

LT2 (c) Capacity Check Test Requirements

- The IESO has revised the maximum ambient temperature to 15°C for Winter Capacity Check Tests.
- One supplier requested that Facilities only be required to demonstrate 90% of their Monthly Contract Capacity during Capacity Check Tests. Facilities are provided advance notification of tests and are expected to achieve 100% of the Monthly Contract Capacity that is used for contract settlement.

Pre-COD Change of Control

The IESO has amended the existing restrictions on Pre-COD changes of control to allow Suppliers to request a Pre-COD change of control. The previous restriction prohibited any change of control before commercial operation. This change will allow new sources of capital to enter a project earlier in the development cycle.

- Section 16.6(a) was amended to: "Except as provided in this Section 16.6(b), the Supplier shall not permit or allow a change of Control of the Supplier, except with the prior written consent of the Buyer, which consent, prior to COD shall be at the sole and absolute discretion of the Buyer and, from and after COD, may not be unreasonably withheld", and;
- Section 16.7(a)(ii) was deleted

Outlier Proposal Price Methodology

- Revising to account for possibility of up to 3 Price-Quantity (PQ) Proposal Alternates
- First calculate Proposal Average Capacity and Proposal Average Price of all alternates for each Proposal, then calculate weighted average of all Proposals
- Any PQ whose price exceed the weighted average by more than 40% will be eliminated

Proponent	PQ	Original Approach		Revised Approach	
		Capacity (MW)	Price	Proposal Average Capacity (MW)	Proposal Average Price
ID1	Primary PQ	100	\$80	76.7	\$93.91
ID1	PQ Alt 1	80	\$95		
ID1	PQ Alt2	50	\$120		
ID2	Primary PQ	75	\$99	75	\$99
ID2	PQ Alt 1				
ID2	PQ Alt2				
ID3	Primary PQ	150	\$75	116.7	\$87.11
ID3	PQ Alt 1	110	\$89		
ID3	PQ Alt2	90	\$105		
ID4	Primary PQ	25	\$98	25	\$98
ID4	PQ Alt 1				
ID4	PQ Alt2				
Weighted Average		\$91.13		\$92.86	
Outlier Cutoff (40% > weighted average)		\$127.58		\$130.00	

Overview of LT2 RFP/Contract Design Items

LT2 RFP/Contract Updates

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Outstanding Stakeholder Concerns

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- Gas Development Issues

Tariffs

The IESO acknowledges the uncertainty and risk introduced by US/Canadian tariffs and the changing global trade landscape.

The impact of any potential future tariffs could be difficult to address within the LT2 Contract for the following reasons:

1. Tariffs will not have a uniform impact on all Proponents
2. The risk posed by potential future tariffs is temporal (i.e. it only lasts until equipment is purchased)
3. Difficult to assess indirect tariff impacts of supply chain shifting against an unknown baseline of costs
4. Need to preserve the incentive for Suppliers to minimize costs as much as possible

LT2 RFP Capital Cost Risk

The current tariff regime from the Canadian Federal government is not expected to have a material impact on electricity projects. However, the capital cost of LT2 projects might be impacted by the introduction of additional tariffs on US imports in the time between Proposal Submission and equipment purchase.

To address the risk of additional tariffs that have a material impact on the capital cost of LT2 projects, the IESO is considering the following options:

- Two-stage proposal submission
- Pre-COD Contract Price escalation
- Mechanism to Re-Bid Contract Price

Two-Stage Proposal Submission

The IESO is considering implementing a two-stage Proposal Submission, whereby Proponents submit all project details apart from Proposal Price in accordance with current timelines but are allowed to submit their Proposal Price at a later date (immediately preceding price evaluation and deliverability testing).

The IESO would establish a set time for the Proposal Price submission in the final LT2 RFPs. This would likely be 2.5 - 3 months after initial Proposal Submission.

Pre-COD Contract Price Escalation

The IESO is also considering implementing 100% pre-COD LT2 Contract Price escalation (based on CPI increases). This would:

- Indirectly address impacts from tariffs (to the extent that they increased inflation, which is expected)
- Directly address inflation risks to help reduce the total number of risks Suppliers have to account for in an uncertain trade environment

Mechanism to Re-Bid Contract Price

The IESO is considering a process to adjust a Supplier's LT2 Contract Price in the event a relevant tariff is introduced by the Canadian government. This mechanism could include the following elements:

1. **Material impact:** The mechanism would trigger if a tariff was introduced by the Canadian federal government that would have a material impact to the capital costs of a project.
2. **Timebound:** The mechanism should only trigger if a materially impactful tariff is introduced after Proposal Submission but before major equipment would be expected to be purchased for a project. The IESO may establish a set time period to reflect this.
3. **Allow for Contract Price re-submission:** Upon agreement by the IESO that the trigger has occurred, the Supplier would be permitted to re-bid their Contract Price for consideration by the IESO to reflect the impact on the capital costs of their project.
4. **Subject to IESO approval:** The acceptance of a re-bid Contract Price would be in the IESO's sole and absolute discretion
5. **Off-Ramp:** If the IESO rejects the re-bid Contract Price, the Supplier would have the opportunity to exercise an off-ramp to terminate their Contract and have a percentage of their Proposal Security returned.

Gas Development Issues

Stakeholders have identified the following concerns related to the development of natural gas generation facilities:

1. Gas supply/transmission cost uncertainty
2. Long lead times for turbine procurement

Gas Supply/Transmission Cost Uncertainty

Stakeholder Feedback:

- To submit a reasonable bid into the LT2 RFP a natural gas generator will need clarity on the cost of their natural gas supply, namely costs associated with new gas transmission expansions.
- At the time of proposal submission proponents will not know what gas transmission costs will be, or the cost allocation approach that will be used to recover those costs.

IESO Response:

- The IESO acknowledges this risk and will continue to work with stakeholders, Enbridge and the provincial government to assess impacts and potential solutions.

Long Lead Times for Turbine Procurement

The IESO acknowledges the challenges posed by current long lead times for gas turbines and the potential impact this could have on achieving MCODs.

The IESO is considering the following options to address this risk:

1. Maintaining liquidated damages but not losing Contract Term when a delay in reaching MCOD is caused by lead times for gas turbines, or;
2. Amending section 9.1(c) of the LT2 (c-1) Contract to remove the restriction against using the provision for facilities that use natural gas. This would allow the IESO to provide an additional year of term to a Contract if the Suppliers failed to reach COD by their MCOD when that delay was caused by lead times for gas turbines.



LT2 RFP Requirements for Crown Land Projects

LT2 RFP Requirements for Crown Land Projects (1)

At time of proposal submission, Proponents must include via the Prescribed Form: Access Rights:

1) MNR Confirmation Letter confirming:

- Based on the Ministry's review, that the Crown Land Site Report (CLSR) is complete
- Applicant of Record Identification Number (if applicable)

2) Crown Land Shapefile:

- A single shapefile producing a polygon shape outline of the boundary of the Project Site, and if applicable, a separate single polygon shape outline of the boundary of the Project Site for any Proposal PQ Alternate. The IESO has published a [Crown Land Shapefile guidelines](#) document which includes a shapefile template (see slide 34)

LT2 RPF Requirements for Crown Land Projects (2)

3) Attestations confirming that:

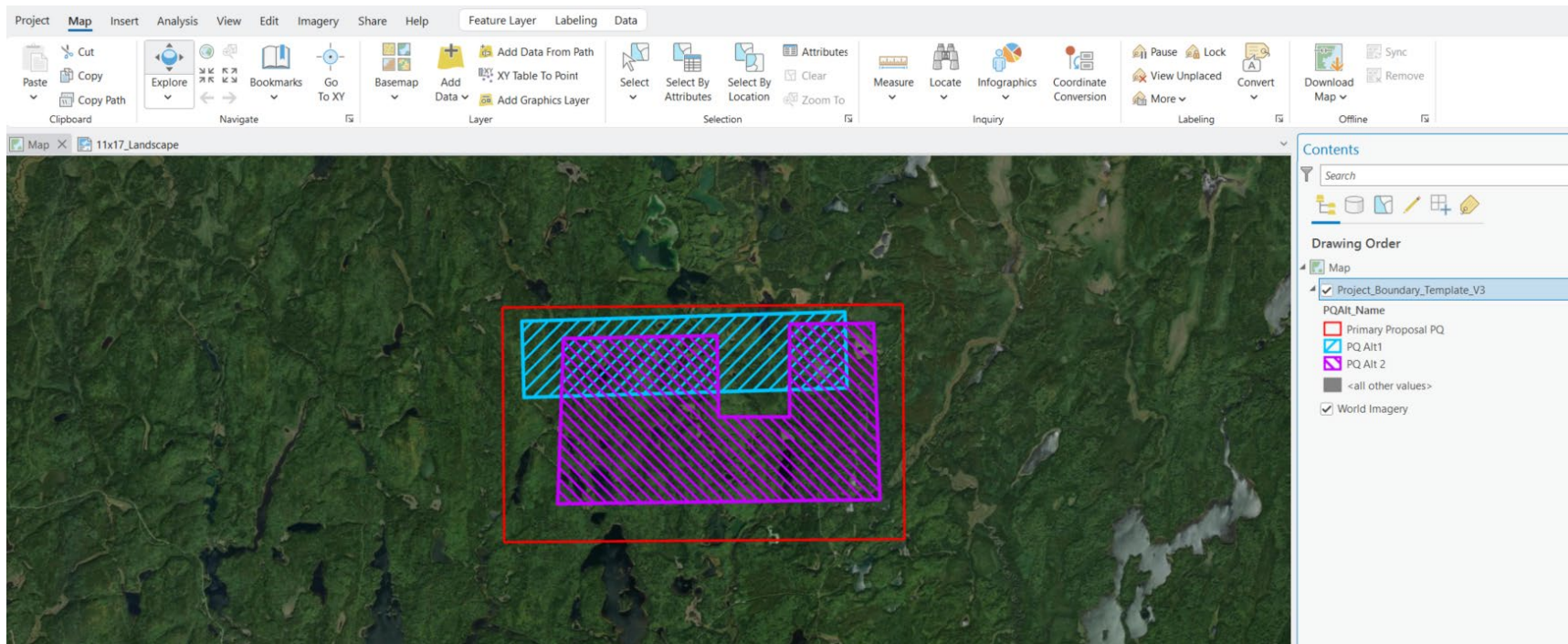
- The Project Site information contained in the Crown Land Shapefile is consistent with the Project Site information contained in the Crown Land Site Report submitted to MNR; and
- The Project Site, as reflected in the Crown Land Shapefile, does not overlap with or use any of the same Crown lands as any AOR Held Lands for which the Proponent is not the Applicant of Record
- MNR plans to publish access to the data containing current Applicant of Record sites through Ontario's GeoHub providing users the ability to download the spatial data and access to a web service which can be added to any GIS tool to support the overlap analysis

Crown Land Shapefile

For the purposes of the LT2 RFP, Crown Land Shapefile means:

- A geographic information system shapefile with data in each of .shp, .shx, .dbf, and .prj file formats
- Displayed on the NAD 83 Ontario MNR Lambert Conical projected coordinate system: (NAD83/Ontario MNR Lambert)
- Substantively consistent with the content (i.e. attribute table) and format of the [Crown Land Shapefile template](#) published on the Long-term 2 RFP webpage

Example Crown Land Shapefile



LT2 IESO Evaluation – Stage 2: Mandatory Requirements

The IESO (or its consultant) will utilize the Crown Land Shapefile(s) submitted by the Proponent as well as the Applicant of Record site data published by MNR to ensure that the Project Site (for the Primary Proposal PQ or Proposal PQ Alternative, as applicable) does not overlap with or use any of the same Crown lands as any AOR Held Lands for which the Proponent is not the Applicant of Record.

LT2 IESO Evaluation – Stage 5: Deliverability

The IESO (or its consultant) will utilize the Crown Land Shapefile for each Crown Land Project to identify any instances in which the proposed Project Site (for the Primary Proposal PQ or Proposal PQ Alternate, as applicable) overlaps with or uses the same lands as the proposed Project Site of any other Crown Land Project on the Preliminary List.

In the event of overlap, the Conflicting Crown Land Proposal that is ranked highest and is Deliverable will be added to the Offer List and all lower ranking Conflicting Crown Land Proposals will be rejected.

For clarity, any Proposal PQ Alternate of the rejected Conflicting Crown Land Proposal that does not overlap with the Project Site of the Proposal being added to the Offer List will remain on the Preliminary List and will be evaluated in its ranked order.



LT2 RFP Deliverability Update

LT2 RFP Deliverability Agenda

- LT2(e-1) and LT2(c-1) deliverability preliminary guidance update
- Deliverability process considerations for the windowed approach
- Next Steps

LT2(e-1) Preliminary Guidance Update

Energy stream preliminary connection guidance document version 3.0 was published on April 4th. Major updates include:

- Transmission Circuit Capacity (TCC) tables identifying the most restrictive limitations and more granular values for each transmission circuit
- Only X503E and X504E remain on the list of circuits restricted by Sub-synchronous resonance (SSR)
- Updated the list of short circuit restricted stations
- Acknowledgement of the 300 MW set aside applicable to 230kV circuits that connect to Nanticoke and the Niagara Reinforcement line between Allanburg and Middleport, as per the Minister's Directive
- Maximum direct injection into a single circuit is 250 MW per project proposal for any resource type
- Marked circuits as “not allowed” where connection will be found “not deliverable” in final testing

LT2(c-1) Deliverability Update

- Capacity stream preliminary connection guidance and evaluation stage test methodology document was also published on April 4th and is similar to that for LT2(e-1)
 - Items in previous slide apply to LT2(c-1); same Short Circuit, Protection, SSR and IBR limitations
 - Different area limits, circuit capacities and deliverability test methodology
- It uses updated assumptions and methodology from those used in LT1, resulting in increased connection availability, including:
 - Demand forecast increases by 2030 that will enable more capacity for connections mainly in the West of GTA areas
 - Generator outage assumptions that will enable more capacity for connections in all areas
 - Performance criteria updates, including higher reliance on Remedial Actions Schemes on an interim basis, that will enable more capacity for connections in all areas

LT2(c-1) Deliverability Update (cont'd)

- Preliminary connection guidance for LT2(c-1) identified the following capacity availability in the following select areas:
 - 635 MW in Northern Ontario
 - 550 MW East of Bowmanville
 - 900 MW West of Milton
 - 850 MW West of Middleport
 - 1,100 MW West of Buchanan
- The LT2(e-1) results will affect the availability for the LT2(c-1), as the LT2(e-1) deliverability testing will be performed ahead of the LT2(c-1)

Guidance Considerations for the Windowed Approach

- Maintaining current preliminary connection guidance
- Provide updates to area limits, circuit capacities and short circuit limitations that take into account the results from the previous window
- Update any forecasted system changes for the new procurement window target year, including demand forecast, resource changes and transmission projects

Deliverability - Next Steps

- Continue providing pre-submission consultation on connection guidance
- Provide system forecast updates that could have a material impact on the preliminary connection guidance or the evaluation stage deliverability test for window 1
- Continue work towards a connection feasibility assessment platform and process that would allow on-demand, site specific, assessments
- Continue to explore solutions for short-circuit restricted areas
- Preliminary guidance for LT2 window 2 and LLT will be provided ASAP following LT2 window 1 contract awards



Next Steps

Next Steps

- The IESO invites written feedback on the materials presented today and the forthcoming final RFP and documents by May 9, 2025. All written feedback should be submitted to engagement@ieso.ca utilizing the IESO Feedback Form posted on the engagement webpage.
- The IESO will release final LT2 (e-1) and LT2 (c-1) RFP documents as soon as possible
- Once final RFP documents are released the normal prohibited communications protocol takes effect; the IESO will remain open to transmission planning consultations and holding additional webinars to answer questions

Thank You

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