
SEPTEMBER 12, 2024

Long-Term 2 RFP Stakeholder Engagement

Disclaimer

This presentation and the information contained herein is provided for informational purposes only. The IESO has prepared this presentation based on information currently available to the IESO and reasonable assumptions associated therewith, including relating to electricity supply and demand. The information, statements and conclusions contained in this presentation are subject to risks, uncertainties and other factors that could cause actual results or circumstances to differ materially from the information, statements and assumptions contained herein. The IESO provides no guarantee, representation, or warranty, express or implied, with respect to any statement or information contained herein and disclaims any liability in connection therewith. In the event there is any conflict or inconsistency between this document and the IESO market rules, any IESO contract, any legislation or regulation, or any request for proposals or other procurement document, the terms in the market rules, or the subject contract, legislation, regulation, or procurement document, as applicable, govern.

Purpose

The purpose of this engagement is to provide an overview of the following:

- Policy considerations in the recent Ministerial Letter to the IESO
- Contents of the recently posted draft Long-Term 2 Energy [LT2(e)] RFP and Contract
- Highlights from recent stakeholder feedback.
- Stakeholder feedback will continue to inform the final LT2(e) RFP and Contract.

Draft LT2 RFP Documents

- The following documents have been posted to the Long-Term 2 RFP [webpage](#):
 - A draft of the [LT2\(e\) RFP](#) was posted on September 6, 2024;
 - A draft of the [LT2\(e\) Contract](#) was posted on July 23, 2024;
 - A second version of the [LT2\(e\) RFP Preliminary Connection Guidance document](#) was posted on September 6, 2024; and,
 - A document on [Submitting Renewable Energy Predevelopment Projects on Crown Land](#) was posted on September 5, 2024.

Agenda

1. LT2 RFP Deliverability Guidance – Update
2. LT2 RFP Design – Policy Considerations
3. Draft LT2 Energy RFP and Contract
 - Rated Criteria Points
 - Municipal Support Resolutions
 - Community Engagement
4. Key Themes From Recent Stakeholder Feedback
5. Next Steps

Recap: Procurements Under Development

Mechanism	Target	Resource Types	Anticipated Commitment
MT2 RFP (2025)	Energy: TBC Capacity: TBC	Existing energy and capacity resources that are uncontracted or coming to the end of their contract term	5 year contracts starting May 2026, May 2027, May 2028 or May 2029
LT2 Energy (2025)	5 TWh (~2,000 MW)	Energy-producing Market Participants over 1 MW, New Build facilities	20 year contracts starting in 2030
LT2 Capacity (2025)	500-1,000 MW	Capacity-based Market Participants over 1 MW	20 year contracts starting in 2031
Long-Lead Time (2025)	500-1,000 MW	Energy and capacity resources with long-lead times	40 year contracts starting in 2034-2035

MT2 RFPs

- The IESO has commenced stakeholder engagement on the Medium-Term 2 RFP and has posted draft RFPs and Contracts to the [Medium-Term RFP webpage](#).
- All future engagements on the MT2 RFPs will be independent of the LT2 RFP.
- The first stakeholder engagement on the MT2 RFPs will be held this afternoon (Sept 12) at 1:00 p.m. EST. Participants are invited to register on the [MT RFP engagement webpage](#).
- For support or issues with registering, please contact: engagement@ieso.ca.

LT2 Capacity RFP

- The IESO is currently in the process of finalizing the draft RFP and Contract for the LT2 Capacity RFP and expects to publish materials in the upcoming month.
- In the interim, stakeholders are encouraged to familiarize themselves with the content of the LT1 RFP and Contract, as they will inform much of the design of the LT2 Capacity stream. While some elements will change (e.g., Rated Criteria quantum and categories, timelines etc.) the fundamentals of the Contract and revenue model will not be different.
- The IESO will be hosting a webinar this Fall on the LT2 Capacity RFP after draft materials are published.

Long Lead Time Resource Procurement (1)

- In its March 2024, Report Back to the Minister, the IESO recommended a separate procurement stream for long lead time (LLT) resources. This separate stream will enable resources with longer development timelines to come into operation at a later date.
- The LLT resources procurement will seek to procure resources with strategic characteristics beyond those procured under other long-term procurements, specifically new hydroelectric generation and long lead time long duration storage.
- To date the IESO has largely engaged on this initiative with interested parties in an informal manner and will formalize engagement on this initiative in the new year. To advance the design of the LLT procurement, the IESO has issued a LLT [Request for Information \(RFI\)](#), seeking project specific information from interested parties.

Long Lead Time Resource Procurement (2)

- To date the IESO has received minimal information from interested parties considering projects for the LLT procurement, which has led to the launch of the LLT RFI process.
- The IESO recognizes that many potential proponents have projects in very early stages of consideration/pre-development and may not be able to provide significant specifics. However general information surrounding project development timelines, approvals and permitting processes/considerations are welcome. **Responses to the LLT RFI will be used by the IESO to help inform the design of the LLT procurement as well as timelines**

—

Long Lead Time Resource Procurement Overview (1)

Resource Eligibility: **New** resources known to have long development lead time, enabled in the IESO-administered market, specifically hydroelectric generation and long-duration storage.

Procurement Target: ~500 -1,000 MW to be in-service by 2035.

Proposed Contract Term: 40 years

Commercial Terms: Capacity style (i.e., LT1 Contract) for capacity, E-PPA for energy.

Non-Commercial Terms: To be developed with stakeholders – expect broad policy objectives (e.g. community engagement, Indigenous participation) to be consistent with LT2 Energy/Capacity RFPs, though particulars may differ.

Long Lead Time Resource Procurement Overview (2)

Deliverability: No preliminary deliverability test; given long lead times and strategic values of resources, the IESO will seek to evaluate proposals in manner that accounts for project alignment with planned transmission buildout or paid upgrades. Based on RFI responses, the IESO will seek to align LLT procurement design with new transmission plans and seeks RFI respondents to identify potential sites / constraints to help inform design and alignment with deliverability.

Evaluation: The IESO has proposed proposal evaluation on a like-for-like basis, regardless of contract chosen using a singular and more flexible methodology. The IESO is considering that evaluation can be conducted based on a single measure of project revenue requirements devised from the chosen revenue model and term length. The IESO recognizes that some stakeholders have advocated for a bifurcated evaluation and will continue to engage on this issue in the coming months, after RFI responses have been evaluated.

High Level Timeline – LT2 RFPs

Dec 2023 Engagement kick-off
March 2024 Report back to government
July 2024 Draft LT2(e) Contract posted
Sept 2024 Draft LT2(e) RFP posted. Report back to government
Dec [20] 2024 Final RFPs & Contracts posted
Q3 2025 Proposal Submission
Q1 2026 Contract Execution
Q2 2030/2031 Commercial Operation Dates



On-going engagement



Overview of LT2 RFP Design Considerations

Closed Design Items

- E-PPA Conceptual Design
- Resource Eligibility: DERs, Hybridized Facilities, Repowered Facilities
- Agricultural Land Use Policy
- LT2 RFP Proposal Evaluation
- MT2 RFP: Design and Coordination with LT2 RFP
- LT2 Contractual Obligations

Items to be discussed today

- LT2 RFP Deliverability Assessment
- Municipal Support Resolutions
- Indigenous Community Participation
- Community Engagement
- Rated Criteria

Outstanding Items

- Long Lead-Time Resources Procurement
- LT2 RFP: Capacity Stream



LT2 RFP Deliverability – Update

Connection Guidance Document – Energy Stream Update

1. [Preliminary Connection Guidance document issue 2.0](#) posted on September 6, 2024
 - ❑ Expanded circuit Inverter Based Resource (IBR) limits and included LT1 RFP results
 - ❑ Area IBR limits were impacted by the increased circuit IBR limits
 - ❑ LT1 projects resulted in a slight improvement on the Area Congestion Limits
 - ❑ Updates to the lists of circuits to avoid/restricted capacity
 - ❑ Updates to short-circuit limitations
2. Procedure to request access to the transmission system map posted
3. Updated the [LT2 RFP website](#) with the [process to request pre-submission consultations](#)

LT2 Deliverability – Next Steps

- **LT2 Energy Stream Evaluation Stage Deliverability Test Methodology**
 - Document is under development with a target posting date in Q4 2024
 - The methodology and assumptions will be specific to each type of resource
- **LT2 Capacity RFP Guidance Document**
 - Document is under development with a target posting date in Q4 2024
 - The methodology will be similar to the LT1 RFP methodology
 - It will publish similar information to the LT2 Energy RFP Guidance document
 - Stakeholders are encouraged to provide feedback on the types of information that they would like to see contained in the LT2 Capacity Stream Guidance document.



LT2 RFP Design – Policy Considerations

Ministry of Energy and Electrification Letter to the IESO
(August 29, 2024)

Recap: Previous Policy Considerations

- Previously, the former Ministers of Energy and Agriculture, Food and Rural Affairs jointly issued [a letter to the IESO on June 6, 2024](#), outlining the following policy considerations for developing energy projects in agricultural areas:
 - ❑ Rated criteria points for projects that avoid prime agricultural areas
 - ❑ No new projects in specialty crop areas
 - ❑ Prohibit ground-mounted solar projects in prime agricultural areas
 - ❑ All other projects require an Agricultural Impact Assessment (AIA) to locate in prime agricultural areas

August 29 Letter Overview

- On August 29, 2024, the Minister of Energy and Electrification issued a second [letter to the IESO](#) outlining the following policy considerations for the LT2 RFPs:
 - ❑ Resource Eligibility for the LT2 RFPs
 - ❑ Municipal Support Resolutions and Project Siting Requirements
 - ❑ Rated Criteria Points for the LT2 RFPs
 - ❑ Procurement Targets and Timelines for LT RFPs
- The IESO has been asked to report back to the Minister on its approach to these policy considerations, as well as options to accelerate procurement timelines and targets by September 20, 2024.

Expected Resource Eligibility for the LT2 RFPs

- The IESO has been asked to utilize a technology agnostic approach to the LT2 Energy RFP (*resources able to generate energy at non-specific times*) and LT2 Capacity RFP (*dispatchable resources able to inject during peak system conditions*). While **all resource types are eligible to participate** if they can meet the requirements of either the LT2 Energy Contract or LT2 Capacity Contract, based on stakeholder feedback and the contractual provisions, the IESO anticipates participation in each stream from the following resources:

LT2(e) RFP



Bioenergy Facilities



Solar Facilities



Wind Facilities



Combined Heat and Power Facilities

LT2(c) RFP



Hydrogen Storage Facilities



Electricity Storage Facilities



Gas Facilities



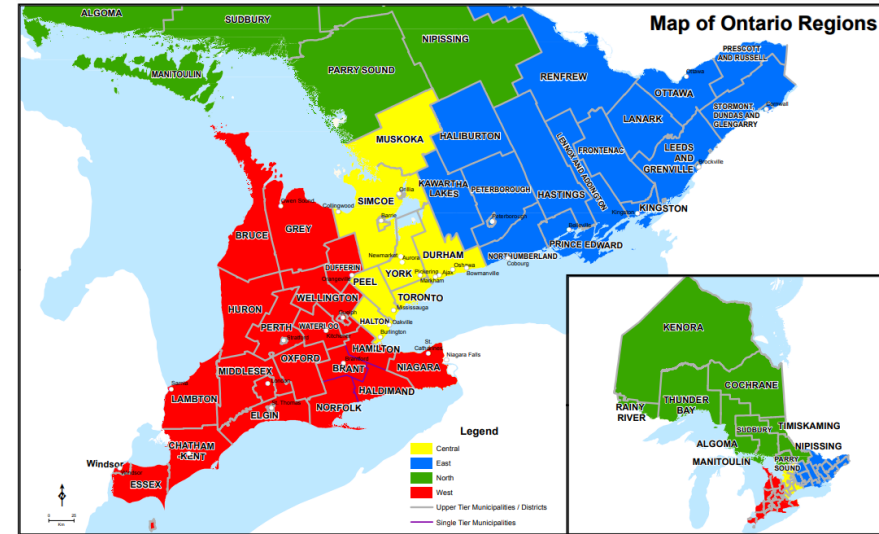
Bioenergy Facilities

Projects sited in Municipalities and/or on Crown Land

- All projects in the LT2 RFPs that are sited within a municipality (including projects that are located on Crown Lands within a municipality) will require a supportive municipal council resolution by the time of proposal submission.
- For projects located outside of municipal boundaries and on Crown land managed by the Ministry of Natural Resources (MNR), the IESO will consider MNR's endorsement of a project's Crown Land Site Report (CLSR) in lieu of a supportive municipal council resolution as confirmation that the project is eligible for bid submission with respect to the municipal support requirement.

Developing in the North

- To contribute to economic development and activity in Northern Ontario, the IESO has been asked by the Ministry to consider providing rated criteria points for new-build projects located in Northern Ontario (as indicated by green in the map)
- Recognizing that this requirement will include significant Crown land, the IESO has posted [MNR's Renewable Energy Predevelopment Projects on Crown Land Document](#). For questions related to this document or siting on Crown land please contact MNR at MNRRenewableenergysupport@ontario.ca.



[via Ontario Ministry of Government and Consumer Services](#)

Indigenous Participation

- Similar to the E-LT1 and LT1 RFPs, the IESO has been asked by the Ministry to consider incorporating rated criteria that incentivizes equity participation by Indigenous Communities, including where projects are proposed on treaty or traditional territories.

Procurement Targets and Timelines for the LT2 RFPs

- The Minister of Energy and Electrification has requested that the IESO report back by September 20, 2024 with options to accelerate LT2 RFP timelines and targets to power Ontario's economic growth.
- The IESO is now considering an increase to procurement targets for the LT2 RFPs and modifying the cadence of its long-term procurements, in recognition of increasing demand driven in part by sectors like industrial and commercial data centre development.
- Starting with the LT2 RFP, the IESO is exploring the possibility of a series of Proposal submission windows that would occur in quicker succession, allowing project developers to target the submission window that aligns with their project's development timelines more effectively, while providing the IESO a larger overall procurement and resources entering service earlier.



Draft LT2 Energy RFP and Contract

Recap

- The LT2 Energy RFP is a technology-agnostic procurement that is available to all suppliers of energy producing resources that meet the requirements of the LT2 Energy Contract.
- The LT2 Energy Contract offers a 20-year term for new-build resources that can provide electricity generation services by May 1, 2030, or earlier and provides revenues certainty through the recent Enhanced PPA design developed through stakeholder consultation.
- The draft LT2 Energy Contract and was initially published by the IESO on July 23, 2024, and then updated on September 6, 2024. The IESO thanks stakeholders for their thorough review of the contract and feedback received to date.

Overview

- Today, the IESO will continue its discussion on the draft LT2 Energy RFP and Contract. Stakeholders are encouraged to re-visit materials from the following engagement webinars for a recap of topics already covered:
 - At the [July 4, 2024 webinar](#), the IESO discussed Proposal Evaluation and Proposal Security requirements for the LT2 RFPs
 - At the [July 24, 2024 webinar](#), the IESO provided an overview of the draft LT2 Energy Contract by covering Contract Design (e.g. E-PPA revenue model, performance obligations), Project Siting on Agricultural Land Areas and posting requirements for Completion and Performance Security.

LT2(e) RFP: Topics discussed today

**Rated Criteria
Points**

**Mandatory
Requirements**

**Indigenous and
Community
Engagement**

LT2(e) RFP: Rated Criteria

**Rated Criteria
Points**

**Mandatory
Requirements**

**Indigenous and
Community
Engagement**

Rated Criteria Points for the LT2 Energy RFP

- Rated Criteria will be used during the Proposal Evaluation stage to calculate a Proposal's Evaluated Proposal Price (EPP). Like the E-LT1 and LT1 RFPs, the IESO is proposing to weight Rated Criteria as [20%] of the EPP and award Rated Criteria points in the following categories following the Minister's recommendation in the August 29th Letter:
 - ❑ Indigenous Participation
 - ❑ Projects not located on Prime Agricultural Areas
 - ❑ Projects located in Northern Ontario

Rated Criteria – Indigenous Participation

- Creating opportunities for Indigenous leadership and participation in the procurement of new electricity infrastructure is a way to support economic development opportunities for Indigenous communities and to advance steps towards reconciliation.
- The IESO is proposing a rated criteria structure like that which was utilized under the successful LT1 RFP. Rated Criteria points will be available for projects with Indigenous Community Participation, including additional rated criteria that incentivize economic opportunities in projects by Indigenous Communities, in whose treaty or traditional territory the projects are proposed.

Rated Criteria – Indigenous Participation (1)

- Up to three rated criteria points will be awarded to Proposals based on their Proponent Indigenous Participation Level, where the Proponent Indigenous Participation Level is the percentage of the total Economic Interest in the Supplier that is held by one or more Indigenous Communities, or Indigenous Holding Vehicles that each hold at least 10% of the Supplier's total Economic Interest, as of the Proposal Submission Deadline

Indigenous Community Participation	Rated Criteria Points Available
Proponent Indigenous Participation Level is equal to or more than 50%	3
Proponent Indigenous Participation Level is equal to or more than 25% but less than 50%	2
Proponent Indigenous Participation Level is equal to or more than 10% but less than 25%	1
Proponent Indigenous Participation Level is less than 10%	0

Rated Criteria – Local Indigenous Participation

- The IESO is proposing to award up to three additional rated criteria points if the Project Site is located in whole or in part on Indigenous Lands or lands within the treaty area of an Indigenous Community that holds an Economic Interest in the Proponent > 10%.
- The number of points awarded will be dependent on the Indigenous Participation Level.

Local Indigenous Community Participation	Rated Criteria Points Available
Proponent Indigenous Participation Level is equal to or more than 50%	3
Proponent Indigenous Participation Level is equal to or more than 25% but less than 50%	2
Proponent Indigenous Participation Level is equal to or more than 10% but less than 25%	1
Proponent Indigenous Participation Level is less than 10%	0

Rated Criteria – Project Siting (Prime Agricultural Areas)

- The IESO is proposing to award up to three rated criteria points for projects that are not sited in Prime Agricultural Areas as per the table below:

Project Siting Location	Rated Criteria Points Available
Project Site is not comprised of any Prime Agricultural Areas	3
Entire Project Site (or a portion of) is comprised of Prime Agricultural Areas	0

Rated Criteria – Project Siting (Northern Ontario)

- The IESO is proposing to award up to three rated criteria points for projects that are sited in Northern Ontario within the collective territorial Districts of Kenora, Rainy River, Thunder Bay, Cochrane, Algoma, Sudbury, Timiskaming, Nipissing, Manitoulin and Parry Sound.

Project Siting Location	Rated Criteria Points Available
Project Site is located within a Northern Ontario territorial district	3
Project Site is not located within a Northern Ontario territorial district	0

Summary of Rated Criteria

- Proponents will be eligible to earn up to twelve (12) rated criteria points which will be weighted as 20% of the Evaluated Proposal Price (EPP) by using the following equation:

$$EPP = Submitted\ Price \times \left[1 - 0.2 \left[\frac{S}{12} \right] \right]$$

Where:

Submitted Price = Fixed Price set out in the Prescribed Form: Economic Bid Statement

S = total Rated Criteria Points awarded to a Proposal

Rated Criteria Category	Points Available
Indigenous Community Participation	3
Local Indigenous Participation	3
Project is sited outside of Prime Agricultural Areas	3
Project is sited in a territorial district of Northern Ontario	3
Total Rated Criteria Points Available	12

LT2(e) RFP: Mandatory Requirements

**Rated Criteria
Points**

**Mandatory
Requirements**

**Indigenous and
Community
Engagement**

Overview

- The LT2(e) RFP has proposed a number of mandatory Proposal requirements for Proponents. These requirements provide assurance that Proposals evaluated by the IESO are from Proponents who are best positioned to deliver on their contractual obligations and include, but are not limited to, the list below which will be discussed in the following slides:
 - ❑ Minimum experience requirements for Project Team Members
 - ❑ Proposal submission limits to encourage supplier diversity
 - ❑ Confirmation of access rights to properties within a Project Site
 - ❑ Confirmation that supportive resolutions have been obtained from local communities

Team Member Experience

LT2(e) RFP: section 2.1(a)

- Proponents are required to have at least two Designated Team Members who have experience in the Planning, Developing, Financing, Constructing and Operating of at least one Qualifying Project.
- Proponents may have more than two Designated Team Members to satisfy the aggregate experience in each of the Planning, Developing, Financing, Constructing and Operating requirements.
- Team Member experience will be submitted to the IESO as part of the Prescribed Form: Proponent Information, Declarations and Workbook and supported by an attestation from an officer of the Proponent

Proposal Submission Limit

LT2(e) RFP: section 3.7(a)

- Similar to the E-LT1 and LT1 RFPs, the IESO will only accept one Proposal for each project. As mentioned at the LT2 Webinar on July 4, 2024, up to three variations with varying Contract Capacity and Price (“Proposal PQ Alternates”) will be accepted for a project. These variations are to be submitted within the same Proposal.
- Proponents may submit multiple proposals, provided that no more than 10 proposals (not including any Proposal PQ Alternatives) are submitted by the Proponent or an entity controlled by the Proponent.

Project Siting: Access Rights

LT2(e) RFP: sections 3.7(c)(i), 4.2(e)

- Similar to the E-LT1 and LT1 RFPs, Proponents must demonstrate that they have uncontested access to the Properties included in the Project Site and are required to submit the Prescribed Form: Access Rights Declaration and provide confirmation that:
 - ✓ They are the registered owner of the Project Site; or,
 - ✓ Have obtained access rights from the registered owner(s); or,
 - ✓ Have obtained an MNR Confirmation Letter if a Project Site is located on Crown Lands.

Project Siting: Supportive Confirmations (1)

- Similar to the E-LT1 and LT1 RFPs, Proponents participating in the LT2 RFPs will be required to work with Municipalities or Indigenous Communities (if locating on Indigenous Lands) to obtain a resolution in support of a Proposal submission.
- This policy consideration empowers Municipalities and Indigenous Communities and limits project development to willing hosts.
- To support the process in obtaining a supportive resolution, Proponents are encouraged to engage early and frequently with communities as prior procurements have demonstrated that frequent engagements provide transparency and help address issues host communities may have.

Project Siting: Supportive Confirmations (2)

- In line with policy considerations in the Minister's August 29th letter, the IESO is proposing that all Proposals must be accompanied by one of the support confirmations below, **prior to the Proposal Submission Deadline**, in order to be accepted.

Project Site Location	Type of Supportive Confirmation Required
Indigenous Lands	Indigenous Resolution in Support of Proposal Submission (IRSPS) or Indigenous Support Confirmation Letter
Within a Municipality	Municipal Resolution in Support of Proposal Submission (MRSPS) or Blanket Municipal Support Resolution together with a Blanket MS Confirmation Letter
Within a Municipality but on Crown Land	Municipal Support Confirmation (MSC) or blanket MSC
Crown Lands managed by Ministry of Natural Resources (not within a Municipality)	Crown Land Site Report endorsed by Ministry of Natural Resources
Unorganized Areas	None

IESO Hosted Community Engagements

- The IESO will continue to engage with Indigenous communities and Municipalities in the coming months in order to walk through the proposed RFP requirements and their roles and responsibilities under the processes.
- Feedback from communities has and will continue to aid the IESO in finalizing RFP design and contractual provisions.
- Indigenous Communities can indicate their interest to participate in upcoming engagements by contacting IndigenousRelations@ieso.ca. Municipalities may do so by contacting engagement@ieso.ca.

LT2(e) RFP: Indigenous and Community Engagement

**Rated Criteria
Points**

**Mandatory
Requirements**

**Indigenous and
Community
Engagement**

Indigenous and Community Engagement in the LT2 RFP (1)

- Based on feedback received from communities on their experience with the E-LT1 and LT1 RFPs, and broader lessons learned from those procurements, the IESO has proposed enhanced Indigenous and community engagement requirements in the LT2 RFP.
- These enhanced requirements seek to empower municipalities and Indigenous Communities to outline how they want their constituents and community members engaged, tying the satisfactory completion of that engagement to the issuance of municipal support.

Indigenous and Community Engagement in the LT2 RFP (2)

- These enhanced requirements were presented to communities for their feedback on July 30, 2024 and have been captured in section 2.1(c) of the LT2(e) RFP; continued engagement with communities will allow the IESO to refine elements of the proposed requirements.
- **For clarity, these proposed requirements will also be included in the LT2(c) RFP so as to ensure a consistent approach in engagement across both procurement streams.**

LT2(e) RFP – Engagement Requirements (1)

- The IESO is proposing two Mandatory Requirements a Proponent would need to satisfy the LT2(e) RFP engagement requirements.
- Requirement #1: Proponents with proposed Project Site(s) on Indigenous Lands, Municipal Lands, or Unorganized Lands will be required to deliver, via email or certified mail, to the Local Body Administrator (e.g., a Chief Administrative Officer) a **Pre-Engagement Confirmation Notice**.
- A Pre-Engagement Confirmation Notice serves the purposes of (among others) beginning the collaborative work to establish an agreed upon community engagement plan and seeking to confirm applicable land-use details in relation to the proposed Project Site(s).

LT2(e) RFP – Engagement Requirements (2)

- Requirement #2: Indigenous Support Confirmation or Municipal Support Confirmation.
 - If the Project Site is proposed to be located in whole or in part on Indigenous Lands an Indigenous Support Confirmation is required by the Proponent as part of Proposal submission as it confirms that the Proponent has undertaken community engagement activities for its Proposal to the satisfaction of the Indigenous Community.
 - A Municipal Support Confirmation confirms that the Proponent has undertaken community engagement activities for its Proposal to the satisfaction of the Municipality. This instrument will also confirm whether the proposed project site(s) is on Prime Agricultural Area or specialty crop area, and (if applicable) that the project will be subject to the AIA requirements, further to policy direction outlined in the June 6th letter.

LT2(e) RFP – Engagement Requirements (3)

- Proponents are encouraged to engage with communities often and early to help establish trust and maintain transparency.
- The IESO notes that communities that were well informed, engaged with early and provided opportunities to ask questions of Proponents were the most receptive of new energy infrastructure projects and often resulted in successful project siting.
- The IESO will continue to engage with Indigenous Communities and Municipalities on these proposed requirements, seeking to refine them, as applicable.



Key Themes from Stakeholder Feedback

Overview

- Following the July 24, 2024, LT2 RFP stakeholder engagement, the IESO received feedback from nine (9) stakeholders which included, but was not limited to, the following themes:
 - ❑ Treatment of Excess Deemed Revenues
 - ❑ Agricultural Impact Assessments
 - ❑ Off-ramp Related to Agricultural Impact Assessments
 - ❑ Calculation of Non-Performance Charges
 - ❑ Indexing prior to Commercial Operation Date (COD)

Treatment of Excess Deemed Revenues

What we've heard from stakeholders

- The IESO received mixed feedback on the treatment of excess deemed revenues and the relationship excess deemed revenues and day-ahead to real-time risk.
- Some expressed support for the IESO's position, while others suggested that all Excess Deemed Revenues should be retained by Suppliers.

IESO Response to Feedback

- IESO still leaning towards proposed approach to Excess Deemed Revenues; will include an optional sharing framework in the next turn of the draft LT2(e) RFP
- The E-PPA model protects the Supplier against downside price risk; allowing Suppliers to retain uncapped upside would create an asymmetric benefit at the expense of the ratepayer

Agricultural Impact Assessments (AIAs)

What we've heard from stakeholders

- Stakeholders have expressed general confusion regarding the requirements and process for completing Agricultural Impact Assessments (AIAs)
- Some stakeholders have requested that the IESO introduce a requirement for municipalities to commit to re-zoning relevant land for ground mount solar projects post contract award.

IESO Response to Feedback

- The IESO will not be requiring municipalities to commit to re-zoning after the fact. Proponents seeking to amend zoning by-laws to avoid AIAs must either do so prior to Proposal Submission or aim for a later submission window.

Off-ramp related to Agricultural Impact Assessments

What we've heard from stakeholders

- Some stakeholders have suggested that if the requirements or recommendations of an AIA render the project uneconomical, the Supplier needs to have the right to terminate the contract without forfeiting its security.

IESO Response to Feedback

- The IESO is not proposing to include a specific discretionary off-ramp related to AIAs. Recognizing the challenge developers face, this is why a no-fault termination clause is being included similar to what was done for Municipal Support Resolutions under the LT1 RFP.

Calculation of Non-Performance Charges

What we've heard from stakeholders

- Most stakeholders expressed support for the IESO's proposed approach to Non-Performance Charges.
- One stakeholder has identified certain typos in the formulae proposed in Exhibit F of the draft LT2(e) contract.

IESO Response to Feedback

- The IESO has acknowledged the typos in the draft formulae and will be posting a revised version shortly.

Indexing prior to Commercial Operation Date

What we've heard from stakeholders

- Some stakeholders have asked to have Fixed Prices indexed against CPI between contract award and their Commercial Operation Date (COD) in lieu of the MCIA¹ previously offered under the LT1 Contract.

IESO Response to Feedback

- Protections against increases in capital costs between the LT2(e) Contract award date and COD are the responsibility of the Proponent and may be reflected in the submitted Proposal Price. Proposal price indexing will begin on the COD to coincide with the start of electricity generation services.

¹Materials Cost Indexing Adjustment



Next Steps

Upcoming Engagements

The IESO is continuing its LT2 RFP engagements over the next few months. In addition, **targeted engagements** have begun for the MT2 RFP and will soon begin for the Long Lead Time Resource Procurement.

TODAY

- Community Engagement
- Indigenous Participation
- Rated Criteria

OCTOBER

- Project development on Crown Land (presented in conjunction with the Ministry of Natural Resources)
- Project development on Agricultural Land Areas (presented in conjunction with the Ministry of Agriculture, Food and Agribusiness)

FALL 2024

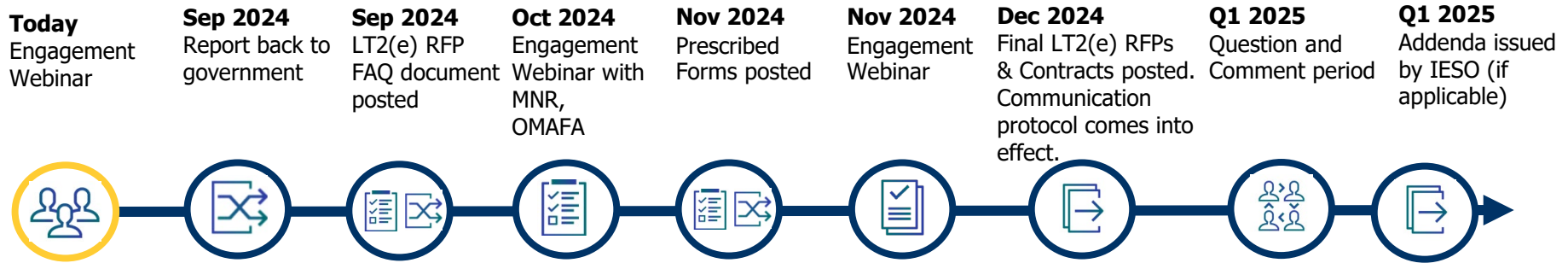
- LT2 Capacity RFP and Contract

Next Steps (1)

- The IESO invites written feedback on the materials presented by **September 27**. All written feedback should be submitted to engagement@ieso.ca utilizing the IESO Feedback Form posted on the engagement webpage.
- Proponents are invited to submit written feedback, questions, or request consultations on the draft LT2(e) RFP and Contract **at any time** by e-mail to lt2.rfp@ieso.ca and are reminded that requests marked as confidential will not be accepted by the IESO after the final LT2(e) RFP and Contract have been posted.

Next Steps (2)

The timeline below describes next steps for the LT2(e) RFP for the remainder of 2024.



Thank You

ieso.ca

1.888.448.7777

customer.relations@ieso.ca

engagement@ieso.ca



[@IESO Tweets](https://twitter.com/IESO)



[linkedin.com/company/IESO](https://www.linkedin.com/company/IESO)