



OCTOBER 16, 2026

Medium Term 3 (MT3) RFP

Disclaimer

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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 Anishnawbe, 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 in addition to the Métis and Inuit peoples.

Engagement Principles

This engagement is conducted in accordance with the IESO's [External Engagement Framework](#), which includes the following principles:

- **Purposeful** – Initiate meaningful conversations that move the sector forward
- **Inclusive** – Invite many voices and diverse perspectives to the table
- **Timely** – Seek input and insight when it can have the most impact
- **Accessible** – Ensure we meet people where they are on their energy journey
- **Traceable** – Allow everyone to follow the path that is being taken
- **Transparent** – Show how engagement helped shape the final outcome

Shared Commitment to Respectful Participation

To support a focused and constructive discussion:

- We will take questions one at a time; please use the "raise-hand" feature to enter the speaking queue
- We encourage concise and focused comments to allow time for multiple perspectives
- Participants are encouraged to raise relevant points during the discussion and provide more detailed feedback through the written submission process
- We ask that all participants maintain a respectful and professional tone throughout the session
- Facilitators will guide the discussion and manage participation to stay aligned with today's focus and agenda. Where necessary, we may disable a participant's microphone to manage participation



Purpose

Introduce timelines and high-level design considerations for the upcoming Medium-Term 3 (MT3) RFP

Agenda

Today's engagement will cover the following topics for the MT3 RFP:

1. Background and Overview
2. Procurement Process and Timeline
3. Proposed Design Updates for the MT3 RFP
4. Next Steps



Background and Overview

Background: Medium Term (MT) RFPs

- Pursuant to the [January 27, 2022 Ministerial Directive](#), the IESO may award contracts to existing facilities through Medium-Term (MT) RFPs to support the reliability of Ontario's electricity system.
- MT RFPs are a key part of the Resource Adequacy Framework, providing value to ratepayers by cost-effectively recommitting existing resources through a streamlined, competitive procurement process.
- To date, the IESO has completed two rounds of MT RFPs (MT1, MT2). **Conducted on a 2 to 3-year cadence**, MT RFPs provide flexibility to respond to evolving system needs and incorporate lessons learned between procurements.
- MT RFPs are structured into two competitive procurement streams:

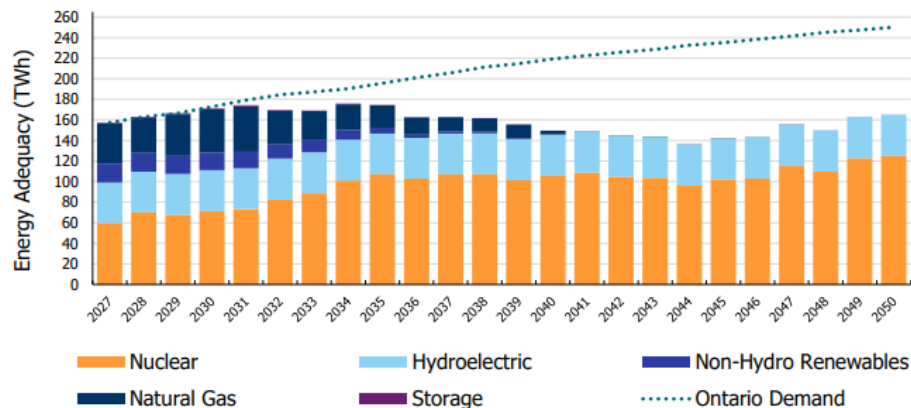
Capacity Stream: capacity-style contracts with a must-offer obligation; and

Energy Stream: Enhanced PPA-based contracts that pay for energy production.

Background: How MT RFPs Meet Energy Needs

- The IESO's [2026 Annual Planning Outlook](#) forecasts supply shortfalls emerging as early as 2031, driven by growing electricity demand from AI and data centres, economy-wide electrification, Pickering's refurbishment, and existing resources reaching the end of their current contracts.
- Addressing these emerging supply gaps depends on multiple pathways, including the timing and availability of newly procured LT2 RFP and LLT RFP resources, the repowering of existing resources, and the continued availability of existing resources via re-contracting.
- MT RFPs serve as the primary mechanism for re-contracting existing resources and are critical to meeting Ontario's needs. Securing these resources helps bridge the transition to future supply and supports reliability while longer-term resource investments are brought online

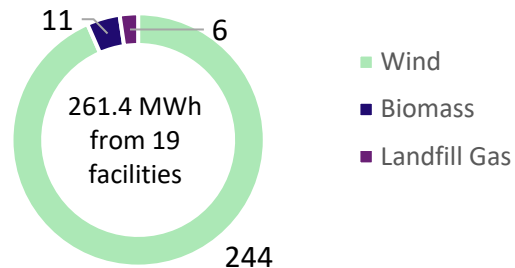
Ontario Energy Adequacy, 2027 to 2050 (via 2026 Annual Planning Outlook)



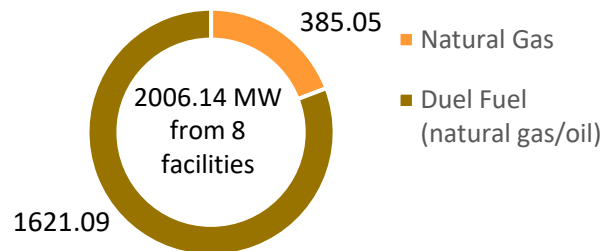
Recap: MT2 RFP Results

- The MT2 RFP was run in late 2024/early 2025 and re-committed existing resources with contracts expiring between 2026 and 2029.
- MT2 contracts were awarded to **27 facilities**, totalling **3,001.11 MW** of nameplate capacity.
- MT2(e) (Energy) contracts achieved a lower weighted average price than new-build LT2 Window 1 Energy projects (\$79.55/MWh vs \$88.84/MWh).
- MT2(c) (Capacity) contracts cleared much lower than the weighted average price of new-build biogas and natural gas facilities as reflected by LT1 non-storage projects (\$598.27/MW-Business Day vs \$1681.14/MW-Business Day).

MT2(e) Results: Expected Annual Energy Production (MWh) by Type of Contracted Facilities



MT2(c) Results: Nameplate Capacity (MW) by Type of Contracted Facilities



MT RFPs and Repowering

- MT RFPs are the IESO's primary re-contracting mechanism and serve as a bridging mechanism for resources until they can repower under LT2, or until they decommission, as shown in the scenarios below.

Scenario #1: Facility does not meet the IESO's minimum age requirement for repowering

- MT RFPs can provide an avenue for recontracting until a facility can meet the minimum age requirement for repowering (i.e. 23 years)

Scenario #2: Facility participates in LT2 RFP but is unable to secure a repowering contract

- MT RFPs provide a bridge to future repowering opportunities for facilities unable to secure an LT2 repowering contract (for example, due to repowering procurement limits designed by the IESO to maintain system reliability)

Scenario #3: Facility unable to obtain municipal support needed for repowering

- MT RFPs provide a re-contracting pathway until a facility ultimately decides to decommission

MT3 RFP: General Design Consistency with MT2 RFP

- The MT3 RFP is proposed to maintain broad design consistency with the MT2 RFP, while incorporating targeted enhancements informed by lessons learned and stakeholder feedback.
- A non-exhaustive list of MT2 design elements expected to remain the same for MT3 are summarized in Table 1.

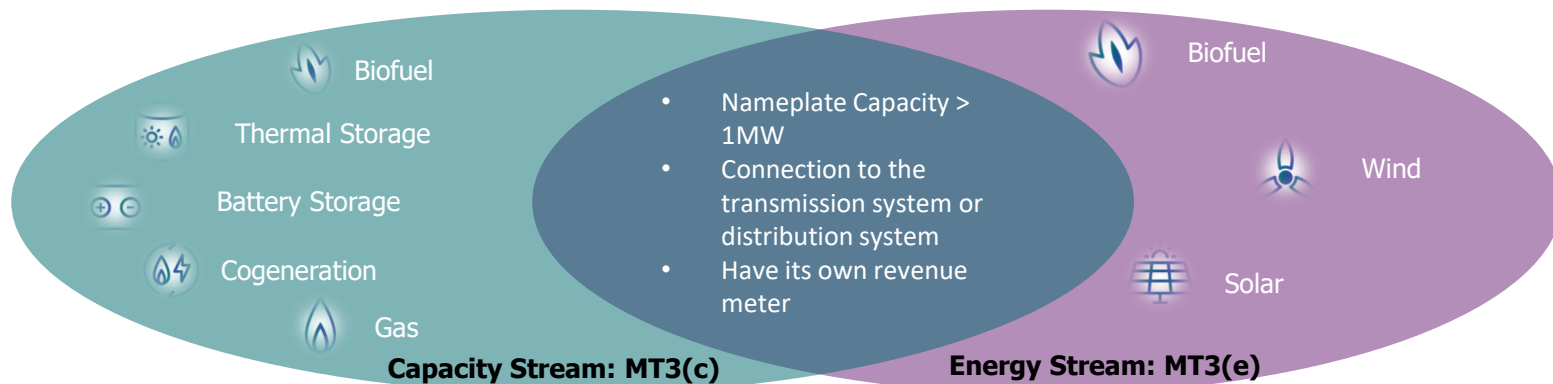
Table 1: MT2 RFP Design Elements Expected to Continue for MT3 RFP

Design Element	Design under MT2 RFP
Procurement Design	Separate Energy and Capacity streams, each with its own target.
Contract Start Date	Proponents can elect from multiple contract start dates to reflect the date that best aligns with the end date of their existing contract.
Resource Eligibility	Generation facilities. Dispatchable loads and demand response resources are ineligible due to their distinct technical, monitoring and control requirements under the IESO Market Rules ¹ and are encouraged to participate in the IESO's Capacity Auction.
Proposal Security	\$10,000 / MW of a facility's nameplate capacity up to a maximum of \$2,000,000 which will later be converted to Completion and Performance Security and held by the IESO for the duration of the contract term.
Revenue Model	Enhanced PPA model for Energy projects; Must-Offer Obligation for Capacity projects. Both require participation in the IESO's wholesale markets.

MT3 Resource Eligibility

- The MT3 RFP is available to facilities that are:
 - ❑ Uncontracted and currently registered, or able to be registered no later than 90 days before the MT3 of the MT3 commitment period, to participate in the IESO-Administered Markets; or,
 - ❑ Contracted, or previously contracted, by the IESO, OPA, or OEFC with contracts expiring no later than April 30, 2032.

Resource Eligibility by MT3 RFP Stream¹





Procurement Process and Timelines

Procurement Timelines

- Procurement timelines are under development and will need to be coordinated with activities related to the LLT RFP and Window 2 of the LT2 RFP.



On-going engagement

The timelines presented above are approximate and are subject to change pending policy direction from the Ministry, and when final RFPs and Contracts are posted.

MT3 RFPs, Contracts and Prescribed Forms (PFs)



MT3 Registration Period

- **Registration is mandatory for all proponents** and is expected to occur after the release of final MT3 RFP materials. Details on the process for registering for the MT3 RFP will be published in the forthcoming drafts.



Pre-Registration Deadline

- Proponents must submit:
 - ✓ PF: Registration Form, which outlines contact info and facility details, including nameplate capacity
 - ✓ MT3 Registration Fee



Registration Period

- In 2 to 3 weeks, the IESO will:
 - ✓ Register prospective proposals
 - ✓ Qualify capacity or energy for each proposal as per the process on the next slide



Post-Registration Period

- Proponents will receive:
 - ✓ A unique Proposal ID for proposal submission
 - ✓ The qualified energy or capacity associated with their facility
 - ✓ A preliminary estimate of the MT3 procurement target¹

Capacity and Energy Qualification Process

- The IESO qualifies the available capacity or energy associated with each MT RFP proposal to ensure that the capacity or energy procured under the MT3 RFP can effectively contribute toward meeting Ontario's resource adequacy needs.
- Information submitted during the MT3 registration period, along with historical outage or production data, will be used by the IESO as part of the Qualification Process to determine a facility's **Qualified Capacity** or **Qualified Energy**.
- In the coming months, the IESO will update the [Capacity and Energy Qualification Guidance document](#), which outlines the methodology used by the IESO to qualify energy and capacity for each MT3 proposal.

Qualified Capacity

- Maximum capacity that can be submitted by a proponent for that proposal.
- Used by the IESO to establish the MT2(c) procurement target.

Qualified Energy

- Defines the upper and lower bounds within which a facility's Annual Average Imputed Production Factor (AAIPF)¹ may be submitted

Proposal Submission and Contract Award

- As part of their proposals, proponents will be required to select one of five MT3 commitment period start dates that best aligns with expiry of their current contract's term (if applicable).
- As per the [2022 Ministerial Directive](#), the IESO will offer bridging extensions of up to 6-months to successful proponents where required to address gaps between a facilities' current term end date and the MT3 commitment period start date for proponents whose contracts expire before the start of the new MT3 contract.
- Successful proponents will also have the option to exit their existing contracts early and operate on a merchant basis while awaiting the start of the new MT3 commitment period.
- The IESO will be providing additional details on proposal submission and the proposal evaluation process at its next engagement.



Proposed Design Updates for MT3 RFP

Proposed Design Updates

The IESO is currently exploring a limited number of targeted design updates for the MT3 RFPs, based on lessons learned from the MT2 RFP. The categories below represent key areas and are not intended to be exhaustive. These updates will be shared in the initial drafts and discussed further at the next engagement.

Flexible Contract
Terms

Enhancing
Competition in
Proposal
Evaluation

MT3(e) Revenue
Model and
Performance
Obligations

Online
Submission
Platform

New Flexible Contract Terms

- The IESO is considering **allowing proponents to elect contract terms, between 3 to 10 years** in length, at the time of proposal submission for the reasons identified below, which help the IESO to meet resource adequacy needs by re-contracting existing capacity at a lower cost than developing new resources.

Provide an alternate interim contracting option to repowering

- Stakeholder feedback from previous engagements indicates that longer terms can allow proponents to amortize less extensive life-extension refurbishments needed to maintain operations while facilities await repowering opportunities.

Provide alignment with remaining useful asset life for retiring facilities

- Flexible terms can encourage participation from proponents that may be reluctant to commit to long-duration contract obligations that extend beyond their operating life and may otherwise operate as merchant resources or retire.

Flexible Terms: Managing Longer-Term Contract Awards

- The IESO is considering **limiting the number of contracts awarded with terms longer than 5 years** to maintain flexibility to respond to evolving system needs and demand conditions as contracts come up for renewal. This approach is intended to balance affordability, reliability and future planning while still capturing the benefits of flexible contract terms.
- The IESO is currently evaluating options for:
 1. The total number of contracts that can be awarded with terms greater than 5 years;
 2. What mix of contract durations beyond 5 years, if any, should be targeted; and
 3. Potential eligibility or evaluation criteria for electing terms greater than 5 years, to better ensure appropriate competition.
- In developing its approach, the IESO will consider factors such as procurement competitiveness, cost effectiveness, resource adequacy needs, and flexibility for future optionality.
- Stakeholders are invited to submit feedback on potential approaches that support the objectives of flexible contracting and reliability while maintaining a fair and competitive procurement process.

Evaluating Proposals with Varying Contract Terms

- The IESO is assessing several approaches for evaluating proposals with different contract term lengths, ranging from price-only evaluations to term-adjusted methodologies, such as Net Present Value (NPV), to enable consistent and equitable comparisons across proposals.
- The IESO recognizes that limiting longer-term contract awards may reduce competition when proponents are restricted to submitting a single contract term. To address this, the IESO is considering allowing proponents to submit multiple term and pricing options, with each contract term accompanied by its own price (e.g. a 5-year term and a non-5-year term).
- Stakeholder feedback is encouraged on both submission mechanics and evaluation methodologies, including the number of price-term combinations a proponent should be permitted to submit and preferred approaches for evaluating proposals with different terms.

Enhancing Competition in Proposal Evaluation

- The IESO is currently evaluating several enhancements to its proposal evaluation process to help to reduce the impact that any single proposal can have on procurement outcomes, based on its nameplate capacity. An update on these proposed changes will be provided at the next engagement webinar.
- Procurement targets for the MT3(e) and MT3(c) RFPs will continue to be a percentage of submitted proposals to drive competition without anchoring proponents' bids to a single reference price.
- The IESO will continue to preserve the option to take any eligible resources over the target, provided that their proposal prices are within a percentage threshold of the marginal proposal, to leverage all existing assets that submit competitive proposal prices.

MT3(e) Revenue Model and Performance Obligations

- As part of the engagement series for the LT2(e-2) RFP (Window 2 of the LT2 Energy) the IESO is currently proposing the following updates to the Enhanced PPA (E-PPA) monthly payment model and performance obligations:

E-PPA Monthly Payment Model Updates

- Reduction in protection threshold for the Day-Ahead-to-Real-Time Adjustment (DARTA) factor applied to wind and solar facilities

Performance Obligation Updates

- Increase in the minimum threshold under which non-performance charges are determined for solar facilities

- The MT3(e) RFP will follow these and any other updates that are adopted under the LT2(e-2) RFP for the E-PPA model and non-performance obligations.
- Stakeholders interested in submitting feedback on these changes are encouraged to do through the LT2(e-2) engagement series.

Online Submission Platform

- The IESO is currently developing an online submission platform that will enable prospective proponents to register, submit proposals, and pay applicable fees directly through the portal, replacing the current email-based submission process.
- The new system is intended to streamline the application process, reduce administrative burden, and help minimize the number of proposals that are rejected during the initial stages of the evaluation process due to submission deficiencies.
- The IESO is working to develop and launch the platform to be available in early 2027 in time for MT3. If this is possible, the IESO will share more details in the coming months, including training for prospective proponents coinciding with its launch.



Next Steps

Next Steps

- The IESO invites stakeholder feedback on the materials presented today by **Friday, October 30, 2026**
- All written feedback should be submitted to engagement@ieso.ca utilizing the IESO Feedback Form posted on the engagement webpage
- The IESO will be hosting its next stakeholder engagement on the MT3 RFP during the [2026 Stakeholder Engagement Days](#) after draft materials are published
- If you have any questions regarding the MT3 RFP, please send them to MT.RFP@ieso.ca

Thank You

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