

MEMO / NOTE DE SERVICE

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| To / Destinataire | Mayor and Council | File/N° de fichier: |
| From / Expéditeur | Debbie Stewart General Manager Strategic Initiatives Department | |
| Subject / Objet | Independent Electricity Systems Operator (IESO) Long term 2 (LT2) Procurement | Date: July 4, 2025 |

Purpose

The purpose of this memorandum is to inform the Mayor and Members of Council of the City's planned response to the next round of Provincial energy procurement, known as the "[Long-Term 2 Request for Proposal \(LT2 RFP\)](#)".

The steps outlined below will be led by the Climate Change and Resiliency service area in the Strategic Initiatives Department. Staff continue to monitor and engage with the [Independent Electricity System Operator \(IESO\)](#) until such time as the first round of the LT2 RFP is posted.

Background

The Province, through the IESO, is the regulator and owner of electricity generation supplies. In response to increased demand from expanding electrification and business investment in large energy consuming sectors including transportation, manufacturing, data and AI, water and building envelope heating, combined with pressures on current supply, the Ontario government has forecast the province's demand for electricity to increase by 75 per cent by 2050. Electrification is equally critical for Ottawa to support housing growth, economic growth and decarbonization initiatives. According to recent estimated by the IESO, Ottawa's electricity demand is estimated to grow by 33 per cent in the summer and 166 per cent in winter by 2043.

The IESO is currently engaged in the next phase of its energy procurement process, known as the [Long-Term 2 Request for Proposal \("LT2 RFP"\)](#). The LT2 RFP represents the largest competitive energy procurement in the province's history, focused on generating affordable electricity. Specifically, the LT2 RFP aims to secure reliable electricity supply that responds to Ontario's energy needs emerging in 2029-2030.

The LT2 RFP is divided into two (2) streams: Energy and Capacity. The Energy stream is focused on procuring new energy producing resources such as solar and wind. The Capacity

stream looks to procure new capacity resources such as hydrogen storage, electricity storage, gas and bioenergy facilities.

The LT2 RFP will see multiple submission windows under each stream, which will be run as separate requests for proposals (i.e. LT2 (Window-1, Window-2, etc.). As described in Document 1, the timing of LT2 (Window-1 Energy stream) is anticipated to open in Q3 2025 with a tentative deadline for bid submissions in mid-October. The capacity stream (Window-1 Capacity) is expected to open in Q4 2025 with a tentative deadline for bid submissions in mid-December.

Ministerial Direction

On [June 6, 2024](#), a ministerial directive was issued jointly by the Ministry of Energy and the Ministry of Agriculture, Food and Rural Affairs. This letter gave policy direction to proponents that:

- a. Ground-mounted solar projects in Prime Agricultural Areas are prohibited.
- b. Municipal support to locate on lands subject to municipal land use authority is required.

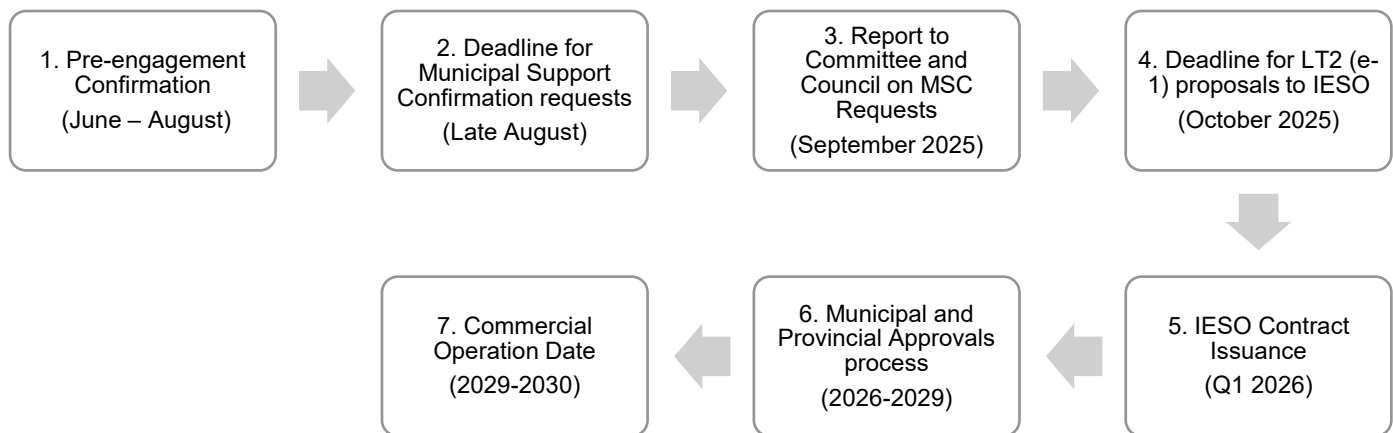
All electricity project developers are required to obtain written confirmation of municipal support for energy projects within municipal boundaries. The required evidence of municipal support is to be mandatory with proposal submission for the LT2 RFP. Therefore, if a municipality does not support a project at the time of proposal submission, it will not be eligible for an LT2 contract.

- c. Projects proposed to be located in Prime Agricultural Areas, that are not ground-mounted solar, are required to complete an Agricultural Impact Assessment (AIA) to the satisfaction of the municipality. The purpose of an AIA is meant to evaluate the potential impacts of non-agricultural uses on the agricultural system. Work to define the agricultural system in Ottawa as well as to develop new Terms of Reference for AIAs was considered by Joint Planning and Housing Committee and Agricultural and Rural Affairs Committee through the PPS Consistency OPA on June 18, 2025. With Council adoption of the report on June 25, 2025, staff will begin the development of the AIA Terms of Reference. Prime agricultural areas in Ottawa are designated Agricultural Resource Area and shown on [Schedule B9](#) of the Official Plan.

Municipal role in the LT2 Procurement Process

The IESO requires project developers to engage early with municipalities to understand local requirements. As shown in the Figure 1, engagement will occur during different steps of the process, including pre-engagement confirmation, request(s) for Municipal Support Confirmations (MSC), and post-contract municipal approvals. Successful completion of one step does not guarantee that municipalities will provide local support or approvals in later steps.

Figure 1: Timeline of LT2 RFP Process Steps for LT2 (W-1 Energy stream)



Pre-engagement Confirmation

A notable change with the LT2 RFP as compared to the previous LT1 RFP is that the IESO will now direct project proponents to meet with the host municipality to discuss local expectations for community engagement, known as “Pre-engagement Confirmation”. This change means that municipalities are now responsible for setting out the community engagement approach / activities that are to be completed for a project prior to issuing a Municipal Support Confirmation.

The pre-engagement step is the first opportunity for municipalities to raise any general questions or concerns about a project to the developer. Although developers may not have exact project details at this early stage of the process, they should be able to answer questions around best practices, safety characteristics, and likely impacts of a project.

The “Pre-engagement Confirmation” step is required to be completed by no later than sixty (60) days prior to the proposal submission deadline. Specifically, for LT2 (W-1 Energy stream), the duration of this step is from now until approximately late-August 2025. For this reason, it is important that Councillors be aware that they may be contacted about potential LT2 projects in their wards.

Staff have taken the feedback shared by Members of Council and incorporated the lessons learned through the LT1 RFP procurement. Staff are developing a Process Protocol to respond to requests as part of this step, which will be uploaded to a dedicated Engage Ottawa webpage. The protocol will outline a summary of the process and requirements for each step, including the following:

- Procedures for advising and working with Ward Councillors, providing public notice of projects and expectations for community engagement.
- Legislative timelines for reporting to Council on projects seeking Municipal Support Confirmations.
- What land use and siting requirements apply at the location for the proposed project (i.e. Official Plan and Zoning By-law provisions).

- Downstream approval requirements and associated timelines.
- Share any available best practice information for energy projects.

Until such time as the Process Protocol is available online, proponents should contact staff at regf_iper@ottawa.ca for interim guidance.

Municipal support confirmation (MSC) requests (formerly Municipal Support Resolutions MSR)

In February 2025, City Council approved policies through an Official Plan Amendment and Zoning By-law Amendment ([ACS2025-PDB-PS-0016](#)) clarifying where and how Battery Energy Storage Systems (BESS) may be permitted in Ottawa. As part of this decision, Council directed that any future request for an MSR related to a BESS project selected under the LT1 procurement, must be considered as part of the required Zoning By-law Amendment application, as two separate decisions within one report. This direction was specific to the LT1 procurement and does not impact the LT2 RFP.

Another notable change between the LT2 RFP and previous procurements is the timing of when confirmation of municipal support is required. As part of the LT1 procurement, project proposals could be submitted without evidence of municipal support. Evidence by way of a MSC will now be mandatory to be eligible to bid under the LT2 procurement process.

A municipal support confirmation (MSC) is not an approval of a project, it is only an indication of support in principle. MSCs are separate and independent from any approvals that may be required under the Planning Act (i.e. OPs, Zoning, Site Plan) before projects could be built. There is no obligation for municipalities to grant evidence of support if they are not satisfied with the information provided by an energy project developer at this stage of the process.

As with the IESO's LT1 RFP, staff anticipate bringing a report to Committee (i.e. to Environment and Climate Change Committee for urban and suburban projects, and to Agricultural and Rural Affairs Committee for rural projects) and Council in September which will summarize and make recommendations on any LT2 (W-1 Energy stream) proposed projects in Ottawa, which will be seeking Council's confirmation of support.

Municipal approvals post-contract award

In Q1 2026, upon the announcement by the IESO, staff will notify City Council of any projects awarded a contract in Ottawa. Projects requiring approvals such as Official Plan or Zoning By-law amendments, Site Plan Control and/or Building Permits will be required to follow the established development review and approvals process to be built.

Councillor Toolkit

A councillor toolkit with information related to the LT2 RFP that can be used to raise community awareness and respond to inquiries will be shared in the next week. Periodic updates to materials will be made to provide timely information and support to Members of Council and their offices in responding to resident inquiries.

Next Steps

Staff will continue to engage with the IESO on the timing and details of the LT2 RFP procurement process and request for proposals until such time as the final RFP is posted to the IESO website.

Inquiries to staff related to the LT2 RFP should be directed to: regf_iper@ottawa.ca. Staff will engage with project proponents as per the steps outlined above. Details on all projects under the LT2 will be posted on a dedicated page of the Engage Ottawa website and notice will be provided once the website is posted.

If you have any further questions, please contact me at Debbie.Stewart@ottawa.ca or Nichole Hoover-Bienasz, Director, Climate Change and Resiliency Services at Nichole.Bienasz@ottawa.ca.

Sincerely,

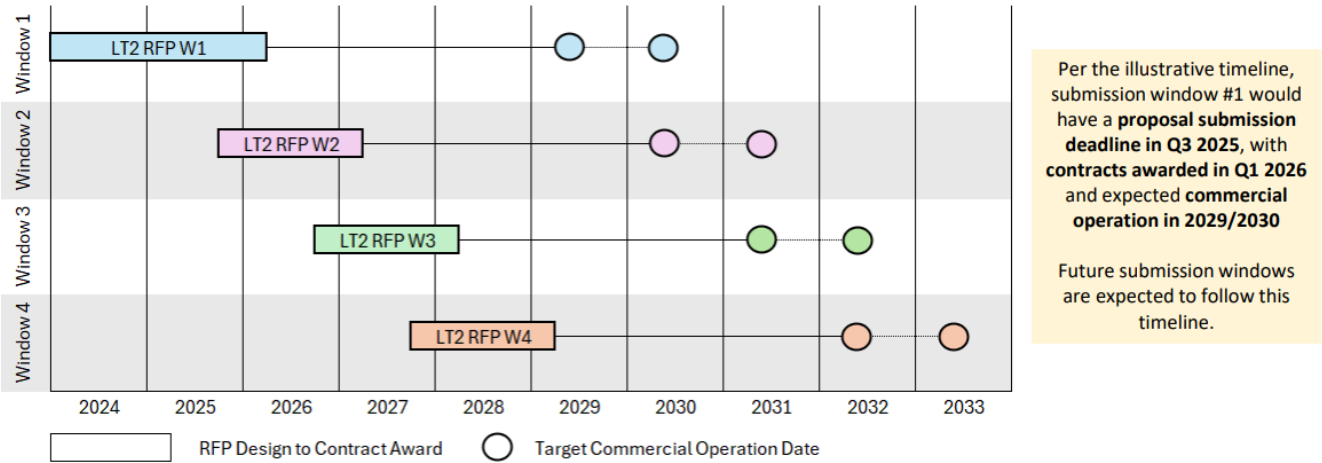
Debbie Stewart
General Manager
Strategic Initiatives Department

cc: Wendy Stephanson, City Manager
Senior Leadership Team
Strategic Initiatives Departmental Leadership Team
Marcia Wallace, General Manager, Planning, Development and Building Services
Jocelyne Turner, Public Information and Media Relations

Attachments:

Document 1: Graphic illustration of the LT2 Windowed Approach

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Timeline for LT2 Window 1:

| LT2 RFP W1 | Tentative Proposal Submission Deadline | Contracts awarded | Commercial Operation Date (COD) |
|-----------------|--|-------------------|---------------------------------|
| Energy stream | October 16, 2025 | Q1 2026 | 2029/2030 |
| Capacity stream | December 18, 2025 | Q1 2026 | 2029/2030 |

¹ Independent Electricity Systems Operator, November 2024 (<https://www.ieso.ca/Sector-Participants/Engagement-Initiatives/Engagements/Long-Term-RFP-Community-Engagement>)