

ASSOCIATION OF
MUNICIPALITIES OF ONTARIO

Preparing for Energy Procurement

AMO125
Association of Municipalities of Ontario

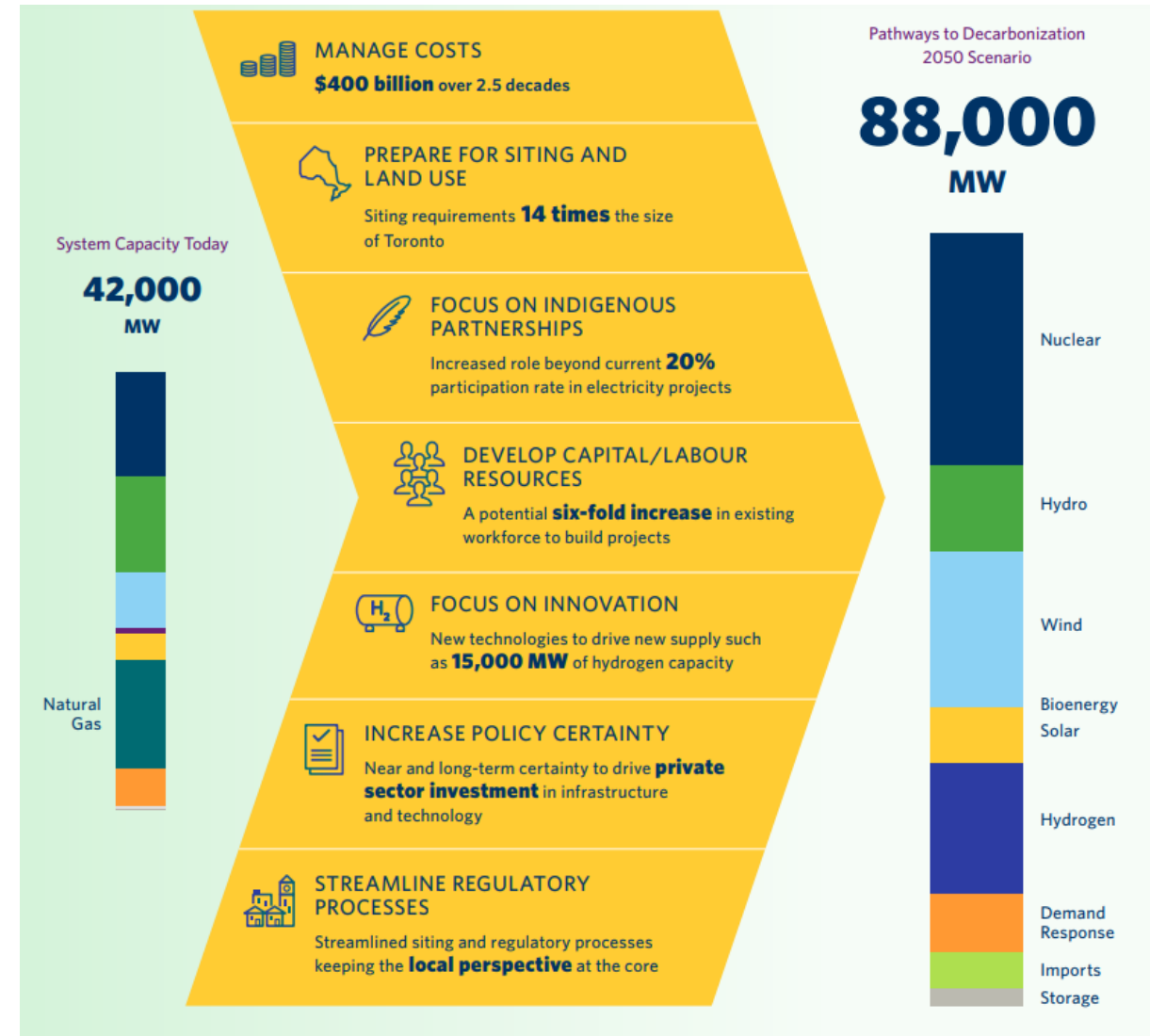


Partnering with Municipalities to Meet Future Energy Needs

Association of Municipalities of Ontario Conference - August 2024

Context

- The ministry is working to ensure the province has the electricity it needs to meet increased demands as a result of electrification, to attract and retain businesses and investment, and to support a growing population.
- The government is committed to a procurement framework, as announced in the *Powering Ontario's Growth* plan, that builds on Ontario's clean energy advantage.



Supply Gap/Priority

- IESO has forecasted that electricity demand will grow by 60% over the next 25 years.
- By 2050, IESO forecasts indicate Ontario may need to more than double its generating capacity, from 42,000 MW to 88,000 MW, to meet demand for electricity.
- Meeting this supply need requires both existing and new electricity resources.

Medium-term procurements
to competitively re-contract existing resources

Long-term procurements
to competitively procure new resources

Targeted programs
for existing resources that are better suited to alternative approaches (e.g. small hydro facilities)

Hydroelectric opportunities
both new and refurbished

Supply Gap/Priority (continued)

- Other complementary initiatives:

Darlington

3,500 MW: Refurbishment
1,200 MW: SMR project



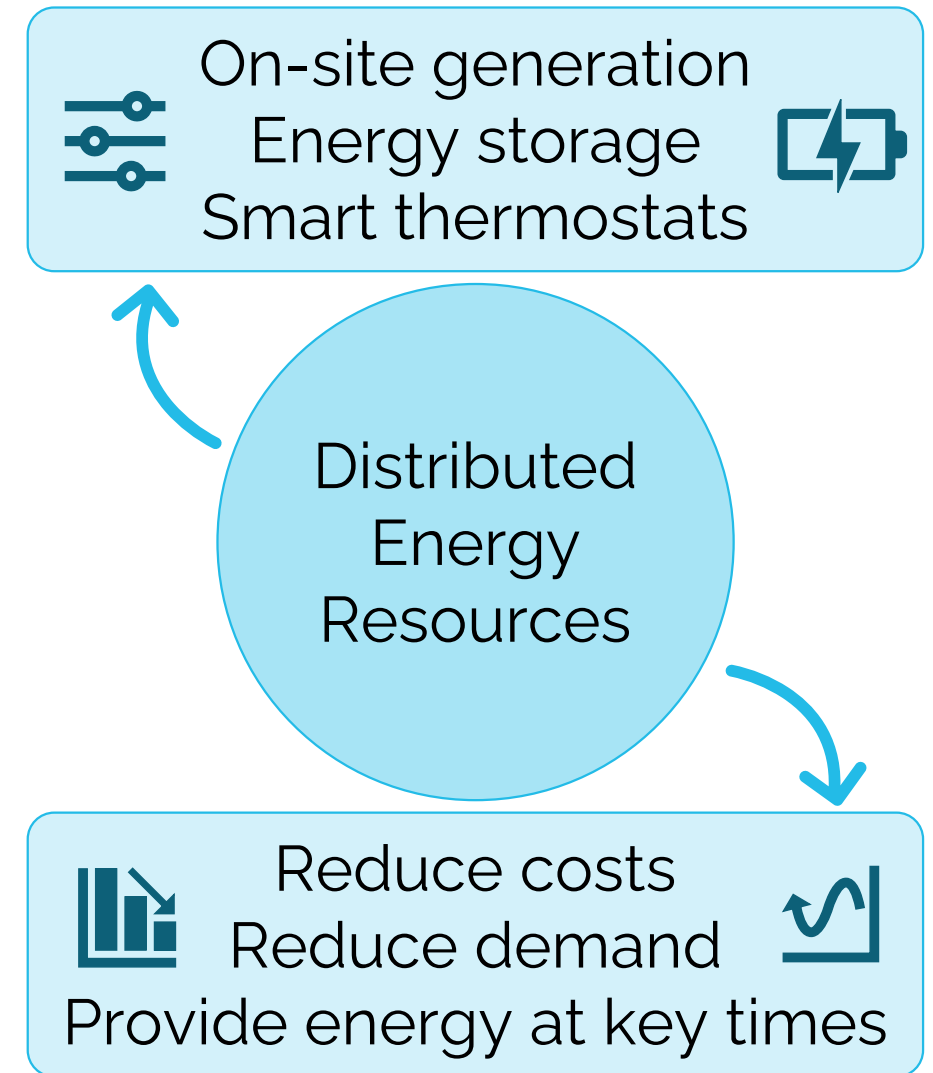
Bruce

6,550 MW: Refurbishment
4,800 MW: New build

- Nuclear projects: the ongoing nuclear refurbishments at Darlington and Bruce will secure 3,500 MW and 6,550 MW, respectively, of clean, reliable and low-cost generation capacity for the long-term. The refurbishments have increased employment and generated billions of dollars in annual economic benefits in communities throughout the province.
- The Darlington Small Modular Reactor (SMR) project and the pre-development work at Bruce Power to site the first large-scale nuclear build in over three decades, are expected to generate 1,200 MW and 4,800 MW, respectively, as well as provide substantial economic activity for the region and the province.

Supply Gap/Priority (continued)

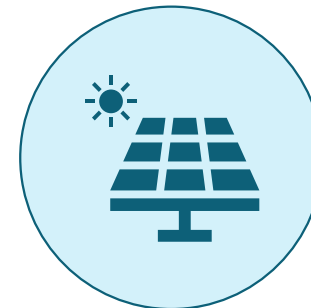
- Other complementary initiatives:
 - Distributed Energy Resources (DER) such as on-site generation, energy storage, and smart thermostats are a present and growing part of the energy system that can be leveraged to reduce costs of energy and infrastructure, and to meet the growing needs of Ontarians by reducing demand or providing energy at key times.
 - The Powering Ontario's Growth plan states that ENERGY will continue to support the initiatives underway to develop and assess local and market opportunities for DER.



Partnership with Municipalities

- **General Role**

- Ontario is entering a period of growing needs - by 2050, energy consumption could double. The province, municipalities, and your constituents, will need to work together to meet the challenge.
- Energy projects offer municipalities the potential for job creation, new investments, tax revenues and community benefit agreements.
- The Green Energy Repeal Act, 2018 restored municipal decision-making authority in relation to the siting of renewable energy projects.
- This ensures that any future renewable energy projects have local support.
- The Powering Ontario's Growth plan states that ENERGY will continue to support the initiatives underway to develop and assess local and market opportunities for DER.



Partnership with Municipalities (continued): Role in upcoming procurements

- IESO will require a **Municipal Support Resolution (MSR)** to be submitted with a bid for a contract.
- Project developers will need to conduct local consultation that meets the needs of municipalities and local residents: both to secure an MSR, and to secure subsequent local approvals.
- Projects must have both an IESO contract and all local planning approvals before construction.
- **Agricultural Impact Assessments (AIA)** will be required for any project in Prime Agricultural Areas.
- Developers will submit AIA to municipalities – municipalities can ensure that impacts to agricultural areas are mitigated.
 - ENERGY and IESO are working with OMAFA to provide additional supports for proponents and municipalities in implementing the AIA requirement.
- **Zoning and land-use planning approvals:**
 - Developers must work with the municipality to secure zoning by-law amendments, planning approvals, building permits, etc.
 - Contract award does not provide any exemptions from local planning processes.

Other Opportunities for Municipalities: Demand Side Management Programs

- Energy efficiency programs are quick to launch and among the cheapest ways of ensuring Ontario maintains a reliable, affordable, and clean electricity system.
- These programs operate through multi-year electricity (eDSM) and natural gas (ngDSM) demand-side management frameworks.
 - The current eDSM runs from 2021 to December 2024, and ngDSM from November 2022 to December 2025.
 - Over 15 years, eDSM has reduced electricity demand by 13%, and ngDSM has cut natural gas demand by 8%.
- The Ministry collaborates with stakeholders to develop and implement DSM frameworks. Municipal input is an important element for framework planning, including aligning provincial DSM programs and municipal energy plans.
- With both eDSM and ngDSM frameworks coming to an end over the next 18 months, the ministry welcomes engagement with municipalities through anticipated consultations and discussions on options for future program offerings.

Other Municipal Opportunities: Municipal Energy Plans

- The Municipal Energy Plan (MEP) program is a voluntary program open to all Ontario municipalities. It provides funding for municipalities to develop a new energy plan or update an existing one.
 - Plans help identify opportunities for community-wide energy efficiency, energy cost savings, emissions reductions, and economic development.
- MEPs can help with renewable siting decisions by providing matching funding for energy mapping, engineering studies, business case development, stakeholder engagement, or other related planning work.
- ENERGY welcomes feedback on opportunities to enhance local energy planning — including by evolving the MEP program — in a way that addresses municipalities' need for support and capacity-building and enables alignment with other planning processes, such as land-use, housing, and transportation.

Next Steps

Ministry to make announcement on IESO's
Long-Term 2 (LT2) procurement very soon.
Stay tuned!

Appendix

Appendix: Municipal Energy Plans

- The MEP program has two funding streams:
 - Stream 1: Funds 50% of eligible costs, up to a maximum of \$90,000, to develop an energy plan.
 - Stream 2: Funds 50% of eligible costs, up to a maximum of \$25,000, to update an existing plan.
- MEP program intake is on an ongoing basis until funding for the year is distributed.

ASSOCIATION OF MUNICIPALITIES OF ONTARIO, AUGUST 20, 2024

Preparing for Energy Procurements

Marko Cirovic, Senior Manager, Resource Development and Procurement



Connecting Today.
Powering Tomorrow.

The Independent Electricity System Operator (IESO) works at the heart of Ontario's power system. The IESO delivers key services across the electricity sector including: managing the power system in real-time, planning for the province's future energy needs, enabling conservation and designing a more efficient electricity marketplace to support sector evolution.



We work with:





The Role of the IESO and Communities in Meeting Ontario's Energy Needs

Ontario's Changing Electricity Landscape



This is a **pivotal point** for the electricity system. Ontario is entering a period of growing needs – by 2050, electricity demand projected to grow by 60%.



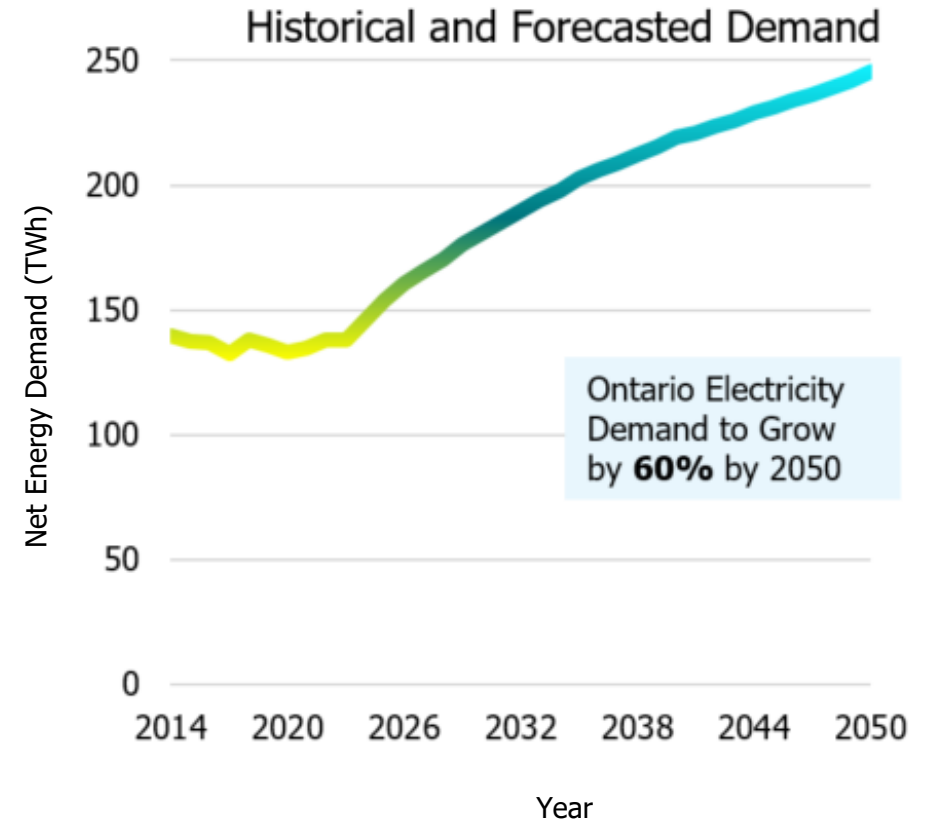
These needs are being driven by **economic and population growth, increased electrification.**



Demand growth is happening amid expiring generator contracts, nuclear refurbishments and the elimination of emissions from the grid.



To address emerging needs, **a multi-pronged approach to meeting Ontario's growing electricity needs is being implemented,** including new supply and transmission.



Meeting Electricity Needs

To keep pace with growth and enable increasing electrification, the IESO is supporting multiple initiatives:



Procurements for additional supply



Supporting the expansion of nuclear



Largest energy storage procurement in Canada



Expanded conservation programming



New electricity trade agreement with Quebec

Communities Have a Key Role

Significant electricity system needs are expected over the next decade, and Indigenous communities and municipalities play a key role in advancing, managing, and shaping the ongoing energy transition, including:



Informing electricity planning to ensure a reliable and adequate supply



Shaping the province's energy transition by ensuring the system is prepared for future needs



Hosting new generation, transmission and storage resources



Working with project developers on the applicable approvals, and building partnerships, where applicable



Upcoming Procurements: Long-Term 2 RFP and Beyond

Status Check: Resource Adequacy

To address the emerging needs, a multi-pronged approach to meeting Ontario's growing electricity needs is being implemented:



Ontario's electricity **needs for this decade have been successfully met**, 3,658 MW of capacity secured through:

- Same Technology Upgrade Solicitation secured 286 MW
- Expedited Long-Term 1 (E-LT1) RFP secured 1,177 MW
- Long-Term 1 (LT1) RFP secured 2,194 MW









Needs emerging in 2030 will be addressed through the Long-Term 2 Request for Proposals (LT2 RFP) and subsequent cadenced long-term procurements (LT3, LT4 etc).



Several other initiatives are planned or underway to meet upcoming electricity needs: Small Hydro Program, medium-term RFPs, annual Capacity Auction, enhanced energy efficiency opportunities.

Long-Term 2 (LT2) RFP Overview

To meet the needs emerging starting in 2030, the IESO has initiated the LT2 RFP:

-  **Needs will be addressed through two streams:**
 -  **Energy:** Resources able to inject energy when it's needed.
 -  **Capacity:** Dispatchable resources that can be called on to inject energy at peak system conditions.
-  LT2 RFP engagement is ongoing with **proposal submissions expected to be due in 2025.**
-  The IESO's preliminary assessment has identified **connection availability for resources to be located across Ontario**, including potential for siting in northern Ontario.
-  Projects under the IESO's LT2 RFP procurement will be required to **adhere to government policy direction** for development on Prime Agricultural Areas and Municipal support requirements.

LT2 RFP: Key Considerations for Municipalities



Municipal Support Resolutions
ahead of proposal submission



Municipality led **Community Engagement** requirements



Project **siting in Northern Ontario** expected



Building on **Indigenous Participation** success



Enabling Projects on **Crown Land**



Protections for **Prime Agricultural Areas**

Engagement And Next Steps



To date the IESO has hosted **3 Community Webinars**, attended **7 Municipal Conferences** and has **engaged with over 500 Indigenous and municipal webinar participants**; feedback from these engagements continues to be crucial in drafting and executing successful procurements. Join our Indigenous or municipal engagement sessions – schedules are available on ieso.ca



The **IESO invites written feedback by August 23, 2024 for the LT2 RFP**. All written feedback should be submitted to engagement@ieso.ca.



For the LT2 RFP, the IESO will aim to continue engaging prior to the release of final RFP and contract.



To stay informed, please subscribe to receive email communications at www.ieso.ca/subscribe.

Thank You

STAY INVOLVED

- ✓ Learn more at www.ieso.ca/learn
- ✓ Subscribe to updates at IESO.ca/subscribe
- ✓ Download the IESO's Municipal Toolkit
- ✓ Join an engagement

CONTACT

- ✓ IndigenousRelations@ieso.ca
- ✓ CommunityEngagement@ieso.ca

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**Preparing for Energy Procurements
AMO Conference – Ottawa, ON
August 20, 2024**

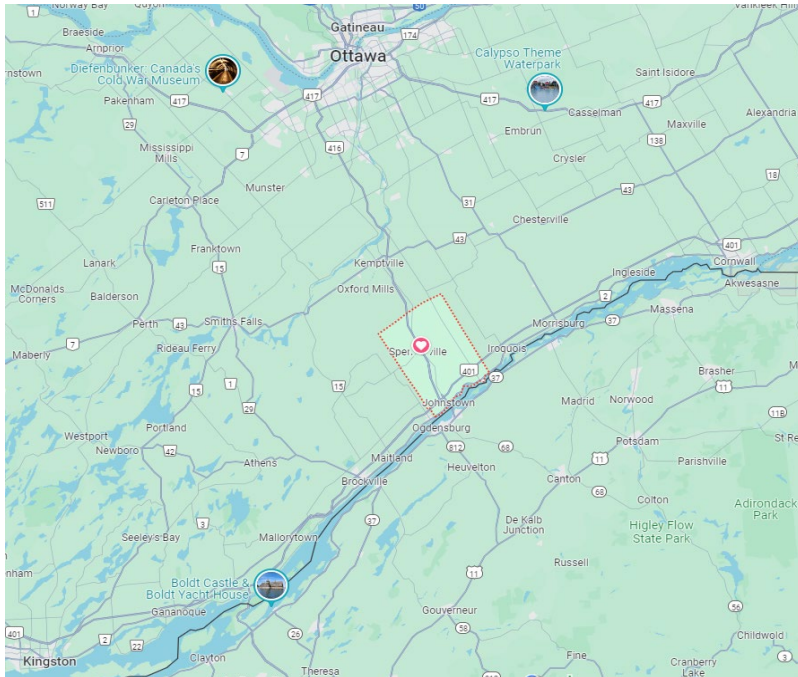
**Sean Nicholson, CAO
Township of Edwardsburgh Cardinal**

Agenda

1. Background
2. How the BESS Project Started
3. Where are we at now?
4. What went well?
5. What did we learn?
6. Best Practices
7. Questions



- One of two Regionally Significant Employment areas in UCLG



- Appointed CAO in June 2024, prior to that held role of Treasurer since 2022
- Moved to Ontario from Alberta in 2022
- Over 20 years experience in the oil and gas sector



How the BESS Project Started

- Two Proponents approached staff early in their RFP process
- Questions around land use and planning process
- Ask from both Proponents was a Resolution of Support from council (not approval)

How the BESS Project Started

- Allowed staff to do proper research
- Delegations from both Proponents to council before public meetings
- Helped promote and attend public meetings

How the BESS Project Started

- After all public meetings, Proponents shared and addressed resident concerns to council
- Resulted in council providing Resolution of Support for both projects, not approval
- Multiple discussions on Community Benefit Fund

Where are we at now?

- Project awarded to successful proponent Potentia for the Skyview 2 BESS Project in May 2024 – online in 2027
- Informed residents with help from the media
- Pre-consultation meeting with all stakeholders

What went well?

- Early and frequent consultation with council and staff
- Location of project
- Multiple public meetings

What did we learn?

- What a BESS project is and what it isn't
- Communications strategy was slow once project was approved, but adapted
- Research and education was key – ability to answer questions/concerns

EDWARDSBURGH CARDINAL

Best Practices



Questions?



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Questions & Answers

AMO125
Association of Municipalities of Ontario



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155 University Avenue Suite 800, Toronto, ON M5H 3B7

416.971.9856 | amo@amo.on.ca | www.amo.on.ca

