



The Corporation of the
City of Sault Ste. Marie

COUNCIL REPORT

July 14, 2025

TO: Mayor Matthew Shoemaker and Members of City Council

AUTHOR: Brent Lamming, Deputy CAO, Community Development
and Enterprise Services

DEPARTMENT: Community Development and Enterprise Services

RE: IESO LT2 Procurement and Role of the Municipality

Purpose

The purpose of this report is to provide information to Council on the recently announced Long-Term 2 Request for Proposals (LT2 RFP) procurement process by the Independent Electricity System Operator (IESO) and the role that the municipality has been requested to perform in the approval process.

Background

The IESO recognizes the importance of collaborative efforts between stakeholders and communities to advance Ontario's energy infrastructure while meeting municipal planning goals and is committed to keeping municipalities informed as work progresses.

The IESO maintains reliability by overseeing the operation of the grid in real time—24 hours a day, 7 days a week. They also conduct ongoing planning and procurement processes to ensure Ontario's electricity system has the infrastructure and tools in place to meet needs 20 years into the future.

To ensure reliable and affordable electricity is available where and when it is needed, the IESO is moving forward with ambitious plans to build a significant amount of new supply and transmission infrastructure, as well as to expand energy efficiency programs.

Analysis

The IESO has initiated the LT2 RFP to address the forecasted annual electricity demand growth of 75 percent by 2050. Locally, obtaining new energy capacity is especially important given Algoma Steel's electric arc furnace transformation and the need to be able to meet the power needs of new economic development opportunities.

Attached is a letter from the IESO (Appendix A) on the process overview, and further information can be found on the LT2 RFP webpage

<https://www.ieso.ca/Sector-Participants/Engagement-Initiatives/Engagements/Long-Term-RFP>

In addition, Appendix B details the LT2 Procurement Steps and Requirements for municipalities.

Staff are recommending that the City's approach is to have each project developer present to Council to provide an overview of their project. This will provide both Council awareness and information to the community on proposed projects.

Highlights from the IESO communication:

- Municipalities play an important role in the process;
- As a first step, project developers need to obtain support from the City at the initial stage to even submit their project for consideration (Municipal Support Confirmation);
- The Municipal Support Confirmation does not mean the project will be approved by IESO;
- The Municipal Support Confirmation is only a moment-in-time expression of support – they are not binding final approvals, and there is no effect to revoking the support even if an IESO contract is issued for a project;
- Project developers will need to comply with all municipal requirements (e.g., zoning, site plan) if they are successful with the IESO and need to return for regular approvals; and
- There is an opportunity for the City to negotiate community benefit agreements with developers, and some of the developers have outlined annual payments to the City should their projects be successful in the RFP process and produce the expected amount of energy generation.

City staff are aware of several projects being developed that will fall within, or partially within, municipal boundaries, including solar generation, energy storage, and wind generation. Developers have been in touch with staff, and several projects are anticipated to come before Council leading up to the deadlines in October or December (depending on the type of project). A report can be found elsewhere on the agenda with respect to a request for a proposed wind farm, which relates to the LT2 RFP requiring a municipal support resolution to move forward to the next phase of the application process.

Indigenous consultation falls into phase two of the process; however, City staff are encouraging all proponents to commence that consultation immediately.

In addition, the City has the right to negotiate a community benefit per megawatt of power produced. A forthcoming report to the Council will recommend the establishment of a "Community Growth Fund Reserve" where proceeds can be directly reinvested into community priority projects, subject to Council approval.

Financial Implications

This report has no immediate impact on the operating budget; however, there is potential for future revenue from negotiations of a community benefit per megawatt of power produced.

Strategic Plan / Policy Impact / Climate Impact

The recommendation supports the focus area of the Community Strategic Plan for 2024-2027 in a number of ways.

- Under Economic Activity, it supports the growth of a diversified economy with entrepreneurs and attracts new businesses.
- It exemplifies communication and stakeholder consultation to create an environment that encourages engagement and the exploration of mutual goals to grow our community. Collaboration with community partners and stakeholders is essential to our success.

Climate Impact

The LT2 procurement process is crucial for securing clean energy capacity to meet the Sault Ste. Marie and area growing needs and supports the City's net-zero emissions target by 2050. Engaging with renewable energy projects, such as solar and wind support and the decarbonization of the grid, which will reduce local carbon emissions and align with the City's sustainability goals. Community benefit agreements from these projects can also be considered for reinvestment into further climate action initiatives.

Recommendation

It is therefore recommended that Council take the following action:

Resolved that the report of the Deputy CAO, Community Development and Enterprise Services dated July 14, 2025 concerning the Independent Electricity System Operator Long-Term 2 Procurement Process and Role of the Municipality be received as information.

Respectfully submitted,

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