



**The Corporation of the
City of Sault Ste. Marie**

C O U N C I L R E P O R T

October 14, 2025

TO: Mayor Matthew Shoemaker and Members of City Council
AUTHOR: Joe Turpin, Manager of Business Attraction, Economic
Development
DEPARTMENT: Community Development and Enterprise Services
RE: Municipal Support Resolution – Proposed Battery Storage
Project – Aypa Power Canada LP

Purpose

The purpose of this report is to seek Council support for Aypa Power Canada LP (Aypa) proposed battery storage project in the form of a Municipal Support Resolution (MSR).

Background

Ontario's Independent Electric System Operator (IESO), is currently seeking new electricity supply and battery storage capacity to meet Ontario's growing demand and growth and ensure sufficient supply will be available into the 2030's and beyond. This battery capacity procurement is known as the Long-Term 2 Capacity Services Request For Proposals or LT2 for short.

Aypa is exploring the feasibility of constructing and operating a long-term capacity project (battery storage) located within City of Sault Ste. Marie boundaries to submit into this LT2 window.

Analysis

Aypa started developing and operating energy projects in Canada in 2018. Aypa had 2 battery storage projects selected in IESO LT1 procurement in 2022 (company website: <https://www.aypa.com/>). AYPa is looking to submit a bid to the IESO LT2 RFP process in December 2025. IESO is expected to announce successful projects in Q2 of 2026. If successful, the battery assets are expected to be operational by 2030.

Aypa is proposing two projects for a total of 570MW: A 380MW project and a 190MW project, both in the same location. Each project is being advanced as separate submissions (proposal configurations) into the IESO LT2 RFP and each project has a separate MSR as a result. By submitting each project on a stand-alone basis, Aypa looks to maximize the chances of success in what is expected to be a highly competitive process with limited capacity available for acceptance.

Aypa has secured land for the project through an option-to-lease of a 30-acre parcel at 1091 Great Northern Road.

Comments from City Planning: The current interpretation is that battery storage facilities are considered part of the power grid, and as such, they are permitted in all zones, as outlined in Section 4.5.1 of Zoning By-law 2005-150.

It is, however, noted that other municipalities are taking a much stricter approach. As such, Planning Staff is in the early stages of conducting a municipal scan to better understand how battery storage facilities are being regulated across other jurisdictions. If it is determined that other jurisdictions are taking a much different approach, Planning will bring a report to Council.

Having said this, the majority of the property at 1091 Great Northern Road is zoned Heavy Industrial (M3), and it is anticipated that if the Zoning By-law were to be amended to define battery storage facilities and permit them in specific zones, they would likely be permitted in a Heavy Industrial Zone. The northwest corner of the subject property is zoned Rural Area (RA). In addition, there is a watercourse that traverses the property, which has been zoned Environmental Management. If this development proceeds, additional discussions can occur between the proponents, Planning Staff, and the Sault Ste. Marie Conservation Authority to site the facility in a manner that minimizes any impacts to the watercourse.

Finally, the property is not subject to site plan control.

Comments from Sault Ste. Marie Fire Services: Sault Ste. Marie Fire Services (SSMFS) attended an orientation with Aypa Power on September 18th, 2025. At this meeting, Aypa advised that they are proposing a new battery storage system at 1091 Great Northern Road. Lithium-ion batteries, under normal conditions, are generally safe. Compromised lithium-ion batteries can produce significant amounts of flammable gases with the potential risk of deflagration and fire. Staff were advised by Aypa that this new proposed battery storage system will be monitored 24/7, that they will adhere to the required NFPA installation and maintenance standards, and that they will continue to collaborate with, educate, and provide training for SSMFS to ensure an appropriate response should a fire occur. Based on the preliminary information provided by Aypa to SSMFS, staff believe that the risk to public safety from a fire perspective is low.

The project information below assumes a 570MW project:

- Investment Size – Estimated at \$750 million.
- Impact on Employment:
 - Construction Phase (lasting 12-16 months): There are an estimated 200 construction jobs, which would peak at 300. This would have an estimated direct and indirect economic impact of \$30 million.

- Ongoing Jobs: There are estimated to be six ongoing jobs plus relevant contracts with local companies to maintain the site. Estimated direct and indirect economic impact of \$850,000 per annum.
- Municipal Agreement – Aypa and the City would enter into a legally binding agreement that would outline community benefit payments to the City starting in 2029 and ongoing annually for 20 years or as defined by IESO.
 - Annual payment of \$3,000 per MW, which is estimated to be \$1,710,000.
- Community Based Fund – Starting in 2029, annual funds of \$25,000 that community-based organizations can apply to receive funding.
- Increase in Property Taxes – Positive impact to property tax will be estimated once MPAC provides guidance on new assessed property value.
- Property Owner - Will benefit from lease payments. There may also be residual land not being used for the project that may be developable.
- To demonstrate community support, Aypa has a desire to provide funding of \$10,000 for the Community Based Fund during the lead up to the 2029 in-service date.

This battery storage project would continue to position the City as the Alternative Energy Capital of North America. The additional battery storage capacity would improve the reliability of the energy system which will assist in attracting companies requiring large amounts of renewable power.

Financial Implications

As outlined above, the total estimated annual financial benefit to the City starting in 2029, could be up to \$1,710,000.

There are no immediate financial implications from Council signing this Municipal Support Resolution.

Strategic Plan / Policy Impact / Climate Impact

As a municipality committed to achieving net-zero emissions by 2050, Aypa's application to develop a battery storage project will contribute to improving the reliability of Ontario's clean, renewable energy grid. Further, this will continue to support the City's use of renewable electricity and would also move the City closer to its environmental and sustainability goals.

Recommendation

It is therefore recommended that Council take the following action:

Resolved that the report of the Manager of Business Attraction, Economic Development dated October 14, 2025 concerning the proposed battery storage project be received and that Council approve the municipal support resolution as outlined below:

Project 1: Soo Reliability Project - 380MW

Whereas the Proponent is proposing to construct and operate a Long-Term Capacity Services Project located on Municipal Project Lands, as defined and with the characteristics outlined in the table below, under the Long-Term 2 Capacity Services (Window 1) Request for Proposals (“LT2(c-1) RFP”) issued by the Independent Electricity System Operator (“IESO”); and

Whereas the capitalized terms not defined herein have the meanings ascribed to them in the LT2(c-1) RFP; and

Whereas the Proponent has delivered, no later than sixty (60) days prior to the Proposal Submission Deadline, a Pre-Engagement Confirmation Notice to an applicable Local Body Administrator in respect of the Municipal Project Lands that includes the details outlined in the table below, except for the Unique Project ID which should only be required as part of the Pre-Engagement Confirmation Notice if available; and

- Unique Project ID of the Long-Term Capacity Services Project (if available): Not Available – Typically issued by IESO at Bid stage.
- Legal name of the Proponent: Soo Reliability Project LP
- Name of the Long-Term Capacity Services Project: Soo Reliability Project
- Technology of the Long-Term Capacity Services Project: Battery Energy Storage System
- Maximum potential Contract Capacity of the Long-Term Capacity Services Project (in MW): 380MW
- Property Identification Number (PIN), or if PIN is not available, municipal address or legal description of the Municipal Project Lands: 31563-0075

Whereas pursuant to the LT2(c-1) RFP, if the Long-Term Capacity Services Project is proposed to be located in whole or in part on Municipal Project Lands, the Proposal must include Municipal Support Confirmation which may be in the form of a Municipal Resolution in Support of Proposal Submission; and

Now Therefore Be It Resolved that:

1. The Council of the City of Sault Ste. Marie supports the submission of a Proposal for the Long-Term Capacity Services Project located on the Municipal Project Lands.
2. This resolution's sole purpose is to satisfy the mandatory requirements of Section 4.2(c)(iii) of the LT2(c-1) RFP and may not be used for the purpose of any other form of approval in relation to the Proposal or Long-Term Capacity Services Project or for any other purpose.
3. The Proponent has undertaken, or has committed to undertake, Indigenous and community engagement activities in respect of the Long-Term Capacity Services Project to the satisfaction of the Municipality.

4. The Municipal Project Lands does not include lands designated as Prime Agricultural Areas in the City of Sault Ste. Marie’s Official Plan.
5. Where the Municipal Project Lands does include lands designated as Prime Agricultural Areas in the City of Sault Ste. Marie’s Official Plan as of the date of this resolution:
 - a. The Municipal Project Lands are not designated as Specialty Crop Areas;
 - b. The Long-Term Energy Project is not a Non-Rooftop Solar Project;
 - c. The Proponent has satisfied the AIA Component One Requirement to the satisfaction of the Local Municipality; and
 - d. If the Proponent is selected as a Selected Proponent under the LT2(c-1) RFP, the council of City of Sault Ste. Marie will engage in good faith with the Selected Proponent to enable the Selected Proponent to complete the AIA Components Two and Three Requirement.

The relevant By-Law 2025-146 is listed under Agenda item 12 and will be read with all by-laws under that item.

Project 2: Soo Reliability Project II – 190MW

Whereas the Proponent is proposing to construct and operate a Long-Term Capacity Services Project located on Municipal Project Lands, as defined and with the characteristics outlined in the table below, under the Long-Term 2 Capacity Services (Window 1) Request for Proposals (“LT2(c-1) RFP”) issued by the Independent Electricity System Operator (“IESO”); and

Whereas the capitalized terms not defined herein have the meanings ascribed to them in the LT2(c-1) RFP; and

Whereas the Proponent has delivered, no later than sixty (60) days prior to the Proposal Submission Deadline, a Pre-Engagement Confirmation Notice to an applicable Local Body Administrator in respect of the Municipal Project Lands that includes the details outlined in the table below, except for the Unique Project ID which should only be required as part of the Pre-Engagement Confirmation Notice if available; and

- Unique Project ID of the Long-Term Capacity Services Project (if available): Not Available – Typically issued by IESO at Bid stage.
- Legal name of the Proponent: Soo Reliability Project II LP
- Name of the Long-Term Capacity Services Project: Soo Reliability Project II
- Technology of the Long-Term Capacity Services Project: Battery Energy Storage System

- Maximum potential Contract Capacity of the Long-Term Capacity Services Project (in MW): 190MW
- Property Identification Number (PIN), or if PIN is not available, municipal address or legal description of the Municipal Project Lands: 31563-0075

Whereas pursuant to the LT2(c-1) RFP, if the Long-Term Capacity Services Project is proposed to be located in whole or in part on Municipal Project Lands, the Proposal must include Municipal Support Confirmation which may be in the form of a Municipal Resolution in Support of Proposal Submission; and

Now Therefore Be It Resolved that:

6. The Council of the City of Sault Ste. Marie supports the submission of a Proposal for the Long-Term Capacity Services Project located on the Municipal Project Lands.
7. This resolution's sole purpose is to satisfy the mandatory requirements of Section 4.2(c)(iii) of the LT2(c-1) RFP and may not be used for the purpose of any other form of approval in relation to the Proposal or Long-Term Capacity Services Project or for any other purpose.
8. The Proponent has undertaken, or has committed to undertake, Indigenous and community engagement activities in respect of the Long-Term Capacity Services Project to the satisfaction of the Municipality.
9. The Municipal Project Lands does not include lands designated as Prime Agricultural Areas in the City of Sault Ste. Marie's Official Plan.
10. Where the Municipal Project Lands does include lands designated as Prime Agricultural Areas in the City of Sault Ste. Marie's Official Plan as of the date of this resolution:
 - a. The Municipal Project Lands are not designated as Specialty Crop Areas;
 - b. The Long-Term Energy Project is not a Non-Rooftop Solar Project;
 - c. The Proponent has satisfied the AIA Component One Requirement to the satisfaction of the Local Municipality; and
 - d. If the Proponent is selected as a Selected Proponent under the LT2(c-1) RFP, the council of City of Sault Ste. Marie will engage in good faith with the Selected Proponent to enable the Selected Proponent to complete the AIA Components Two and Three Requirement.

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Respectfully submitted,

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