

## Council Report

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**DATE:** Wednesday, November 29, 2023

**WARD(S):** ALL

**TITLE:** **BLANKET MUNICIPAL SUPPORT RESOLUTION FOR IESO  
LONG-TERM REQUEST FOR PROPOSALS**

**FROM:**

Haiqing Xu, Deputy City Manager, Planning and Growth Management

**ACTION:** DECISION

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**Purpose**

To provide Council with a recommendation to endorse, in principle, the development, construction and operation of battery energy storage systems in the City of Vaughan, under Ontario's Independent Electricity System Operator's (IESO) Long-Term Request for Proposals ("LT1 RFP").

**Report Highlights**

- Ontario is entering a period of emerging electricity system needs, driven by increasing demand, the retirement of the Pickering nuclear plant, and other factors.
- To address these needs, the Independent Electricity System Operator (IESO) has issued a Long-Term Request for Proposals (LT1 RFP) to competitively procure 2,518 megawatts of year-round effective capacity from dispatchable new build resources.
- The LT1 RFP provides Proponents with the opportunity to obtain Rated Criteria Points, to better position their proposal in the bid evaluation process should they provide a Municipal Support Resolution from the municipality in whose jurisdiction the proposal would exist.

**Recommendations**

1. That Council adopt the Blanket Municipal Support Resolution (**Attachment 1**) for the IESO's LT1 RFP; and

2. That the Municipal Support Resolution's sole purpose is to enable the Proponent to receive Rated Criteria Points under LT1 RFP or to satisfy its obligations under any awarded LT1 Contract and may not be used for the purpose of any other form of approval in relation to the proposal or Long-Term Reliability Project or for any other purpose. Rated Criteria Points will be used to rank the Proponent's proposal in relation to other proposals received by the IESO under the LT1 RFP; and
3. That this Blanket Municipal Support Resolution does not supersede any applicable permits or approvals under applicable Laws and Regulations that may be required for a particular Long-Term Reliability Project; and
4. That if the Proponent is offered a LT1 Contract, the Proponent will engage with relevant City staff to meet all *Planning Act* approvals, permits and requirements.

## **Background**

After more than a decade of strong supply, Ontario is entering a period of emerging electricity system needs, driven by increasing demand, the retirement of the Pickering nuclear plant, the refurbishment of other nuclear generating units, as well as expiring contracts for existing facilities.

To address these needs, the Independent Electricity System Operator (IESO) has issued a Long-Term Request for Proposals (LT1 RFP) to competitively procure 2,518 MW of year-round effective capacity from dispatchable new build resources.

The new build and eligible expansion resources, including new build and eligible expansion facilities incorporate electricity generation and storage that (i) are registered or able to become registered in the IESO Administered Markets; (ii) larger than one megawatt; and (iii) can deliver a continuous amount of electricity to a connection point on a distribution system or transmission system during the qualifying hours for at least four consecutive hours in the case of electricity storage facilities.

Battery energy storage systems (BESS) are rechargeable batteries that can store energy from different sources, or during off-peak hours, and discharge it to the electricity grid when needed. BESS have the capability to improve grid electricity grid stability and provide backup power, where applicable, acting as a climate change resiliency measure and also supporting municipal economic development goals by adding capacity-building infrastructure which is important for future investors and current companies looking to expand in the area.

The LT1 RFP provides Proponents with the opportunity to obtain Rated Criteria Points, which will be used to better position their proposal in the LT1 RFP evaluation process. Rated Criteria points are available for evidence of having obtained support in the form of

a Municipal Support Resolution from each Local Municipality in whose jurisdiction(s) the Long-Term Reliability Project is proposed to be located. Though the Municipal Support Resolution may impact the rank of the Proponent's proposal in relation to other proposals received by the IESO, it does not guarantee a contract will be offered to the Proponent under the LT1 RFP. A Blanket Municipal Support Resolution, in which a specific site is not referenced, is an acceptable alternative to a Municipal Support Resolution according to the IESO and their LT1 RFP Procurement Documents.

### **Previous Reports/Authority**

None.

### **Analysis and Options**

Ontario's policy framework provides basis for various energy systems and projects:

- "Planning authorities should provide opportunities for the development of energy supply including electricity generation facilities, transmission and distribution systems, district energy and renewable energy systems and alternative energy systems" (Provincial Policy Statement, 2020, Policy 1.6).
- "Municipalities shall identify opportunities for energy conservation, energy efficiency and demand management, and encourage land use patterns and urban design standards that support energy efficiency and demand reductions" (A Place to Grow, Growth Plan for the Greater Golden Horseshoe, 2020, Policy 4.2.9).
- York Region shall engage and collaborate with local municipalities, local utilities and other stakeholders in the provision of energy conservation, demand management of various energy systems and local generation (York Region Official Plan, 2022, Policy 6.7).
- The City of Vaughan shall support reductions in peak electricity consumption by encouraging innovative energy storage technologies through best practices and design guidelines that minimize peak electricity consumption (Vaughan Official Plan, 2010, Policy 8.5).

In principle, staff support BESS projects within the City of Vaughan as they will help to reduce peak electricity loads, as identified in Green Directions Vaughan, and new storage capacity reduces reliance on gas generation, thus acting as both a climate change adaptation and mitigation measure.

There are also economic development benefits, as BESS projects add capacity-building infrastructure in Vaughan, which is important for future investors and current companies looking to expand in the area. BESS support faster and more affordable connection of new loads which can contribute to strategic economic development when sourcing large projects.

The IESO has issued multiple Long-Term Requests for Proposals since 2022. As a result, City of Vaughan staff have been approached by several proponents about the possibility of obtaining a Municipal Support Resolution. To create further efficiencies in handling these requests, City Staff recommend a Blanket Municipal Support Resolution in accordance with the IESO's requirements.

### **Financial Impact**

There is no financial impact resulting from the decision associated with this report.

### **Broader Regional Impacts/Considerations**

According to the IESO, Ontario is anticipated to be facing a province-wide energy shortage of 3,500MW due to increased demand, the retirement of the Pickering nuclear plant, planned refurbishments of other nuclear generating units, and expiring contracts with facilities. The LT1 RFP program seeks to increase both energy production and storage capacity to meet Ontario's impending demand for electricity.

The Region of York as well as any other applicable agencies such as the Toronto and Region Conservation Authority ('TRCA') will be involved in the review of site-specific BESS projects once submitted by Proponents.

### **Conclusion**

Battery energy storage systems have noted environmental and economic development benefits that are supported by Ontario's policy framework and Green Directions Vaughan.

Staff recommend that Council endorse, in principle, the Blanket Municipal Support Resolution, as appended hereto as Attachment 1, to be used by any proponent submitting a proposal to the IESO's LT1 RFP for battery energy storage systems within the municipal boundaries of the City of Vaughan.

The Municipal Support Resolution's sole purpose is to enable the Proponent to receive Rated Criteria Points under the LT1 RFP or to satisfy its obligations under any awarded LT1 Contract and may not be used for the purpose of any other form of approval. This Blanket Municipal Support Resolution does not supersede any applicable permits or approvals under applicable Laws and Regulations that may be required.

If a Proponent is offered a LT1 Contract, the Proponent will engage with relevant City staff to meet all *Planning Act* approvals, permits and requirements.

**For more information**, please contact: Will Baigent, Energy and Climate Change Specialist, ext. 8941

**Attachments**

1. City of Vaughan Blanket Municipal Support Resolution, Policy Planning and Special Programs, November 29, 2023

**Prepared by**

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**Approved by**



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