

IESO’s Long-Lead-Time RFP: What proponents need to know

November 11, 2025

As discussed in the Independent Electricity System Operator’s (IESO) first webinar on its procurement for long-lead-time (LLT) resources ([on April 23, 2025](#)), the purpose of the LLT RFP procurement is twofold: (1) to meet Ontario’s emerging system needs with resources that can be available in the mid 2030s to promote a diverse supply mix with resources that would not be procured under the IESO’s LT2 RFP (please see BLG’s insights on the LT2 RFP for more information on that procurement); and (2) promote system reliability through hedging against delays of resources that will be operational during this period.¹

The most recent webinar on the LLT procurement took place on Oct. 21, 2025; as usual, the IESO has posted its slide deck and a recording of the webinar [on its website](#).

This webinar noted that the procurement timelines for the LLT RFP are still under development; the IESO’s (current) working timelines for the LLT RFP are:

| Timeline | Activity |
|-----------------------------|-------------------------------------|
| April 2025 (complete) | Engagement kick-off |
| August 2025 (complete) | Report back to government |
| Starting Q3 2025 (underway) | RFP and Contract Development |
| TBD | Final RFPs & Contracts Posted |
| ~Q4 2026 | Proposal Submission |
| ~Q1/Q2 2027 | Contract Award |
| Up to 2035 | Milestone Commercial Operation Date |

Eligibility

In its most recent webinar, the IESO noted a few key aspects with respect to the “foundational design elements of the LLT RFP” including:

- Subject to ministerial direction, it is expected that the LLT RFP will have a single procurement window (contrary to the LT2 procurement).
- The LLT RFP is intended for new build resources; however, it is still to be determined whether hydro redevelopments will be eligible.
- Projects must require a lead time of five+ years.
- The proposed contract term is for 40 years (for both the energy and capacity stream).

To further expand on the long lead time requirement, the IESO has clarified that “lead time means the period between contract execution and commercial operation.” With respect to proponent’s needing to prove their project does require a “long lead time”, the IESO, in its Sept. 16, 2025 webinar (which has been posted to the [IESO’s website](#)), noted that “for technologies where the IESO is less certain of the lead time required, such as eligible emerging LDES technologies and hydro redevelopments (if eligible), Proponents may need to prove they meet this requirement (e.g., via an Independent Engineer report that provides information such as project scope, permitting path, supply chain constraints/lead times, etc.).”

With respect to project eligibility under the LLT RFP’s capacity stream, the IESO notes the following requirement for eligible projects:

- Is a New Build Electricity Storage Facility.
- Has a Nameplate Capacity of at least 50 MW.
- Is capable of continuously delivering the Contract Capacity for at least 8 hours.
- Uses an Eligible LDES Technology.

The IESO has divided Eligible LDES Technology into two classes (the IESO indicated that the definitions are adapted from the National Renewable Energy Laboratory’s [Storage Futures Study](#) and [Industrial Energy Storage Review](#)):

- Class I: Compressed Air Energy Storage and Pumped Hydro Storage.
- Class II: Liquid Air Energy Storage and Pumped Thermal Energy Storage.

However, the above lists are not the only requirements that interested proponents need to be aware of. There are other important requirements that relate to items such as team member experience, requirements for commercial operation, completion and performance security, must-offer/performance obligations, etc.

Draft LLT Capacity RFP and contract now posted

On Oct. 20, 2025, the IESO posted (on its [LLT RFP webpage](#)) the first drafts of the RFP and contract for the capacity stream. Unsurprisingly, these documents generally follow the same format as what was found in the LT2’s RFP and contract for its capacity stream; helpfully, the IESO has also provided a blackline showing the differences

between the LLT RFP and contract and the LT2 RFP and contract (for the capacity streams).

Insights from the IESO 's October 21 webinar

The IESO spent a significant amount of time discussing some of its “additional design considerations” during the webinar.

To this point, the IESO is seeking feedback on various aspects relating to the below items.

Mid-term extended outages

The IESO is proposing having a Mid-Term Extended Outage that would allow **Proponents the opportunity to take one outage (after the contract’s 20th anniversary)** for up to 12 months (an increase from the previously proposed 6 months). In saying this, stakeholder feedback has suggested a longer outage period with up to two outages allowed (and no restriction on when) in addition to other outage provisions.

Regulation service readiness

The IESO is proposing the inclusion of “**a mandatory requirement or rated criteria to require/incentivize facilities to install the required equipment to be ready to provide regulation services in the future.**” **The purpose of this mandatory requirement would be to be prepared to respond to the expected increase in need for regulation services (which is used to ensure reliability).**

The IESO also noted that any mandatory requirements/rated criteria would be applicable to all resources in the capacity stream as well as hydro resources that can provide a 20 MW range (+/- 10 MW regulation) above their minimum loading point.

The IESO has noted two criteria that would be required for a facility to be considered “**regulation ready**”:

1. Have a minimum ramp rate of 5 MW/minute.
2. Be capable of receiving and following regulation signals every four seconds or less (the IESO has also provided further details with respect to responding to signals/telemetry and IT requirements).

Optional termination

To address uncertainty related to the development of long-lead-time resources, the IESO is contemplating a “**two-way optional termination provision.**” **In essence, either party could terminate before a pre-determined date (i.e., 2-3 years post Contract Date).** The IESO is proposing that if they are the terminating party, the Completion and Performance Security would be returned with a payment provided to the Supplier to cover a portion of development costs. If the Supplier terminates, the IESO would retain a portion of the Completion and Performance Security. If neither party terminated before

the pre-determined date, the Completion and Performance Security would increase to the full amount (\$35,000/MW).

With respect to dates, the IESO is also considering tying these optional rights to a **“Notice to Proceed (NTP) Milestone Date.”** Per the IESO, this date **“would reflect the reasonable average date by when commencement of construction (e.g., all permits, financial close, full NTP under an EPC contract) would be expected.”**

Reserve price

To help manage uncertainty related to development costs, the IESO is proposing to **introduce “Reserve Prices” under both streams of the LLT RFP.** Although how the Reserve Price will be calculated is still being determined, the IESO has noted that this would be a confidential price threshold that would be determined prior to the deadline to submit proposals. In saying this, the inputs currently being considered include: (1) LT2 Capacity and Energy price outcomes under the first window; (2) the 40-year contract term; and (3) any increased/modified obligations between resources under LT2 and resources under LLT.

Environmental attributes

In article 2.10 of the capacity stream’s draft contract, the IESO has proposed that Suppliers split any compensation received, for Environmental Attributes, after the 20th anniversary of the commercial operation date with the IESO.

“The IESO is under the assumption that Suppliers are not attributing value to Environmental Attributes in proposal prices ... Should there be a future value, the IESO believes that both ratepayers and Suppliers should share in the benefits, which will be based on actual revenues.” Some stakeholders believe that Suppliers should retain the rights to all benefits from Environmental Attributes.

Outstanding questions

The IESO requested feedback from its last engagement session by Nov. 4, 2025; the feedback form which lists some specific questions can be found on the [IESO’s website](#). The feedback specifically requested by the IESO with respect to the LLT Capacity RFP and contract relates to:

- Eligible LDES Technologies
- Eligible Class II Technologies
- Minimum Project Size
- Minimum Duration and Rated Criteria
- Team Member Experience
- Must-Offer Obligations
- Contract Capacity
- Draft Documents

Next steps

The IESO's next engagement session regarding the LLT RFP will take place on Nov. 19, 2025, and aims to provide an update on the design of the procurement and next steps. It is expected that the IESO will request further feedback after the November 19 webinar.

[BLG's Energy group](#) provides expert guidance to clients navigating the IESO's procurements, including the LLT RFP. If you want to learn more about the LLT RFP or how IESO procurements may affect your organization, please contact any of the key contacts below.

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