



Municipal Energy Procurement Toolkit

Guidance for Municipal
Decision-Makers and
Staff on Long-Term
Energy Procurement
Projects

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About this Guide

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Introduction

Ontario's Independent Electricity System Operator (IESO) forecasts that Ontario will need 75 per cent more electricity by 2050 – the equivalent of adding four and a half cities the size of Toronto to the grid. *Energy for Generations*, the Government of Ontario's Integrated Energy Plan lays out a path to increasing Ontario's energy supply to support housing growth, economic development, and decarbonization.

As part of the plan to meet growing electricity demand, the government has tasked the IESO with managing a series of competitive electricity resource procurements focusing on delivering new electricity generation and capacity (e.g. storage) resources. Municipal governments have an important role in these procurements, determining whether to host projects in their communities, and overseeing local development approvals. Without municipal support for advancing these projects where they make sense, the province may be unable to procure enough electricity generating resources to meet demand.

This toolkit is intended to support municipal officials review and make informed decisions about proposed energy projects. The guide was created with input from municipal staff, senior leaders and elected officials that have previously considered proposed energy projects. It consolidates answers to common questions and highlights resources that municipalities found useful when engaging with energy developers and assessing proposed projects. Energy project developers may also gain useful insights into what type of information municipalities are likely to be looking for when considering applications for municipal support.

This toolkit includes:

- An overview of the municipal role in the procurement process
- Key considerations municipalities have considered when evaluating energy projects
- Third-party resources municipalities may use to support local review of energy projects

Additional Resources

IESO Resources

The electricity resource procurement processes referred to throughout this document are led by the IESO in accordance with direction issued by the Ontario government. Requirements of procurements may change. The IESO has been directed to run a series of standalone procurements, expected to be on an annual basis between 2025-2029 under the umbrella of the “Second Long-Term Request for Proposals” (LT2 RFP). This toolkit is based on the requirements of the LT2 RFP. The IESO may choose to prioritize different types of projects during subsequent intake windows, and regularly engages with stakeholders to consult on, and communicate their approach to procurements. Additional future procurement processes may be announced in the future.

Municipalities and energy developers should ensure they refer to the most up-to-date information and guidance from the IESO to inform local decision making. The IESO also has resources available that can provide insight about the procurement process and requirements.

These resources include:

- [IESO’s LT2 RFP Website \(includes procurement documents\)](#)
- [IESO’s municipal, Indigenous, and community engagement webpage](#)
- [How Electricity Projects are Developed in your Municipality](#)
- [IESO’s Municipal Guide to the LT2 RFP](#)
- [Letter to Municipalities – LT2 Procurement 2025 Final Document](#)
- [LT2 Agricultural Impact Assessment Q&A](#)

Ministry of Energy and Mines Resources

The Ministry of Energy and Mines has developed a document for municipalities that provides answers to [frequently asked questions](#) about electricity procurements. This resource includes an overview of the procurement processes, the municipal role in procurements, and provincial approvals for these projects.

Multi-Criteria Decision Support Tool

The Atmospheric Fund in partnership with Sustainability Solutions Group to develop an evaluation tool and supporting guidelines that are intended to help municipal officials evaluate how proposed energy projects align with municipal interests and priorities. This tool was created with input from AMO and municipal staff and is hosted on AMO’s [Guidance Resources for Electricity Procurements](#) webpage.

Third-Party Resources

This toolkit includes links to third-party resources that may be helpful for municipalities considering energy projects. These documents are from a wide range of sources and may include examples from jurisdictions with different regulatory frameworks. These are provided as examples of how municipalities may wish to explore energy projects and are not intended to replace expert or legal advice.

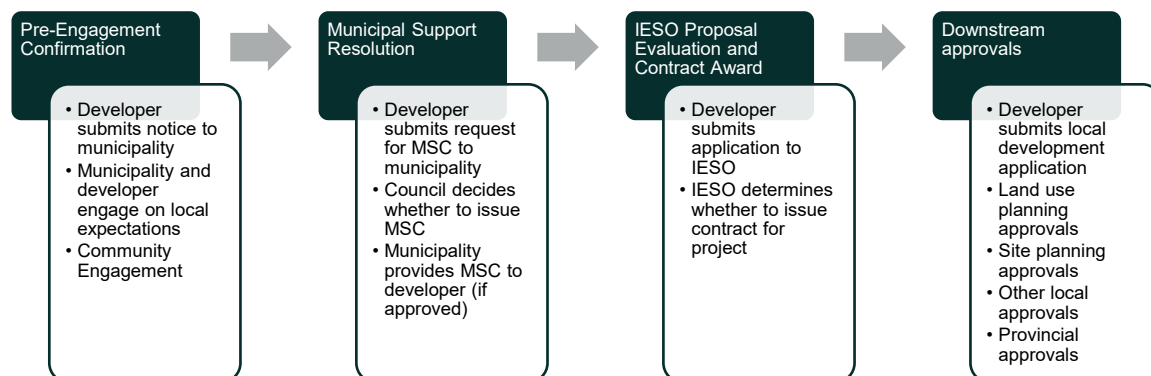
The Municipal Role in Energy Procurements

The Procurement Process

On the direction of the Minister of Energy and Mines, all electricity project developers are required to obtain written confirmation of municipal support for projects located within municipal boundaries under the Second Long-Term Request for Proposals (LT2 RFP). This requirement is intended to ensure that municipalities have control over what electricity projects they wish to host within their communities.

To deliver on this direction, the IESO requires project developers to engage early with municipalities to better understand local preferences and needs. Engagement will occur at different stages of the process including pre-engagement notifications, municipal support confirmations, and downstream approvals. Municipalities have an opportunity for ongoing engagement and communication of local expectations to developers throughout the development process. Like other types of development, the full process from application to construction and operation may be a multi-year process depending on the complexity of each project.

Successful completion of one stage of engagement does not guarantee that municipalities will provide local support or approvals in later stages, nor are municipalities required to give support if they are not satisfied with the information provided by an energy project developer. It is the responsibility of developers to work closely with municipalities to ensure development activities and reports are completed in a way that is satisfactory to municipal expectations. It is up to municipalities to determine whether a project is in the best interest of the community, and whether they have enough information to make that determination. If a municipality does not support a project at the time of proposal submission, it will not be eligible for an LT2 contract.



Pre-Engagement Confirmation

All energy project developers are required to provide a “pre-engagement confirmation” notice to municipalities at least 60 days prior to the proposal submission deadline. This notice informs municipalities of the developer’s intent to submit a proposal and begins a conversation between the municipality and developer on what community engagement activities and local approval activities are expected. This notice also includes a request that the local municipality confirm the

land use designation of the proposed project site. A sample pre-engagement notice, and information about proposal submission deadlines is available [on the IESO's LT2 RFP website](#).

This pre-engagement is the first formal opportunity for municipalities to engage with developers and share preliminary details about a proposed project – although developers may choose to engage earlier.

As with other development projects, early engagement between municipalities and developers can help identify local expectations and processes. Municipalities should be prepared to provide information about:

- What local approvals may be needed as part of a development project (examples include those in the “Key Considerations when Evaluating Energy Projects” section of this Toolkit)
- Any expectations for public engagement (e.g. public meetings or notices), and
- What timelines developers should expect for decision-making including zoning decisions, and permit applications.

Pre-engagement is also the first opportunity for municipalities to raise any general questions or concerns about a project to the developer. Although developers may not have exact project details at this early stage of the process, they should be able to answer questions around best practices, safety characteristics, and likely impacts of a project. Communicating these questions early can help ensure that answers are made available as the project proposal progresses, and that developers are prepared to answer questions during public meetings.

Conversely, where municipalities are not willing hosts for certain types of electricity project(s), this pre-engagement offers the first opportunity to indicate to a developer that a project is unlikely to be approved. If a municipality is opposed to a particular project, or type of project (e.g. natural gas, wind turbines, battery storage, etc.), it may be beneficial to communicate this as soon as possible to avoid additional resources being directed to a project that is unlikely to be approved. Some municipalities have started proactively adopting local energy plans, or resolutions indicating which types of energy projects may be considered or excluded (e.g. types of generation or storage), and any expectations for projects being brought forward for consideration (e.g. engagement requirements, local approvals such as submission of emergency management plan, negotiation of community benefit agreements).

Municipalities should be prepared to receive requests and engage with developers at this stage. AMO has prepared a document called [“Navigating Municipal Relations: A Guide for Energy Developers Proposing Projects under Ontario's Long Term Electricity Procurements”](#) that municipalities may want to share with prospective developers.

Municipal Support Confirmations

As a project progresses past pre-engagement notifications, electricity project developers are required to obtain a “Municipal Support Confirmation” (“MSC”) ¹. The MSC can be in the form of a Municipal Resolution in Support of a Proposal Submission (MRSPS) or Blanket Municipal Support Resolution provided together with a Blanket Municipal Support Confirmation Letter

¹ Under previous procurements, these were called “Municipal Support Resolutions” or “MSRs.”

before a project proposal will be considered by the IESO. The MSC takes the form of a local resolution confirming several items, including but not limited to:

- that the municipality supports the submission of a proposal pursuant to the applicable LT2 RFP requirements
- that the developer has engaged with the municipality, including providing the Pre-Engagement Confirmation Notice
- that the developer has completed (or committed to completing) public engagement activities to the satisfaction of the municipality
- confirmation of the existing land use designation for the proposed project site (municipalities may choose to indicate if an Official Plan and/or zoning by-law amendment would be required)
- for projects in prime agricultural areas, that the developer has provided evidence of having considered alternative locations by completing the Agricultural Impact Assessment (AIA) Component One Requirement
- that the municipality is willing to host the project should it receive a contract and obtain all necessary permits and approvals, and any additional items or conditions that the municipal may choose to include.

MSCs are a key mechanism to meet provincial direction that energy projects only move forward with the consent of the host community. They are the formal decision-making process through which municipal councils assess information provided by developers about projects and determine whether a project is a fit for their community. An MSC is not a final municipal approval of a project, but rather an expression of support for a proposal to be submitted to the IESO. Municipalities retain the right to decline a request to issue an MSC if they do not support a project moving forward to the IESO's proposal submission stage. However, a statement of support for a proposal to be submitted to the IESO cannot be revoked after the Proposal Submission Deadline.

Because most municipal approvals (e.g. *Planning Act* approvals) come after the IESO issues a contract and are governed by provincial legislation like other development projects, it is not strictly necessary to include these as conditions for an MSC. However, municipalities may choose to identify an expectation that these, or other conditions (e.g. entering into a community benefit agreement) be met during the development approval process. MSCs provide municipalities with an opportunity to:

- Express a willingness to host a specific energy project subject to any local land-use, site planning, or other approvals
- Ensure there is adequate public engagement, and that any feedback from the community has been received and addressed before a project moves forward.

Recognizing that the LT2 procurement is anticipated to include intake windows over several years, municipalities may wish to consider indicating whether an MSC applies to a single intake window, or to future intakes. If a municipality chooses to indicate support for future intake windows, the IESO may require confirmation that this support remains in place at a future date.

The IESO has provided prescribed forms that must be submitted as evidence of municipal support, and which includes a sample municipal resolution in support of proposal submission which can be used as a template for MSCs. However, municipalities do not have to use this

template and can provide an MSC in any form as long as the MSC includes the required information identified by the IESO (a list of mandatory elements for a municipal resolution in support of proposal submission is included as Appendix A below). Municipalities can also choose to include additional content (e.g. conditions requiring additional approvals).

Importantly, MSCs are only a moment-in-time expression of support – they are not binding final approvals, and do not guarantee that a project will be awarded a contract. Because the MSC is only intended to indicate support in principle prior to IESO issuing a contract, once a contract has been awarded to a project, there is no effect to revoking an MSC. However, after a MSC is passed and an IESO contract is issued for a project, municipalities retain the right to:

- Require developers to submit applications or technical studies to obtain development approvals (e.g. zoning, site plan) and other local approvals required by the municipality, and
- Withhold or withdraw any locally required approvals if local expectations or conditions are not met.

Given the complex nature of many energy projects, municipalities may wish to consider retaining an energy consultant or legal expert to negotiate with project developers, and advise on elements of a proposed project, and what to consider prior to deciding whether to approve an MSC. Municipalities should consider retaining someone with expertise or experience dealing with electricity sector proposals.

Once an MSC is issued, the project moves forward to the IESO to determine whether to issue a contract for the project. Following the issuance of a contract, most projects are subject to provincial review which may include a Renewable Energy Assessment (REA) which includes assessment of projects' impacts on the environment, and a requirement for public engagement. The REA process generally takes place concurrently with other local approvals.

Public Engagement Sessions

Municipal feedback during previous procurement processes informed the final LT2 RFP, resulting in changes that empower Indigenous communities, municipalities and proponents to determine the appropriate approach to community engagement. Municipalities must confirm that this engagement has taken place as part of the MSC. Municipalities should be prepared to communicate expectations on public engagement to energy project developers and may wish to consider working with developers to deliver engagement activities.

LT2 projects may impact asserted or established Aboriginal or treaty rights, and project developers may be delegated by the provincial Crown to carry out procedural aspects of consultation with First Nation and Métis communities. Municipalities may wish to conduct their own engagement with First Nation and Métis communities and consider the proponent's consultation and engagement efforts with Indigenous communities, to help inform their MSC decision, and to support relationships with First Nation and Métis communities.

Optional: Blanket Resolutions

Municipalities may also choose to issue a “blanket” municipal support for energy projects. Where these resolutions have been used in the past, they typically delegated to the CAO or other staff member, establishing the authority to provide support confirmations for projects that meet pre-determined criteria outlined in the Council resolution. Under this delegated authority,

municipal staff can determine whether a proposed project meets the criteria set out under the blanket resolution and issue an MSC without each project having to go to Council for a separate decision.

Criteria included in blanket resolutions often outline which types of projects will or will not be considered (e.g. wind, gas, solar, battery storage, etc.), and identify local approvals or agreements that are pre-conditions of support such as entering into a community benefit agreement, or providing documentation to the municipality (e.g. site plans, emergency management plans, and/or decommissioning plans).

When issuing blanket resolutions, municipalities may wish to consider setting an effective lifespan for the resolution. For example, municipalities could indicate that the blanket resolution is only applicable to the LT2 procurement, a specific intake window under the LT2 procurement, or for any procurements moving forward until the resolution is revoked.

Blanket resolutions can streamline decision making on projects and proactively signal to developers whether a municipality is open to different types of energy project. Where blanket support is provided, projects are still expected to complete downstream approvals, and municipalities continue to reserve the ability to determine whether to issue permits or other local approvals.

Downstream Approvals

The IESO requires evidence of an MSC prior to issuing a contract for an energy or capacity project. The MSC does not however replace any other local or provincial approvals. This includes local development applications, permits and processes (e.g. those under the Planning Act, or Municipal Act), as well as any necessary provincial approvals (e.g. renewable energy approvals, approvals under the Public Lands Act for Crown land projects). After an MSC is issued, municipalities continue to reserve the to determine whether to issue permits or other local approvals. Examples of these approvals include:

- Site plan control agreements
- Official plan amendments or zoning by-law amendments
- Local and provincial environmental approvals including Renewable Energy Approval and Environmental Assessments
- Permits for new roads, easements, right-of-way access, drainage, or other infrastructure
- Satisfying the AIA Components Two and Three Requirements (if applicable)

Successfully obtaining these approvals is a condition of the contract between the IESO and project developers and as such, does not need to be set as a local condition for an MSC. However, some municipalities may prefer to consider whether downstream approvals such as rezoning, or site plan approvals are likely to be successful prior to issuing an MSC.

The decision of a municipality to provide an MSC to a specific project is not intended to replace or guarantee that additional approvals will be provided.

Key Considerations When Evaluating Energy Projects

There are a range of policy and technical considerations that municipalities may wish to contemplate when determining whether to provide an MSC, or other local approvals. The details and interests may differ between communities. This section outlines some of the key issues considered by municipalities to date when reviewing projects. Depending on local preference, these may be considered at different (or multiple) stages of a project as outlined in the previous section. Like with other development projects, municipalities should be prepared to communicate their preferences and expectations to energy project developers.

Land-Use and Site Planning

Decisions regarding official plan designations, zoning, and site-planning are not required to be made prior to issuing an MSC. However, municipalities often take high-level land-use questions into account while considering whether to provide support for a project. Even if these considerations are not addressed prior to an MSC, municipalities and project developers should also be prepared to work together to address these key issues during downstream approvals.

Project Siting

Municipalities have considered some of the following key issues while reviewing projects:

- What requirements exist under the Provincial Planning Statement, local official plan, zoning by-laws or other local policies? Does the project meet these requirements?
- How would projects impact, or be impacted by surrounding land-uses?
 - What areas of the municipalities, or surrounding uses are preferred locally? For example, some municipalities have found that projects located in industrial areas or former aggregate pits receive more community support than projects located in agricultural areas or near residential areas.
 - How would the project interact with future growth planned in the area?
 - Is the project located in proximity to electricity transmission lines that are required to connect the project to the energy grid?
- What mitigation should be in place regarding noise, vibration, environmental impacts? What setbacks or minimum distances from other land uses should be required? (Note: setbacks can often be addressed through downstream approvals such as through noise studies, or fire safety plans.)
- What servicing may be required for the project site (e.g. water service, road access)?

Agricultural Protection

Under a Ministerial Directive, all new electricity projects are prohibited in Speciality Crop Areas, and all new ground-mounted solar projects are prohibited in prime agricultural areas. All other eligible projects proposed in a Prime Agricultural Area (as designated by the municipal Official Plan) require the completion of an Agricultural Impact Assessment (AIA) to the satisfaction of the host municipality. There are three components to an AIA: avoid, minimize, and mitigate. AIA Component One Requirement (avoid) must be completed as of the proposal submission deadline and outlines how a developer arrived at their chosen project site and considered ways to avoid potential impacts including considering sites outside prime agricultural areas, or on

lower priority soils. The Ontario Ministry of Agriculture, Food and Agribusiness (OMAFRA) has published [Guidelines for the LT2 AIA Component One Requirement](#) to support this work.

It is the responsibility of project proponents to finalize site selection and complete the AIA Component One Requirement as of the proposal submission deadline. Municipalities are not required to give support to a project if the AIA Component One Requirement is incomplete or not completed to the satisfaction of the municipality. Project proponents are encouraged to work with municipalities to set expectations about what should be included.

In addition, if a contract is awarded to a project located in a prime agricultural area, the AIA Components Two and Three Requirements (minimize and mitigate must be completed by the proponent to the satisfaction of the host municipality within 18-months of the IESO awarding a contract. OMAFRA has issued [Draft Guidance for the LT2 AIA Components Two and Three Requirements](#) to support the LT2 procurement. The IESO has [also provided information](#) on AIAs under the procurement process. Municipalities should be aware that the AIA Components Two and Three Requirement does not need to be submitted and reviewed to the satisfaction of the local municipality until 18 months after a contract is issued. This means that a full AIA may not be available prior to a municipality making an MSC decision. However, as part of the MSC process, developers must meet the AIA Component One Requirement (e.g. considering alternative locations for the project in case the original proposed site cannot be approved under the AIA), and the municipality must confirm that this requirement has been met as part of the MSC.

Resources Available to Support Land Use Planning and Siting Considerations

- Ontario Ministry of Agriculture, Food and Agribusiness
 - [Guidelines for the Agricultural Impact Assessment Component One Requirement](#)
 - [Guidelines for the Agricultural Impact Assessment Components Two and Three Requirement](#)
 - [Draft Agricultural Impact Assessment Guidance Document for Land Use Planning](#)
- Ontario Ministry of the Environment, Conservation and Parks
 - [Renewable Energy Approvals](#)
 - [Technical Guide to Renewable Energy Approvals](#)
- Ontario Ministry of Natural Resources
 - [Renewable Energy on Crown Land](#)
 - [Renewable Energy Project Approval and Permit Requirements](#)
- Ontario Ministry of Municipal Affairs and Housing
 - [Municipal Services Office Planning Advisory Staff](#)
- Independent Electricity Systems Operator
 - [Agricultural Impact Assessment Questions and Answers](#)
- Ministry of Energy and Mines
 - [Ministerial Directives Issued to the IESO for LT2](#)
- Pembina Institute
 - [Power Playbook: Preparing for Renewable Energy Projects](#)
- Clean Air Partnership
 - [Landowner Guide for Wind and Solar Project Development in Ontario](#)
- Ontario Waterpower Association
 - [A Community Guide to Waterpower](#)

The following additional resources from other jurisdictions may provide valuable technical assistance. However, it is important to note that these resources may not align with Ontario's specific legal and regulatory requirements and should be treated as guidance only:

- Quest Canada
 - [Integrating Energy Planning and Land-Use Planning: Taking Stock and Looking Forward](#)
- Pacific Northwest National Laboratory (On Behalf of the US Department of Energy)
 - [Energy Storage in Local Zoning Ordinances](#)
- American Planning Association
 - [Zoning Practice: Battery Energy Storage Systems](#)

Emergency Management and Environmental Protection

Municipalities have reported that residents are concerned about ensuring that proposed projects are safe and may expect municipal review of safety and mitigation plans. Further, as the primary provider of certain emergency services, municipalities should be actively engaged in discussions with energy developers to ensure that adequate emergency response plans are in place, and appropriate.

The approval of fire safety and emergency management plans is frequently completed as part of downstream approvals rather than prior to issuing an MSC. However, some municipalities have included the successful completion of these plans as a condition for issuing an MSC.

Municipalities do not have sole responsibility for assessing safety or environmental impacts. The provincial government also has several reviews and approvals that must be completed before a project can move forward.

- A Renewable Energy Approval (REA) from the Ministry of the Environment, Conservation and Parks (MECP) is required for most solar, wind, or bio-energy projects in Ontario.²
- Battery energy storage system (also called “BESS”) facilities require registration to the Environmental Activity & Sector Registry. Natural gas fired facilities require an Environmental Compliance Approval.
- Waterpower facilities are subject to the Environmental Assessment Act, and Ministry of Natural Resources (MNR) approval under the Lakes and Rivers Improvement Act.
- For all project types, an Endangered Species Act permit may be required from MECP if species at risk or their habitats are impacted.

These environmental permissions processes include a review of environmental impacts to ensure that projects are unlikely to have adverse impacts on communities. All energy projects are generally subject to safety and building code requirements, similar to any other development.

² An REA is not required for rooftop solar, certain classes of small-scale wind and ground-mounted solar, and certain bio-energy and thermal treatment projects.

Fire Safety and Emergency Management

Fire safety, particularly around proposed BESS projects, has been routinely identified by municipalities and residents as being of high interest. The Office of the Ontario Fire Marshall (OFM) has indicated that all Fire Chiefs in Ontario have access to an advisor at OFM who can provide support when reviewing energy projects.

Municipalities have considered some of the following key issues while reviewing projects:

- Does the project have an emergency management plan that outlines key risks, mitigation, and responses? Does the emergency management plan align with best practices from the Ontario Fire Marshall or other experts?
- Will the project have on-site staff monitoring the facility during the life of the project? How would these staff be able to work with the municipality to ensure safety and minimize potential impacts of an emergency incident.
- How would local first responders need to respond in the event of an incident?
 - Does the municipality have the capacity, equipment, and/or training to respond?
 - Will the proponent cover the costs of any training or equipment needed to improve local capabilities?
- Does the proposed site have the right infrastructure to facilitate access by first responders?
- Would the impact of an incident be localized to the project site, or widespread? What mitigation needs to be in place to minimize impacts?

Environmental Protection

Ontario is home to many different types of energy projects that use various technologies to generate or store energy. The potential environmental impacts differ from project to project, and a wide range of environmental considerations apply to these projects including impacts to carbon emissions, natural habitats, or source water. Concerns about environmental impacts apply to both renewable projects and carbon emitting projects (e.g. leaks from natural gas pipelines, or battery cells at BESS sites).

Many environmental mitigation measures can be addressed through downstream land use processes and subsequent approvals (e.g. ESA permits, Fisheries Act approvals). Electricity generation projects are also subject to provincial assessment of environmental impacts through the Renewable Energy Approvals (REA) or Environmental Assessment (EA) process).

Municipalities have considered some of the following key issues while reviewing projects:

- What provincial assessments might apply to the project?
- Is the project subject to review by the local Conservation Authority?
- Does the project have a Stormwater Management Plan that meets local needs?
- What mitigation measures can be put in place to reduce risks to locally important sites, such as municipally managed natural spaces, public parks, or culturally significant areas/buildings? Can these be addressed through existing processes such as the site plan process?

Resources for Fire Safety and Environmental Protection

- Ontario Fire Chief's Association Guide
 - [Solar Electricity and Battery Storage Systems Safety Handbook for Firefighters](#)
- Ontario Ministry of the Environment, Conservation and Parks
 - [Technical Guide to Renewable Energy Approvals](#)
- Ontario Ministry of Natural Resources
 - [Renewable Energy Project Approval and Permit Requirements](#)
- Hydro One Guide
 - [BESS Fire Protection Risk & Response Assessment Standard](#)

The following additional resources from other jurisdictions can provide valuable technical assistance, though it's important to note that these resources may not align with Ontario's specific legal and regulatory requirements and should be treated as guidance only:

- Energy Storage Canada
 - [Battery Energy Storage Systems: Common Questions & Myths About BESS Safety](#)
 - [Battery Energy Storage: Thermal Runaway and Fire Risk](#)
- Canadian Association of Fire Chiefs
 - [Lithium-Ion Battery Resources for Fire Services including Battery Storage Systems](#)
- Case study: Weymouth Town, U.S.
 - [Risk Assessment Study for BESS at Fore River Energy Center](#)

Project Decommissioning

Under the current IESO procurement process, contracts are issued for a fixed duration. Contracts between the IESO and energy companies do not include requirements for decommissioning at the end of project life. At the end of a contract, energy companies may decide to end operations and decommission the project or apply for a contract extension or renewal. Contract extensions will likely require equipment upgrades or replacement.

Projects that are subject to the provincial REA process are required to include a Decommissioning Plan Report which describes how a project site will be restored as close as possible to its original condition (or to the land use designation of the area at the time of decommissioning). The costs associated with decommissioning are often covered in the land lease agreement with the participating landowners and are generally expected to be borne by the owner/operator of the energy facility.

To date, there are no requirements for BESS projects to register a decommissioning plan under provincial REAs.

Municipalities may wish to consider:

- Is decommissioning for a specific project type addressed through provincial requirements (e.g. renewable energy approvals)? If not:
 - Who will be responsible for the cost, and process of decommissioning end of life assets? Is this addressed through an enforceable legal framework (e.g. the land lease agreement with the landowner, a municipal development agreement, or site plan tools)?

- Through what local mechanisms could decommissioning requirements be set and upheld in the future (e.g. site plan control, community benefit agreement, municipal by-laws)?
- Does the energy company have a standard process in place for decommissioning and/or land reclamation?
- If an energy company does not remain solvent, or a project is abandoned, where does the responsibility for decommissioning fall?
- Does the municipality wish to include any priorities for decommissioning in an agreement with the developer (e.g. restoring lands to agricultural use, re-naturalizing land)?

Resources for Decommissioning

- Ontario Ministry of the Environment, Conservation and Parks
 - [Technical Guide to Renewable Energy Approvals](#)

The following additional resource from other jurisdictions may provide valuable technical assistance, though it's important to note that this resource may not align with Ontario's specific legal and regulatory requirements and should be viewed as providing guidance only:

- Government of Alberta
 - [Guidelines for Renewable Energy Operations](#)
 - [Reclamation Security for Solar and Wind Renewable Energy Operations](#)
- U.S. Energy Storage Association (ESA)
 - [End-of-Life Management of Lithium-ion Energy Storage Systems](#)

Community Benefits, Costs and Community Benefit Agreements

Cost and Benefits of Hosting Energy Projects

As with other economic development projects, municipalities may incur costs to service and host electricity generation and storage projects. This may include new infrastructure such as improvements to roads for emergency access, or water infrastructure for fire response. It may also include improvements to local services such as new equipment and training for firefighters. Municipalities may also incur costs to retain expert advice to support project review, downstream approvals, or negotiations.

Similarly, like other types of development, electricity projects may bring financial, or other benefits to the communities. This may include property tax assessment increases, employment opportunities, or progress towards local energy or climate plans. Some developers may also offer community funds or sponsorships to local organizations.

Some municipalities report that the potential benefits to the community may not offset the potential costs. For example, increased property tax assessment may not be sufficient to cover increased infrastructure or servicing costs. Benefits may also only be temporary – for example, while a project may result in short-term construction jobs, these may not be filled by local residents, and long-term jobs may not be created. It is important to engage with developers to build a shared understanding of what benefits a community may experience.

In response to a Ministerial directive, the IESO has established a “Canadian-Status Proponent” criteria that provides a rated criteria benefit over non-Canadian-Status proponents during the IESO’s proposal review. The criteria also include a requirement for successful proponents to retain this Canadian status for five years after the start of operations. The IESO is responsible for assessing the Canadian status of proponents and there is no requirement for municipalities to consider this status as part of local project review.

Community Benefit Agreements

Municipalities are increasingly looking to community benefit agreements (CBAs) as opportunities to recover costs, secure meaningful local benefits, and share in project revenues so they can be reinvested into the community in the long-term. CBAs are formal agreements through which municipalities and project developers negotiate terms to ensure that both parties are sharing in the potential benefits of a project, and that all costs can be recovered.

Although CBAs are not currently required as part of the procurement process, municipalities may ask for them as a condition of support in providing an MSC. As with other types of development, municipalities should work with developers to negotiate an agreement that is beneficial to the community. A best practice for municipalities choosing to negotiate a CBA is to retain expert legal counsel to represent the municipal interest in negotiations. A legal advisor with experience working with energy projects and commercial negotiations can provide guidance about what terms to include as part of an agreement and support negotiations with project developers.

When considering potential costs and benefits, or whether to pursue a CBA, municipalities may wish to consider:

- What costs may the municipality incur to support the project? (e.g. infrastructure, local services and equipment, professional services, consultants for downstream approvals)
- What benefits may the project bring? (e.g. energy reliability, assessment growth, development opportunities)
- Is the developer proactively offering a community benefit agreement, or another form of support to the municipality? (e.g. access to a community fund)
- What expertise does the municipality need to procure to negotiate a community benefit agreement with the project developer?

Some common CBA contents include:

- A payment to the municipality based on the amount of energy generated or stored that would become general revenues for the municipality to direct towards local services
- A financial contribution from project developers to the municipality to support project related costs such as:
 - New or upgraded infrastructure related to supporting the project
 - Municipal services required to support the project
 - Professional fees incurred by the municipality to support CBA negotiations (e.g. legal fees), technical consultant project review, and downstream approvals
- A requirement for energy proponents to bear the cost of decommissioning projects when they reach end-of-life

Resources for Community Benefit Agreements

There is no standardized template for CBAs related to electricity projects in Ontario. As a result, unique agreements are typically negotiated on a project-by-project basis. The following resources provide insight into CBAs content:

- Clean Air Task Force - List of Resources on Community Benefits
 - [Community Benefits Resource Inventory](#)
- Columbia Law School's 35 Recommendations for Developers and Host Communities
 - [Expert Insights on Best Practices for Community Benefits Agreements](#)
- Clean Coalition Organization CBA Research
 - [Finding the Balance: Benchmarking Solar, Wind and Energy Storage Community Benefits Agreements](#)
- World Resources Institute Insights
 - [US Clean Energy Projects Need Public Buy-in. Community Benefits Agreements Can Help](#)
- Government of Scotland
 - [Community benefits from onshore renewable energy development](#) – Guidance on good practice principles for communities, businesses, local authorities, and others
- Local Energy Scotland - Community and Renewable Energy Scheme (CARES) CBA Support

- Resources: Community Benefits Toolkit, document template for Community Benefits agreement, community benefit Memorandum of Understanding guidance and template, related case studies
- University of Michigan
 - Renewable Energy: Providing a Spectrum of Potential Community Benefits
 - Beyond Renewable: Incorporating social sustainability & community benefits into renewable energy projects
- Pembina Institute
 - Power Playbook Part 1: Preparing for Renewable Energy Projects and Part 2: MSC Step-by-Step Infographic

Appendix: Mandatory Elements of Municipal Resolutions in Support of Proposal Submission (MRSPS)

Mandatory Elements of a Municipal Resolution in Support of an Energy Proposal Submission

Should a municipality wish to develop its own resolution, to meet the minimum requirements of the IESO's RFPs, the resolution must:

(A) identify:

- (i) the Unique Project ID of Long-Term Energy Project (if applicable / known)
- (ii) the name of the Long-Term Energy Project
- (iii) the name of the Proponent
- (iv) the generation technology type of the Long-Term Energy Project
- (v) the maximum potential Contract Capacity of the Long-Term Energy Project; and
- (vi) the Property Identification Number (PIN), municipal address, legal description or GPS coordinates of the Municipal Project Lands; and

(B) confirm:

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

(C) state:

- (i) that the Local Municipality supports the submission of a Proposal for the Long-Term Energy Project located on the applicable Municipal Project Lands. The statement in such resolution may be qualified as being solely for the purposes of satisfying the mandatory requirements under Section 4.2(c) of the LT2(e-1) RFP, and does not supersede any applicable permits or approvals under applicable Laws and Regulations that may be required for a particular Long-Term Energy Project;
- (ii) that that the Proponent has undertaken, or has committed to undertake, Indigenous and community engagement activities in respect of the Long-Term Energy Project to the satisfaction of the Municipality;
- (iii) whether or not the Municipal Project Lands are designated as Prime Agricultural Areas as set out in the Local Municipality's Official Plan as of the date of the resolution; and
- (iv) if the Municipal Project Lands are designated as Prime Agricultural Areas:

- (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 Municipality; and
- (d) if the Proponent is selected as a Selected Proponent under the LT2 RFP, the Municipality will engage in good faith with the Selected Proponent to enable the Selected Proponent to complete the AIA Components Two and Three Requirement.

Mandatory Elements of a Municipal Resolution in Support of a Capacity Proposal Submission

Should a municipality wish to develop its own resolution, to meet the minimum requirements of the IESO's RFPs, the resolution must:

(A) identify:

- (i) the Unique Project ID of the Long-Term Capacity Services Project (if applicable / known)
- (ii) the name of the Long-Term Capacity Services Project
- (iii) the name of the Proponent
- (iv) the generation technology type of the Long-Term Capacity Services Project
- (v) the maximum potential Contract Capacity of the Long-Term Capacity Services Project; and
- (vi) the Property Identification Number (PIN), municipal address, legal description or GPS coordinates of the Municipal Project Lands; and

(B) confirm:

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

(C) state:

(i) that the Local Municipality supports the submission of a Proposal for the Long-Term Capacity Services Project located on the applicable Municipal Project Lands. The statement in such resolution may be qualified as being solely for the purposes of satisfying the mandatory requirements under Section 4.2(c) of the LT2(c-1) RFP, and does not supersede any applicable permits or approvals under applicable Laws and Regulations that may be required for a particular Long-Term Capacity Services Project;

(ii) that that 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;

(iii) whether or not the Municipal Project Lands are designated as Prime Agricultural Areas as set out in the Local Municipality's Official Plan as of the date of the resolution; and

(iv) if the Municipal Project Lands are designated as Prime Agricultural Areas:

(a) the Municipal Project Lands are not designated as Specialty Crop Areas;

(b) the Long-Term Capacity Services Project is not a Non-Rooftop Solar Project;

(c) the Proponent has satisfied the AIA Component One Requirement to the satisfaction of the Municipality; and

(d) if the Proponent is selected as a Selected Proponent under the LT2(c-1) RFP, the Municipality 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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