

# Municipality of Lakeshore – Report to Council

## Growth & Sustainability

## Economic Development & Mobility



**To:** Mayor & Members of Council  
**From:** Ryan Donally, Division Leader – Economic Development & Mobility  
**Date:** February 2, 2023  
**Subject:** IESO Municipal Support Resolution – Notice of Motion

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### Recommendation

Whereas the Proponent, [insert legal name of Proponent], is proposing to construct and operate a Long-Term Reliability Project [insert name of long-term reliability project] at the Project Site which is located on the Subject Lands described as [insert legal description of the lands] in the Municipality of Lakeshore] in accordance with the Independent Electricity System Operator's (IESO) E - LT1 and LT1 Request for Proposals process;

And whereas the Long-Term Reliability Project will use the Technology which is [insert technology of the long-term reliability project] and the Project is expected to have a Maximum Contract Capacity of [insert the maximum Contract Capacity in MW];

And whereas it is the Municipality of Lakeshore's understanding that Long-Term Reliability Project proposals that receive the formal support of the local jurisdictional authorities of all the project communities in which the Long-Term Reliability Project is located in the form of a support resolution will be awarded rated criteria points for the purpose of ranking the proposal in relation to other proposals for a contract under the ELT1 RFP and LT1 RFP;

Now therefore the Council of the Municipality of Lakeshore resolves that:

The Municipality of Lakeshore supports the development, construction and operation of the Long-Term Reliability Project on the Subject Lands; As per the criteria introduced in the Notice of Motion, Council supports Comber BESS, Southwest Ontario Energy Storage Project, Tilbury BESS, and Rochester Townline Energy Storage Project.

This resolution's sole purpose is to enable the Proponent to receive rated criteria points under E-LT1 RFP and LT1 RFP or to satisfy its obligations under any awarded E-LT1 or LT1 Contract and may not be used for any other form of approval in relation to a proposal or Long-Term Reliability Project, planning approval, to satisfy environmental requirements or the process, or for any other purpose; and

This approval is subject to individual Environmental Assessment reviews and land use planning review and approval pursuant to the Planning Act, all as presented at the February 14, 2023 Regular Council Meeting.[Administration recommends Projects 11, 15, 12 and 2 based on Council’s January 30, 2023 resolution.]

## **Background**

At the December 13<sup>th</sup>, 2022, Council Meeting, Council accepted the IESO Projects Overview Report and directed Administration to return “Option 2” which requested that Administration brings back a list of potential projects that are requesting a Municipal Support Resolution (MSR) so Council can decide whether to provide a MSR on a case-by-case basis.

At the January 10<sup>th</sup>, 2023, Council Meeting, Council accepted the report entitled IESO Municipal Support Resolutions.

At the January 30<sup>th</sup>, 2023, Council Meeting – Budget Deliberations, Council supported the following Notice of Motion submitted by Councillor McNamara:

Direct Administration to develop a ranking criterion for Battery Energy Storage projects based on the following criteria for Council’s consideration:

- Any proposal(s) whereby the location is not disclosed not be recommend to be supported or graded.
- Any locations that directly abut and/or are within close proximity to an existing settlement area (100m or less) should be eliminated and these will not be recommended or graded.
- The remaining locations shall be graded based on the following criteria:
  - A) Access to a sufficient roadway and/or the adjacent roadways are sufficient (sufficient roadways would be non-class B roads and/or truck route and/or County Roads
  - B) Proximity of the site to lands of similar use (industrial use, existing transmission lines, existing transmission stations, etc.)

## **Comments**

As noted in previous reports, there are 16 projects seeking Municipal Support Resolutions (MSRs) in the Municipality for the Expedited Long Term 1 Request for Proposals (E-LT1 RFP) and the Long Term 1 Request for Proposals (LT1 RFP). This comprehensive list can be found in Appendix B – Comprehensive MSR Requests.

The deadline to submit proposals to the E-LT1 RFP is February 16, 2023. The IESO has a target date of May 1, 2023 to select the successful proponent(s). As described in

previous reports and comments, the total number of projects successful in winning a contract from IESO in Lakeshore is expected to be significantly less than the total of 16.

The Municipal Support Resolution (MSR) contributes 3 of the 13 rated criteria points in the selection process of awarding contracts. A MSR in advance of the evaluation period does not guarantee success for the proponent. Conversely, not obtaining a MSR in advance of the selection process does not eliminate a project from contention of winning a contract. Of note, a project must obtain a MSR within sixty days of the eighteen-month anniversary of the contract award from the Municipal Council in which the project is located.

All projects that are successful in securing a contract from the IESO are subject to land use review processes including the Environmental Assessment (EA) Process; site-specific rezoning and Site Plan Control. If a project cannot satisfy these requirements, the project cannot be built. It is expected that each project will have a full decommissioning plan in place prior to a Site Plan Control agreement being completed.

Each project that wins a contract from the Independent Electricity System Operator (IESO) in the RFP process is expected to enter into a Road User Agreement and Community Benefits Agreement.

Administration remains supportive of its earlier recommendation for Council to provide a Municipal Support Resolution for projects #2 - #16 found on Appendix B. Administration does not recommend project #1 at this time as the location has not been disclosed.

However, Council may choose to follow a ranking criterion to evaluate the projects, as per the direction given by Council in the Notice of Motion identified above.

### **Direction From Council**

Administration formalized the ranking criteria for the potential projects in response to the resolution passed on January 30, 2022.

It should be noted that Administration has refined the criterion “*proximity to settlement area*” to extend from 100 metres to 500 metres. Additionally for implementation purposes, it was decided “*proximity to settlement area*” applies to the parcel of land which the BESS may be located on, not the proposed BESS itself and its location on that parcel (as information was limited).

Appendix A – Lakeshore Battery Energy Storage Systems – Ranking Criteria provides a memo related to the evaluation for each of the proposed facilities.

Based on the criteria outlined, Administration recommends the top four ranked projects:

| Rank     | Site Project Location # | Project Name                              | Proponent Name | SCORE (Max 27) |
|----------|-------------------------|---|----------------|----------------|
| 1        | 11                      | Comber BESS                               | Liberty Power  | 27             |
| 2 (tied) | 15                      | Southwest Ontario Energy Storage Project  | Baseload Power | 27             |
| 3        | 12                      | Tilbury BESS                              | Liberty Power  | 23             |
| 4        | 2                       | Rochester Townline Energy Storage Project | Energy Group   | 22             |

It should be noted that if Council wishes, the minimum score can be reduced to support more locations; however, this is not recommended based on a balanced approach for scoring (i.e. scoring 0 in one or both criteria).

### Financial Impacts

Administration has not yet received a firm response from MPAC related to assessment value and the subsequent tax rates and classification. Discussions with companies have indicated that they expect the tax rates to be the “Industrial” classification; however, at this time, there is no clarity on what the assessed value of each project will be.

Each successful proponent receiving a contract from IESO is expected to enter into a Community Benefits Agreement with the Municipality. The most likely arrangement to be established with the successful proponents is a sum of money per year, per megawatt, over the life of the project. Depending on the magnitude of the energy contracts granted, this could represent hundreds of thousands of dollars per year in community benefit with a total community benefit in the millions of dollars. Future IESO RFPs will create opportunity for additional projects with additional community benefit.

All successful applicants will be required to enter into a road user and maintenance agreement, ensuring that affected roads are maintained to previous standard.

### Attachments

Appendix A – Lakeshore BESS – Engineering Memo

Appendix B – Comprehensive MSR Requests

Appendix C – MSR Request Project Location Map

Appendix D – Capstone Infrastructure Potential Locations

## Report Approval Details

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|----------------------|--|
| Document Title:      | IESO Municipal Support Resolution Request - Notice of Motion .docx   |
| Attachments:         | <ul style="list-style-type: none"><li>- Appendix A - Lakeshore BESS - Engineering Memo.pdf</li><li>- Appendix B - Comprehensive MSR Requests.pdf</li><li>- Appendix C - MSR Request Map.pdf</li><li>- Appendix D - Capstone Infrastructure Potential Locations.pdf</li></ul> |
| Final Approval Date: | Feb 9, 2023  |

This report and all of its attachments were approved and signed as outlined below:

Prepared by Ryan Donally

Approved by Krystal Kalbol, Justin Rousseau and Truper McBride