

NOVEMBER 22, 2023

Transmitter Selection Framework: Engagement Launch

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Purpose

- Launching the IESO's engagement initiative on the development of a Transmitter Selection Framework (TSF or "framework")
 - Key initiative that will support the Ministry's planned actions as set out in the [Powering Ontario's Growth \(POG\)](#) report
- IESO will provide an update on the work done on the TSF thus far, and an overview of the planned engagement approach

IESO will be Reporting Back to the Minister of Energy on TSF progress in Summer 2024

Agenda

- Background and Ongoing Work
- Proposed Engagement Approach
 - Proposed Focused Working Group
 - Outreach and Engagement with Indigenous communities and municipalities
 - Public Engagement Sessions
- Linkages with Transmission Planning
- Feedback and Next Steps



Background and Ongoing Work

Background: Emerging System Needs

- Ontario's electricity sector today is forecasting growing demand, an evolving supply mix and a drive toward grid decarbonization
- As outlined in the [2022 Annual Planning Outlook \(APO\)](#) and [POG](#) report, building out the transmission system will play an essential role in maintaining reliability while the sector transforms, and will be critical for ensuring the ability of supply resources to meet system demand

Background: Emerging System Needs (2)

- Several transmission projects are currently under development and are expected to address emerging needs driven by economic growth and population growth
- To support future transmission system expansion, **a transparent and well-understood process for selecting transmitters to develop and own infrastructure will be crucial**

Background: Powering Ontario's Growth Report

- In July 2023, the Government of Ontario released the *Powering Ontario's Growth* report, which describes the actions within the electricity sector needed to support economic development, decarbonization, and population growth while supporting affordability and reliability
- The Powering Ontario's Growth report and the planned actions described within have been developed in response to the IESO's Pathways to Decarbonization study, which described a number of 'no regret' actions required to enable an orderly and cost-effective decarbonization of the electricity system and broader economy

July 10 Minister's Letter: Transmitter Selection Framework

- Following the release of the POG, the Minister of Energy issued a letter that asked the IESO to continue work on the development of a TSF, and to report back on progress in Summer 2024
- The report back will describe the considerations around an effective TSF, which would be expected to evolve Ontario's current approach to transmitter selection for transmission projects in the interests of improving efficiency and fostering competition and innovation

Transmitter Selection: Ongoing work

The IESO has commenced work on the development of the TSF in a manner that aligns with bulk system and regional planning. Work thus far has focused on a number of areas:

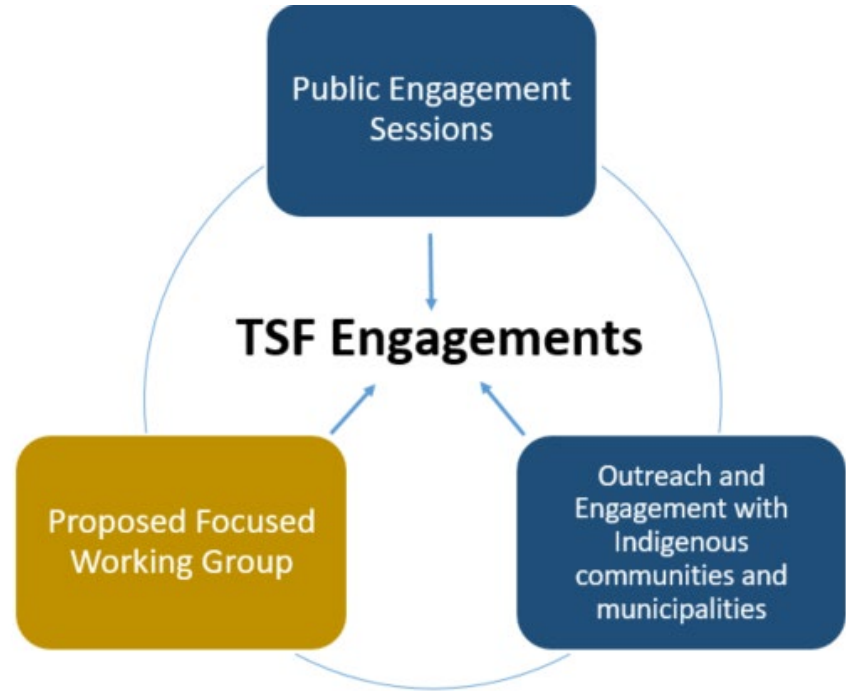
- Outreach to other North American jurisdictions to learn from their experiences in the competitive transmission space, in order to help inform development work;
- Ongoing analysis, including jurisdictional scans that build on work previously commenced and paused in 2021;
- Developing a plan to engage with Indigenous communities, municipalities, stakeholders and potential transmitters



Proposed Engagement Approach

Planned Engagements to Support TSF Development

- The engagement plan that outlines the approaches being taken for this initiative, has been posted on a [dedicated engagement webpage](#)
- Public engagement sessions and targeted outreach and engagement with Indigenous communities and municipalities are expected in early 2024
- Engagement may involve the establishment of an external Focused Working Group



Proposed Focused Working Group (1)

- The IESO is considering establishing an external Focused Working Group to ensure that Indigenous communities, municipalities, stakeholders, and transmitters can be engaged effectively as the design process gets underway
- This would allow for a more flexible engagement approach that enables collaboration and more frequent working sessions on an “as needed basis”,
- The outcomes of working sessions would be made public and inform broader Public Engagement Sessions and targeted outreach with communities
- Sessions could be centered around on a variety of topics (Technical, Policy, Commercial)
- Participants in these sessions would be selected based upon a combination of experience and interest in session topics

Proposed Focused Working Group (2)

- Focused Working Group members would be expected to:
 - Represent their constituencies to provide advice and input on navigating practical decisions relating to the design of the framework
 - Provide insights and experience on a variety of topics that will enable effective dialogue between the IESO, Indigenous communities, municipalities, stakeholders and transmitters on key design elements and considerations
- To ensure fairness and transparency, the outcomes of Focused Working Group Sessions would be shared publicly so as to inform all interested parties and advance any subsequent public engagement sessions and outreach activities.

If your organization or community has interest in participating in the proposed Focused Working Group, please contact Engagement@ieso.ca by December 15, 2023.

Outreach and Engagement with Indigenous Communities and Municipalities

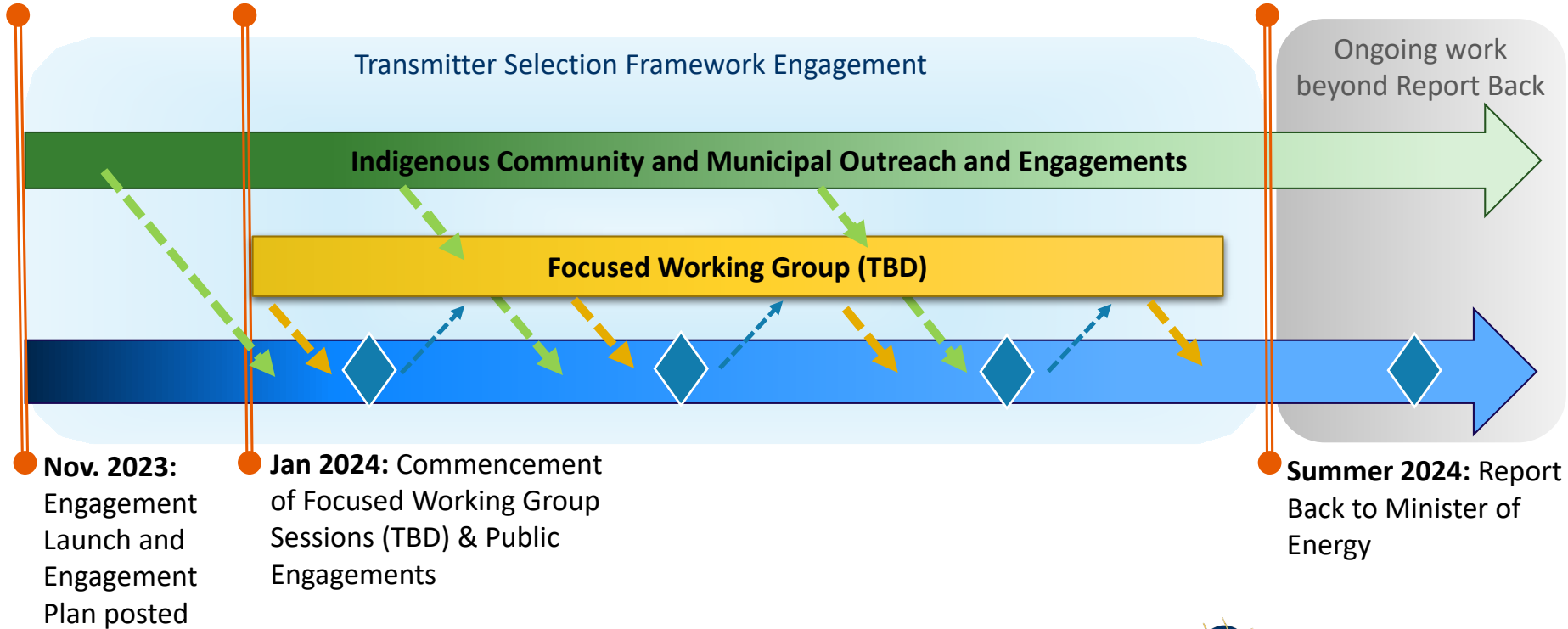
- Given the geographical footprint of transmission infrastructure it is critical that the IESO engage with and solicit feedback from Indigenous communities and municipalities in the design of the TSF
- A comprehensive plan for targeted outreach and engagement with Indigenous communities and municipalities is under development, with meetings expected to start in early 2024
- This outreach and engagement will complement the proposed Focused Working Group as well as public engagements to inform the design of the TSF

Public Engagement Sessions

- The IESO expects to conduct a number of public engagement windows beginning in the new year and continuing through to Summer 2024 and beyond
- IESO will make best efforts to share potential insights, discussion points and design decisions raised at the Proposed Focused Working Group and in targeted discussions with Indigenous communities and municipalities
- Any public engagement sessions may provide opportunities for the IESO to follow up on the work being done in the Proposed Focused Working Group, in addition to highlighting and seeking feedback on key design decisions in a broader sphere

Engagement Approach: Overview

◆ Public Engagement Sessions (as needed)



Planned Topics for Engagement/Feedback

- Starting in early 2024, the IESO will begin more focused engagement on a number of topics, from three distinct buckets; **Technical Design and Performance Considerations, Policy Design Considerations and Commercial Considerations.**
- Where early feedback and collaboration on an individual topic may be better suited for discussion within the Proposed Focused Working Group (i.e., transmission design considerations) or dependent on feedback from Indigenous communities (i.e., Indigenous Participation) and municipalities first, the IESO will utilize those channels ahead of providing updates on all three buckets at public engagement sessions, as needed.

Engagement Buckets and Sample Topics

Technical Design, and Performance Considerations

- Technical and performance requirements
- Project scoping requirements
- Role of existing transmitters in plan development and project scoping

Policy Design Considerations

- Indigenous participation
- Role of municipalities
- Alignment with existing regulatory approvals, such as environmental permitting and timelines
- Role of existing transmitters in the TSF

Commercial Considerations

- Revenue mechanism, risk allocation approach, term length, completion and financing considerations

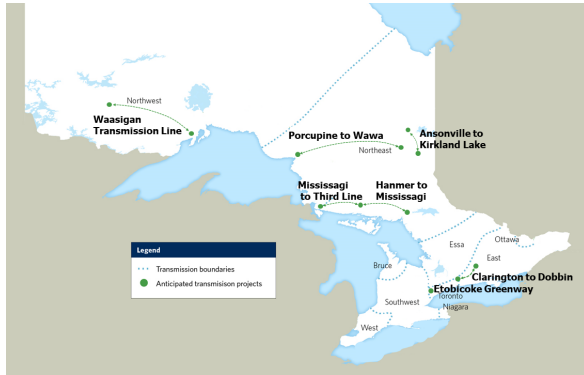


Linkages with Transmission Planning

Transmission Planning Considerations

- The IESO is responsible for transmission system planning in Ontario; system needs and recommendations for transmission investments are described in IESO transmission plans
- No transmitter has franchise rights, or "right of first refusal" in Ontario
 - The Ontario Energy Board Act prohibits the OEB from granting Leave-to-Construct a transmission facility, if the IESO has been directed by government, or has otherwise commenced or announced a future transmitter selection, or has completed a selection (by anyone other than the selected transmitter)
 - Competitively selected transmission facilities will still be required to obtain Leave-to-Construct per Section 92 of the OEB Act

Current Transmission Investments Underway



◆ Planned in-service date

Project	2023	2024	2025	2026	2027	2028	2029	2030
Reactors at Lennox Transformer Station (East)	◆							
Phase Shifters at St. Lawrence Intertie (East)		◆						
Hawthorne to Merivale Reinforcement (Ottawa)	◆							
Kirkland Lake Upgrades (Northeast)	◆							
Wataynikaneyap "Watay" Power Line (Northwest)		◆						
Etibicoke Greenway Project (Toronto)				◆				
Trafalgar to Richview Reconductoring (West GTA)				◆				
Waasigan Transmission Line (Northwest)							◆	
Chatham to Lakeshore Line (Southwest)			◆					
Lambton to Chatham Line (Southwest)							◆	
Longwood to Lakeshore Line (Southwest)								◆
GTA to Dobbin Line (East)								◆
Hanmer to Mississagi Line (Northeast)								◆
Mississagi to Third Line (Northeast)								◆
Porcupine to Wawa Line (Northeast)								◆

Transmission Planning (2)

- The Government of Ontario is currently selecting the transmitter(s) for transmission projects recently recommended by the IESO
- Looking to future selections, the Government has indicated in the POG that they intend for the IESO to establish a formal transmitter selection process for future projects recommended by the IESO - recognizing that some projects are more appropriately completed by existing transmitters
- Interested parties can find information about the IESO's present and future transmission planning priorities in the APO, and by participating in various dedicated engagements specific to each plan underway



Feedback and Next Steps

Feedback and Next Steps

- IESO invites participants to provide feedback with respect to the topics discussed today:
 - The **engagement approach and proposed timing**,
 - Interest in **participating within the Focused Working Group** or other suggestions for facilitating stakeholder and community input
 - Other initial feedback regarding the TSF development
- Please provide this feedback to engagement@ieso.ca by **December 15th, 2023**
- IESO to schedule public engagement sessions and targeted outreach and engagement with Indigenous communities and municipalities in 2024 in accordance with engagement plan

Thank You

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