Feedback Form

Transmitter Selection Framework – February 29, 2024

Feedback Provided by:

Name: Tracee Collins

Title: Director of Development

Organization: NextEra Energy Transmission, LLC.

Email:

Date: 5.10.2024

Following the February 29, 2024 Transmitter Selection Framework (TSF) focused engagement session, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the engagement web page.

Please submit feedback to engagement@ieso.ca by **March 20, 2024**. If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Topic	Feedback
Do you have any suggestions for future Focused Engagement Sessions topics?	

Topic	Feedback
Do you have any initial thoughts around the procurement process to select transmitters for specific transmission projects in Ontario under a future TSF (e.g., the use of an RFP)?	NEET is supportive of Ontario's efforts to put in place a competitive transmission procurement process, through a request for proposal process, for intra-provincial projects that have been need-identified by the IESO.

Topic	Feedback
IESO has highlighted several transmitter qualification approaches; Do communities and stakeholders have any concerns around the development of a registry for qualified transmitters for competitive transmission project procurements? What Criteria should the IESO consider in qualifying transmitters?	NEET supports the IESO's implementation of a pre-qualification process that increases the transparency of a competitive selection process and provides an opportunity for stakeholders to understand which organizations are interested in participating in developing Ontario's transmission infrastructure. A registry that is well designed and efficiently implemented could achieve these objectives. Such a registry would not be static but would require periodic updating. Implementation of a pre-qualification process will be instrumental in ensuring that only qualified organizations with demonstrated experience and capabilities are awarded the opportunity to participate in Ontario's future competitive market. Each prospective transmitter should provide an organizational overview that identifies successfully completed energy and transmission projects. Specifically, prospective transmitters should also provide information regarding the following: **1. Experience in transmission infrastructure development, construction, and operation** Prospective transmitters should be required to demonstrate expertise in constructing and operating transmission facilities. They should provide evidence of their ability to successfully partner with First Nations, as well as identify any experience in the responsible development of new infrastructure, with emphases on environmental responsibility, efficiency, and cost and schedule management. In addition, transmitters should discuss their abilities to coordinate with interconnecting

	transmission owners and meet local and provincial regulatory compliance requirements. 2. **Demonstration of financial capabilities** Prospective transmitters should be required to substantiate the organization's financial capacity and capabilities, citing experience with Canadian lenders and programs for financing Indigenous economic participation, evidence of sufficient access to capital, and the ability to carry project costs during construction and development. 3. **Safety record and organizational performance** Prospective transmitters should be required to provide a safety synopsis that outlines the organization's approach to safety, including applicable policies and procedures, that provide the IESO with sufficient information to confirm that new projects can be constructed and operated in a safe manner. 4. **Capabilities to participate in planning** Transmitters should be required to discuss their participation in market planning through various initiatives and regional planning studies. Such participation is key to market innovation and ensuring the efficient and reliable expansion of Ontario's electricity grid. Recognizing there are multiple reasons that a qualified transmitter may decline to bid on a proposed project, NEET believes that *requiring* qualified transmitters to bid on all competitive projects to maintain their status will have an adverse effect on competition, substantially increasing the burden for transmitter participation. Such a burden could lead transmitters to not seek qualification knowing they will not participate in every bid limiting the number of qualified transmitters and competition.

Topic	**Feedback**
IESO is considering recommending the use of the bid-based approach for the initial transmission procurements under the future TSF; Do communities and stakeholders have any feedback on this approach?	Bid-based approaches provide a solid starting point for implementation of a transmitter selection process and one that would allow the IESO to incorporate sponsor-based elements as the TSF process evolves and transmitter proponents gain knowledge of the Ontario system to provide additional value in planning process. In sponsor-based processes, project proponents compete to identify and build transmission for a specified need and propose transmission solutions, whereas in bid-based processes, ISOs or system planners identify a more prescribed solution.

	NEET has participated in both bid-based and sponsor-based approaches within North American competitive markets. Given that the IESO is recommending the use of bid-based procurements initially, NEET is providing a representative framework below that IESO could consider applying. The most important consideration in applying a bid-based approach is providing clarity on how a bid will be evaluated, especially if there are multiple criteria upon which bids will be analyzed. This information could be conveyed through development of a scorecard that identifies the metrics against which bids will be evaluated. The scorecard would then be made available to prospective transmitters in advance of the RFP process.

Topic	**Feedback**
IESO is hoping to strike the right balance with cost containment and risk allocation approaches to ensure opportunities under the TSF promote competition while protecting ratepayers; Do communities and stakeholders have any feedback on the utilization of a Risk Allocation methodology and/or have any feedback about the allocation of specific risks?	Cost containment and risk allocation approaches have proved highly advantageous in competitive markets, resulting in up to 40% lower total transmission costs and providing electric customers with significant cost savings.[1] These approaches work best when focused on a total annual revenue requirement cost borne by customers compared to the appropriate valuation of risk factors borne by a prospective transmitter when selected for the project. A prerequisite for a developer agreeing to take risks on a project is knowledge that they have appropriately defined and accounted for all reasonable risks and clearly identified those risks they will not be required to bear, which are typically defined as risks that were unforeseeable or outside the developer's control. Examples of these risks include: • Force Majeure • Change in law or regulatory construct • Worldwide supply chain disruptions • Project Cancellations due to changing system needs • Direction by regulator to reroute the project • Issues with incumbent transmission owner (won't interconnect or exorbitant costs to interconnect, or

[1] Brattle Group, "Cost Savings Offered by Competition in Electric Transmission," accessed August 2023. https://www.brattle.com/cost_savings_offered_by_competition_in_electric_transmission.pdf

	disruption of development schedule, causing cost impact)

General Comments/Feedback

Click or tap here to enter text.