

Transmitter Selection Framework: Feedback and IESO Response

Transmitter Selection Framework

Following the Transmitter Selection Framework Public and Focused Engagement Session webinars, the IESO invited Indigenous communities, municipalities, and stakeholders to provide comments and feedback on the materials presented at each session.

The IESO received written feedback submissions from:

Transmitter Selection Framework (TSF) Engagement Session – June 25, 2025

- [Fortis Ontario](#)
- [Invenergy](#)
- [Matawa First Nations](#)

Transmitter Selection Framework (TSF) Engagement Session – October 15, 2025

- [Ontario Power Generation](#)
- [Pattern Energy Canada](#)

The presentation materials and stakeholder and Indigenous community feedback submissions have been posted on the IESO engagement webpage for these engagement sessions. Please reference the material for specific feedback as the below information provides excerpts and/or summaries only.

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Transmitter Selection Framework (TSF) Engagement Session – June 25, 2025

1. Bid Structure & Risk Allocation:	
Summary of Feedback	IESO Responses
<p>Some stakeholders expressed that additional clarity is needed on the proposed bid structure and risk allocation. That proponents should only bear risks they can reasonably control, while uncontrollable risks—such as force majeure, tariffs, inflation, and supply chain disruptions—should remain under the regulatory framework or be mitigated through adjustment mechanisms.</p> <p>A stakeholder noted that the existing OEB regulatory framework already balances risk and returns effectively</p> <p>A stakeholder noted that if proponents are required to bear greater or more uncertain risks, stakeholders stressed that potential returns must appropriately reflect the heightened risk profile to sustain competition and support long-term TSF success.</p>	<p>The TSF design will include measures to control project development costs by leveraging the IESO's extensive contracting experience. A key feature will be a commercial agreement that incentivizes effective project delivery while holding proponents accountable to their original proposals. By contractually binding proponents to key parameters—such as cost, schedule, and Indigenous economic commitments—the TSF aims to strengthen oversight and project discipline.</p>
2. Reducing Bid Risk Premiums:	
Summary of Feedback	IESO Responses
<p>Some Stakeholders recommended a hybrid approach of using OEB's established framework for allocating risk and costs and utilizing the partial contracting model to bind proponents during the 10 years of COD+ for specific obligations, such as defining certain costs that must be capped, exclusions, or included in future OEB rate applications.</p> <p>Stakeholders' recommendations include:</p> <ul style="list-style-type: none"> • Establishing shared risk caps or limits to manage uncontrollable risks • Allowing flexibility for schedule delays where risks are outside proponents' control • Introducing milestone-based payments 	<p>The TSF's partial contracting model introduces binding commitments in key areas, including cost management, schedule adherence, and Indigenous participation, while continuing to leverage existing regulatory and cost-recovery processes. This balanced approach is designed to hold developers accountable to their proposals, providing greater cost certainty and stronger protection for ratepayers.</p> <p>The IESO will continue to engage and seek feedback on potential future refinements to the partial contracting, COD+, model</p>

<ul style="list-style-type: none"> • Early participation from the Building Ontario Fund or the Canadian Infrastructure Bank to reduce financing risk • Providing longer RFP lead times to enable thorough due diligence and reduces uncertainties 	and reasonable change management provisions aimed at reducing uncertainty and risk premiums.
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3. Evaluating Indigenous Participation within IEPP:

Summary of Feedback	IESO Responses
<p>Stakeholders generally supported the IEPP as a positive step. Some felt it should be a core component of the evaluation process, with higher scores awarded to proponents demonstrating strong Indigenous engagement experience. It was also suggested that IEPP commitments be binding, with clear enforcement mechanisms for non-compliance.</p> <p>Stakeholders emphasized that agreements should be tailored to reflect community-specific goals, whether through equity partnerships or other economic benefit arrangements.</p> <p>Additionally, some stakeholders highlighted barriers to meaningful engagement, citing challenges in accessing adequate capacity funding.</p>	<p>The IESO acknowledges stakeholder and Indigenous feedback in support of the IEPP. The IEPP is still under development, and this input will help inform the next steps in its design, including evaluation criteria, scoring methodology, and enforcement mechanisms.</p> <p>The IESO recognizes that Indigenous communities have varying capacities to engage meaningfully in the TSF process and that limited access to adequate capital funding can pose challenges to participation.</p> <p>As the TSF development advances, the IESO will continue to engage and seek feedback from Indigenous communities and stakeholders for opportunities to participate in meaningful ways.</p>

4. Cost Containment:

Summary of Feedback	IESO Responses
<p>Stakeholders expressed the need for a balanced approach to cost containment evaluation, suggesting that certain parameters be clearly defined while allowing flexibility in others to encourage innovation.</p> <p>Some stakeholders also recommended expanding the evaluation criteria to include broader benefits such as economic growth, grid security, and support for Canadian and Indigenous suppliers.</p>	<p>The IESO remains open to stakeholder input and suggestions on cost containment mechanisms and evaluation categories to maintain a balanced and practical approach. As the cost containment framework is still under development, the IESO recognizes that any proposed measures must be reasonably enforceable and aligned with TSF objectives.</p>

5. Schedule & Development Risks:

Summary of Feedback	IESO Responses
<p>Some stakeholders requested clarification on the procurement timeline, specifically regarding the anticipated launch date of the RFP.</p> <p>Overall, stakeholders felt the proposed milestones and timeline were reasonable. However, several stakeholders recommended extending the proposal</p>	<p>The IESO acknowledges that new transmission projects may have an impact on First Nation and Métis community rights and interests and remains supportive of ensuring the TSF design reflects the need for proponents to undertake early and</p>

<p>window due to the time required to prepare the IEPP and address the complexities of the partial contracting model. Developing an IEPP requires sufficient time to properly identify and engage with impacted Indigenous communities and establish meaningful partnerships. Additionally, the partial contracting approach is new and may introduce complexities that require additional preparation time for proponents.</p> <p>Stakeholders expressed a preference for the early release of final contract terms and the identification of impacted Indigenous communities. Alternatively, extending the bid submission period to help mitigate these challenges.</p>	<p>frequent engagement with potentially impacted communities.</p> <p>The IESO will work with stakeholders to ensure that expectations for the IEPP can reasonably be met within the procurement window.</p> <p>The TSF contract will include reporting and performance monitoring requirements, such as key project milestones, schedule adherence metrics, and project status updates. The IESO is currently developing these requirements and will seek stakeholder input through a future engagement session.</p>
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Transmitter Selection Framework (TSF) Engagement Session – Oct 15, 2025

1. Project Scope and Technical Parameters	
Summary of Feedback	IESO Responses
<p>Stakeholders are asking for clarity and details early in the process. Specifically, stakeholders want details on the technical specifications and functional obligations to support earlier development and accurate bid pricing.</p>	<p>The IESO acknowledges stakeholder feedback on the importance of clear and transparent technical and functional obligations to support bid certainty.</p> <p>As the TSF continues to be developed, IESO is considering the timing and level of details which can be communicated early to provide clarity on system requirements while maintaining flexibility to accommodate project-specific needs.</p>
2. COD+ Model	
Summary of Feedback	IESO Responses
<p>Stakeholders expressed concern that payment structures tied primarily to COD, combined with potential uncontrollable risk(s) will contribute to higher bid premiums. Furthermore, COD-only payment structure creates financing challenges for large and complex projects due to long construction timelines, high upfront capital requirements, and limited early cash flow.</p> <p>Stakeholders are suggesting limited pre-COD recovery or indexed ARRs, milestone-based payments, and the inclusion of early milestones to demonstrate progress and support liquidity.</p>	<p>The IESO recognizes stakeholder feedback regarding the financing and cash-flow challenges associated with long-duration transmission projects. TSF is being developed in alignment with transmission commercial models used in competitive procurements across North America. While the IESO acknowledges that bidders will factor financing considerations into their proposals the current framework does not contemplate pre-COD revenue requirement payments.</p>

<p>They also highlighted the complexity of the ten-year ARR model for lenders and Indigenous equity participants, and are seeking clarity on cost adjustments, transition to OEB regulation, and long-term revenue treatment.</p>	
<h3>3. Contractual Adjustments</h3>	
<p>Summary of Feedback</p> <p>Stakeholders are asking for clearer and more transparent treatment of inflation, change-in-law provisions, and contingency to ensure cost certainty and fair participation. In particular, they recommend clearly defined inflation indices for labor, steel, transformers, and other major cost drivers, noting that a significant portion of O&M costs is inflation sensitive.</p> <p>They suggested that inflation adjustments be applied selectively—allowing escalation for O&M while keeping capex and financing largely fixed—and aligned with established OEB frameworks.</p> <p>Stakeholders also recommended providing a model term sheet to promote consistent financial modeling across bids.</p>	<p>IESO Responses</p> <p>As part of the ongoing development of the TSF, the IESO will continue to engage on the proposed commercial framework and the high-level terms and conditions intended to support its implementation. Future engagements will address, at a high level, the treatment of inflationary adjustments, including potential categories of costs that may be subject to escalation and the general indices to be applied.</p> <p>Future engagements will also outline, in principle, the circumstances under which cost adjustments or recoveries may be considered and distinguish between controllable and uncontrollable risks, while protecting rate payer value.</p>
<h3>4. Post-IESO Contract Transition</h3>	
<p>Summary of Feedback</p> <p>Stakeholders expressed concern that a hard cap on revenue requirements after Year 11 could introduce uncertainty, increase financing risk, and lead to suboptimal investment decisions. They are recommending a more gradual transition from contractual ARR to regulated rates, supported by early coordination between the IESO and the OEB.</p> <p>Stakeholders suggested that longer contract terms prior to regulatory transition (e.g., 25 years for long-lived assets) could improve revenue certainty and reduce bid risk.</p>	<p>IESO Responses</p> <p>The IESO recognizes stakeholder feedback around the transition from ARR to rate regulation. As the TSF continues to develop, the IESO will consider input on approaches that support a gradual transition at the conclusion of the IESO held contract.</p>
<h3>5. Indigenous Economic Participation Plan (IEPP) and Reporting</h3>	
<p>Summary of Feedback</p> <p>Stakeholders emphasized the importance of supporting Indigenous participation by clearly defining eligible IEPP costs and their recovery treatment within ARR. They are seeking greater clarity on expectations for equity or economic participation while maintaining flexibility to reflect individual community preferences.</p> <p>Stakeholders also highlighted the value of early engagement—well in advance of RFP issuance—to</p>	<p>IESO Responses</p> <p>Indigenous participation remains a core consideration in the development of the TSF.</p> <p>The IESO is designing the TSF to support early engagement, clear expectations, and flexible participation structures that reflect community capacity and interests.</p>

<p>support meaningful partnerships and ensure projects are not disadvantaged when Indigenous communities choose alternatives to direct equity participation.</p>	<p>The IESO will continue to engage with Indigenous communities and stakeholders to refine participation approaches that are meaningful, flexible, and responsive to community needs.</p>
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