Feedback Form

Toronto Third Line – April 9, 2025

Feedback Provided by:

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To promote transparency, feedback submitted will be posted on the Toronto Third Line engagement page unless otherwise requested by the sender.

- ☐ **Yes – there is confidential information, do not post**
- x☐ **No – comfortable to publish to the IESO web page**

Following the Toronto Third Line April 9, 2026, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation and recording can be accessed from the Toronto Third Line engagement webpage.

Note: The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials please indicate if they are confidential.

Please submit feedback to engagement@ieso.ca **by April 23, 2026.**

Question

How should the IESO structure its experience requirements for HVDC, underwater and Indigenous engagement/consultation experience? How should the IESO define a qualifying project?

Response: The IESO should adopt experience requirements that reflect the realities of the global submarine cable industry rather than those derived from overland transmission development. The TTL is acknowledged by the IESO as a "first-of-its-kind" project for Ontario, and the skills required to deliver a submarine cable project are fundamentally different from conventional transmission.

The submarine cable supply chain is highly specialized and globally concentrated as cable manufacturers are almost exclusively based in Europe and Asia, and installation vessels, marine survey firms, and experienced project management consultants are similarly few in number and primarily located outside North America. Understanding how to navigate supply chain components such as cable manufacturing lead times, vessel scheduling, weather windows, and marine logistics, is essential to delivering the TTL, and is knowledge not acquired through overland transmission experience. Every submarine cable project is unique, shaped by local conditions, environmental sensitivities, landing site constraints, marine and shore-end permitting, weather/ice conditions, and available installation resources. Requiring "transmitter" experience risks excluding parties with directly relevant submarine cable expertise while qualifying parties that have never undertaken such a project.

Qualifying Project should be defined broadly to include any underwater linear infrastructure project, such as telecommunications cables, power cables, and pipelines, and not be limited to HVDC transmission. The IESO states that "broader forms of experience could also be considered to demonstrate the capabilities required to successfully deliver the TTL project." The critical competencies (marine route engineering, geotechnical/geophysical survey, cable procurement, marine installation, environmental assessment) are common across submarine cable types. An example of this is when making route determinations in Lake Ontario where a shorter, more direct route on the 'shelf' would be compared to a longer route off the shelf in deeper water. Submarine cable project experience is required to understand the risks, benefits and tradeoffs when faced with basic but fundamental considerations.

Unnecessarily stringent thresholds will needlessly shrink the qualified pool of respondents, without improving outcomes. Given the complexity of submarine cable development, the quality of a proponent's RFP response will itself serve as a highly effective qualification mechanism; a party lacking relevant expertise will be unable to produce a credible proposal. Rated criteria by awarding higher scores for more directly applicable experience while permitting broader participation are strongly supported.

Question

What feedback do you have on the proposed division of costs between those that should be eligible for risk-sharing and those that should be ineligible?

Response: Construction being classified as ineligible for risk-sharing should be reconsidered. Construction is one of the largest capital cost components of a submarine cable project, and its cost can vary tremendously from bid stage to completion.

This variability is acute because:

(a) Geotechnical and geophysical surveys will not be completed at time of bid. These surveys fundamentally determine cable route design, route length, burial methodology, and protection requirements. Until completed, construction cost estimates are inherently preliminary.

(b) Marine construction costs are driven by site-specific and external factors, like seabed geology, weather windows in Lake Ontario, vessel availability, fuel costs, and specialized equipment access. Many of these which are beyond the Transmitter's control and cannot be accurately priced years in advance.

The majority of non-controllable risk in the TTL project resides within the Construction budget. Having proponents absorb this risk entirely will result in significant contingency pricing, resulting in higher bids. Making Construction eligible for risk-sharing (ex. Target Price with cost-sharing) would result in materially more competitive bids while maintaining shared incentives.

Conversely, submarine cable and many materials costs, apart from underlying commodity prices, can often be substantially fixed at the outset through manufacturing contracts, even years before installation. The IESO should consider whether cable/materials costs (excluding commodity fluctuations) might more appropriately be classified as ineligible for risk-sharing, while Construction should be eligible.

Question

Are all major activities appropriately captured and is the level of detail sufficient? Should any categories be further subdivided – for example, should 'Construction' be broken out into site remediation, cable placement, and other specific activities?

Response: Construction for a submarine cable project comprises many distinct activities: route clearance, pre-lay grapnel, HDD at cable landings, cable laying, burial and protection, jointing, converter station civil works, and site remediation.

However, given the various execution methods, range of resources, and different viable technical approaches, retaining Construction as a single broad Capital Cost Component is the most practical approach and allows for a more apples to apples comparison of bid responses. Dividing Construction into overly granular categories would create unnecessary complexity in bid preparation and contract administration. Different proponents may structure their construction contracts differently, some through turnkey marine EPC and others through a disaggregated procurement model.

The IESO's proposed level of Capital Cost Component detail is broadly sufficient. The priority should be ensuring that risk-sharing mechanisms applied to Construction are appropriately designed, rather than attempting to manage variability through excessive subdivision.

Question

What feedback do you have on the proposed cost-containment and risk-sharing mechanisms? Are there additional mechanisms we should consider? Which mechanisms should apply to which Capital Cost Components?

An additional mechanism the IESO could consider is a commodity/raw material and fuel price index adjustment. Certain cost elements are entirely beyond any party's control and are easily definable and quantifiable:

(a) Raw material commodity prices (ex. Copper, steel) traded on exchanges and that are subject to significant change over multi-year timelines.

(b) Fuel prices as marine vessel operations are fuel-intensive, and fuel costs are subject to global market fluctuations.

The variance in these components versus original bid assumptions could serve as a transparent risk-sharing mechanism. Adjusting the Proposed Total Capital Cost to reflect changes in specified commodities price would eliminate the need for excessive contingency due to commodity prices in bids, resulting in more competitive pricing. This approach is often used in international submarine cable contracts.

Question

Does the draft high-level term sheet capture the key commercial terms and concepts to enable your organization/community to have a high-level understanding of the structure of the TTL procurement contract?

General Comments/Feedback

TSF Registry qualification requirements risk excluding the most relevant expertise. The requirement to demonstrate Organizational Experience through qualifying project ownership, combined with additional financial thresholds for non-Existing Ontario Transmitters, is poorly designed for a submarine cable project. The global submarine cable industry operates with few specialized developers, most of whom are not Ontario-licensed transmitters. These requirements risk qualifying parties with no submarine cable experience while excluding those with extensive, directly relevant expertise.

Submarine fibre optic and power cable development share substantially overlapping skill sets, supply chains and methodologies. The core competencies of marine route engineering, survey management, environmental assessment, marine permitting, HDD, installation oversight, and burial are common to both. The proposed broadening of Qualifying Project types to include "Underwater Linear Infrastructure" is strongly supported and should not be restricted to power-only projects.

The global supply chain must be reflected in procurement design. Manufacturers, installers, and specialist consultants are overwhelmingly based in Europe and Asia. The framework should not disadvantage proponents whose experience and supply chain relationships are international in nature.

The procurement timeline must reflect industry lead times. HVDC cable manufacturing capacity must be scheduled years into the future, installation vessels must be booked years in advance, and Lake

Ontario's weather window constrain survey and installation works. The 2037 in-service date is achievable but requires an efficient procurement process and a Transmitter with the industry relationships to secure capacity promptly.