

Feedback Form

Toronto Third Line – April 9, 2026

Feedback Provided by:

Name: Adam Butterfield

Title: Practice Lead – Energy Infrastructure, Canada

Organization: Mott MacDonald

Email: [REDACTED]

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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**
- 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?

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?

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?

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?

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

Further to the comments we provided during the April 9 webinar, we offer the following additional high-level observations and suggestions on the draft term sheet.

Not enough project details to develop a biddable project cost. As currently proposed, the IESO is intending to select a preferred proponent, with a project cost envelope, much earlier in the project development lifecycle than any other infrastructure project we are aware of, including other IESO procurements. This is illustrated on page 4. Different bidders would likely have to make very different costing assumptions, and hence bid prices won't be apples to apples. Financiers would also likely be hesitant to finance a project with costs based mostly on assumptions.

- To mitigate this issue, the IESO would need to develop the project design to at least 10-30% so that major components such as converter station locations, approximate cable landfall locations, and underwater cable route, depths and length are known. The IESO would also

need to identify major construction constraints, such as seasonality requirements required by environmental regulators/communities and encumbrances along the route.

A more flexible approach to cost changes between bid and final design should be considered. If the project design is not developed to 10-30% before bidding, considerable project cost changes should be expected between bidding and final design. As such a more flexible capital cost adjustment approach than a simple index adjustment factor would be needed. Even the OEB's leave to construct → initial rate application process allows for additional project costs to be included in the annual revenue requirement if the transmitter can evidence that the additional costs were unforeseen at the time the leave to construct cost envelope was developed, and are reasonably incurred.

A Progressive contract model may be more appropriate. Many linear infrastructure projects have moved away from a fixed price approach (or fixed price with market escalation approach), because the fixed price approach led to inflexible project designs and disputes between contracting parties. The IESO should consider a progressive contracting approach, which major asset owners, including Infrastructure Ontario, are increasingly using. As Infrastructure Ontario describes, "[a] 'Progressive' procurement strategy fosters collaboration between the owner and its contracting partner. Before entering a final fixed-price (Progressive P3s) or target price (Progressive Design-Build) contract, both sides work together to define the project requirements, design, pricing and risk through a Development Phase that commences following the selection of the partner via a competitive procurement process." (Source: <https://www.infrastructureontario.ca/en/what-we-do/capital-delivery/model-selection/>).

More IESO/OEB commitments/assurances needed. As this would be the first time, to our knowledge, that an IESO contract would become an OEB rate regulated facility, bidders will likely need written commitments from both the IESO and the OEB regarding how the transfer would be undertaken, including assurances that the OEB would automatically approve the ARR1 following the initial rate application, and committed timelines between the rate application and when the first AAR payment would be received.

Milestone payments before commercial operation would help lower the overall project costs to ratepayers and would likely make the project more attractive to a wider array of financiers.

Not a commercial contract? The draft term sheet does not appear to be a contract as there is no commercial consideration. The IESO would need to provide at least a nominal payment to the transmitter to ensure the contract is binding.

IESO should provide examples of what it views as possible Capital Costs, Non-Capital Costs and Additional Sources of Funding. For example, would a community investment payment made prior to operation be a Capital Cost or Non-Capital Cost? Would funds provided by a possible First Nation government partner be considered an Additional Source of Funding?

The IEPP concept generally appears sound and should continue to be developed with input from Indigenous communities and stakeholders. However, the IESO should allow for project milestone flexibility as a result of activities in furtherance of the IEPP after contract award, which may not have been identified in the bid-stage IEPP.

At what phase are major contracts executed for infrastructure projects:

Need Identification	Development <ul style="list-style-type: none"> • Site/route identification • Early land access rights • Concept design (10%) • Class 5 cost estimate 	Preliminary Design/Permitting <ul style="list-style-type: none"> • Environmental assessment • Community/stakeholder engagement • Prelim design (30%); major equipment identified • Class 3-4 cost estimate • Secure interconnection (CIA/SIA) 	Detail Design/Long-Lead Equipment <ul style="list-style-type: none"> • Secure entire route/site • Interconnection cost agreements • Select contractor • Purchase long-lead equipment • Detail design (60%→90%→Issued for Construction) • Class 1-2 cost estimate 	Construction <ul style="list-style-type: none"> • Contractor mobilization and construction • Contractor purchases remaining equipment 	Operation
<p style="text-align: center;">Toronto third line</p>	<p style="text-align: center;">IESO generation and storage contracts</p>		<p style="text-align: center;">OEB Tx leave to construct</p>	<p style="text-align: center;">MTO highway DB projects (e.g., Hwy 413)</p>	
		<p style="text-align: center;">Ontario Line subway PDB</p>			
		<p style="text-align: center;">Pearson Airport LIFT PDBs</p>			