

Feedback Form

Toronto Third Line – April 9, 2025

Feedback Provided by:

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Date: April 23, 2026

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?

The PWU continues to hold the view that the TTL is not an appropriate project for competitive procurement. However, if the IESO proceeds with competitive procurement, the experience requirements must be structured to ensure that only proponents with demonstrably relevant, integrated capabilities – and the ability to deliver strong Ontario and Canadian economic participation – are eligible.

For complex transmission projects such as the TTL, specialized equipment and technology expertise (including HVDC and VSC systems) are typically procured from global suppliers, whereas system integration, delivery accountability, and long-term operation must reside with the proponent.

Corporate vs. team experience

Core experience should be demonstrated at the proponent (lead entity) level, not solely through designated team members or contractors. While partnerships may supplement specific technical capabilities, the lead proponent must demonstrate direct, accountable experience in developing, constructing, and operating major transmission infrastructure.

Given the importance of delivering economic benefits to Ontario, the proponent should also demonstrate a **track record of procuring goods and services and employing labour within Ontario and Canada**, particularly for large infrastructure projects.

HVDC and underwater experience

The PWU supports requiring HVDC experience, recognizing that the TTL will involve modern HVDC technology, including voltage-source converter (VSC) systems.

- Specialized HVDC expertise, including VSC technology, is typically provided by global equipment suppliers and may be demonstrated through contractors or partners.
- However, the proponent should demonstrate direct experience with cable-based transmission infrastructure (underground and/or underwater) and the delivery of complex transmission projects.

Rated criteria should favour:

- Experience with submarine or underground cable systems
- Demonstrated ability to structure and manage supply chains for complex transmission projects
- HVDC project experience (including VSC technology), whether held directly or through contractors or committed project partners
- Demonstrated ability to structure supply chains that maximize Ontario and Canadian participation.

Indigenous engagement and consultation

The PWU supports the inclusion of Indigenous engagement and consultation experience as a core requirement. This experience should:

- Be demonstrated by the proponent itself, not solely through external consultants
- Reflect direct, project-level engagement in Canada, including rights-based consultation within Treaty and traditional territories

Rated criteria should recognize:

- Equity participation and other demonstrated long-term economic partnership models
- Commitments to Indigenous procurement, training, and employment.

Additional recommendation – Buy Ontario alignment

The PWU recommends that the IESO explicitly incorporate:

- A **Buy Ontario Plan** (similar to the Indigenous Participation Plan)
- Requirements for proponents to demonstrate how they will maximize:
 - Ontario labour
 - Canadian and Ontario goods and services.

This should be both:

- a rated evaluation criterion, and
- a contractual commitment with accountability mechanisms.

Additional Recommendation – Ontario and system integration experience

Given that the TTL will be integrated into an existing, highly complex transmission system, the IESO should include mandatory criteria that recognize:

- Experience operating within the Ontario IESO-controlled grid or comparable **large interconnected transmission system**
- Demonstrated capability in **system integration, outage coordination, protection systems, and real-time operations.**

Given the TTL's integration into an existing dense urban network, system familiarity is a core delivery risk – and should be treated as such in the qualification framework.

In addition, proponents should demonstrate:

- The ability to **deliver projects within Ontario's regulatory, labour, and supply chain environment**, including familiarity with local permitting, labour markets, and procurement practices

This is both a technical and economic risk consideration. In this context, the IESO's experience requirements should prioritize capabilities that cannot be readily contracted, particularly system integration, operational accountability, and delivery within a complex transmission environment.

Definition of a Qualifying Project

The definition of a “Qualifying Project” should be narrowed to ensure relevance. In particular:

- Qualifying projects should be electricity transmission or closely analogous high-voltage energy infrastructure projects
- Projects such as pipelines or telecommunications infrastructure should not be considered equivalent unless they include comparable regulatory, environmental, and system integration complexity.

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?

The PWU generally supports the IESO’s distinction between predictable and controllable costs (ineligible for risk-sharing) and uncertain, externally driven costs (eligible for risk-sharing). However, the allocation presented on Slide 36 should be refined to more accurately reflect risk management and the objective of maximizing Ontario and Canadian economic participation.

Costs generally ineligible for risk-sharing should include the items on the IESO list, but also Project Management and Overhead (currently on the costs eligible for risk-sharing). The PWU believes that the Proponent should assume the risk for its own project management and overhead.

Each of these components (costs ineligible for risk-sharing) should include clear expectations regarding Ontario labour and procurement, including:

- Use of skilled Ontario labour (including union labour)
- Procurement from Ontario and Canadian suppliers wherever feasible.

Costs eligible for risk-sharing should include the items on the IESO list, except for Project Management and Overhead (which should be in costs ineligible for risk-sharing) and several other items, specified below. The PWU suggests that the IESO refine the list as follows:

- HVDC equipment and converter stations (global supply chain risk)
- Submarine cable supply and installation (explicit addition)
- Permitting, environmental approvals, and Indigenous consultation outcomes
- Interface and integration costs involving multiple parties (**explicit and important addition**).

The allocation of risk should also recognize that certain risks – particularly those related to system integration and interface management – are not fully controllable by a new entrant and depend on deep familiarity with the existing transmission system.

Where possible, risk-sharing frameworks should:

- Encourage early commitment to Canadian and Ontario suppliers

- Recognize the potential cost implications of domestic procurement, while ensuring these are transparently evaluated.

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?

The PWU agrees that the proposed cost categories are broadly appropriate but recommends further disaggregation, particularly within "Construction," to support both risk allocation and transparency in procurement commitments.

The "Construction" category should be subdivided into:

- Marine works (cable laying, trenching, protection)
- Converter station construction
- Onshore civil works and cable installation
- System integration and protection works.

The level of disaggregation is particularly important for distinguishing between components that can be competitively procured (e.g. equipment supply and marine installation) and those that require integrated system delivery and coordination.

In addition, the IESO should consider requiring:

- cost and sourcing transparency by category, including identification of:
 - Ontario labour content
 - Canadian/Ontario procurement.

This would provide three benefits:

- improve comparability of bids
- support evaluation of Buy Ontario commitments
- enhance accountability post-award.

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?

The PWU supports a hybrid approach using ceiling pricing and target pricing, but emphasizes that these mechanisms should be designed to support both cost discipline and domestic economic outcomes.

Recommended application:

Cost Type	Mechanism
Predictable costs	Ceiling pricing
Semi-uncertain costs	Target pricing with cost-sharing
High uncertainty (HVDC, marine)	Enhanced risk-sharing
External risks	Cost relief mechanisms

Key considerations

- Overly rigid cost caps may discourage investment in Ontario labour and sourcing from Canadian suppliers. They may also create incentives for overly aggressive bidding, which can affect quality, deliverability, and increase the likelihood of cost escalation, schedule delays, and post-award disputes.
- Risk-sharing mechanisms should allow proponents to incorporate domestic procurement strategies without being penalized for reasonable cost differences,
- Risk-sharing mechanisms should also reflect the distinction between risks that can be transferred through procurement (e.g., equipment and installation) and those that remain inherently with the proponent, particularly system integration and operational risks.

Additional mechanisms

The PWU recommends:

- Supply-chain incentives tied to:
 - Ontario labour participation
 - Canadian/Ontario procurement levels.
- Conversely, liquidated damages for failure to meet commitments for Canadian/Ontario procurement (for goods and services/labour).
- Clear cost-relief triggers for:
 - supply chain disruptions
 - material or unforeseeable regulatory, permitting or Indigenous consultation delays
 - changes in law or governmental actions, including those affecting trade, tariffs or cross-border supply chains; these mechanisms are particularly important in the current environment of global supply chain volatility and policy uncertainty.

Cost relief should not apply to risks that are reasonably foreseeable at the time of bid submission, including standard permitting timelines and expected consultation processes, which should be reflected in proponents' bids.

The additional mechanisms described above should be defined clearly in the contract.

See current Draft Long Lead-Time RFP presentations and contracts for discussion of Domestic Supply Chain Incentives (and Schedules), as well as Liquidated Damages. [The PWU feedback of April 20, 2026 for the March 28 LLT RFP webinar](#) contains a more complete outline of our position on Domestic Supply Chain Incentives and Liquidated Damages for the LLT RFP. Some of these principles can be adapted to structure effective Domestic Supply Chain Incentives and Liquidated Damages for the TTL RFP.

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?

The draft term sheet provides a useful framework, but should be strengthened to:

- Address interface and system integration
- Explicitly reflect the government's economic and industrial policy objectives (particularly those of the Buy Ontario Act).

1. Interface and system integration (major missing piece)

As noted previously, the term sheet should more explicitly address:

- coordination with the incumbent transmitter
- outage planning
- system integration responsibilities, including protection integration.

This is a **critical gap in the Draft Term Sheet** that should be addressed explicitly, as these functions cannot be effectively transferred through procurement and must be anchored in the entity responsible for building and operating the TTL.

2. Buy Ontario alignment (key addition to Draft Term Sheet)

The PWU recommends that the procurement contract explicitly incorporate a **Buy Ontario Plan**, similar in structure to the IEPP. The Plan should define requirements for proponents to:

- maximize Ontario labour (including skilled union labour)

- prioritize Canadian and Ontario goods and services.

The Plan should include:

- clear commitments at bid stage
- reporting requirements
- accountability mechanisms post-award.

3. Cost and risk clarity

Greater clarity is required on cost-sharing mechanisms and eligibility for cost adjustments.

These should be structured in a way that:

- supports domestic procurement
- avoids penalizing proponents for sourcing within Ontario and Canada.

Greater specificity is needed on which components are which components are adjustable and how sharing ratios are set.

4. Milestones and incentives

Milestones are appropriate, but should incorporate incentives linked to:

- schedule
- cost
- delivery of Ontario economic benefits.

5. Transition to rate regulation

The transition from the IESO procurement contract to the Ontario Energy Board (OEB) rate-regulated framework should be clearly defined to ensure continuity of accountability. In particular, the contract should:

- clearly delineate which risks are to be managed within the procurement contract versus the OEB regulatory process; and
- ensure that routine and foreseeable regulatory processes, including OEB reviews and decisions, do not constitute grounds for cost relief, delay claims, or contractual disputes.

At the same time, proponents should retain their standard rights within the OEB process. The objective should be to ensure alignment between the procurement contract and the regulatory framework, and to minimize the risk of duplication, inconsistency, or strategic behaviour across the two regimes.

General Comments/Feedback

Overall, the procurement framework should be structured to ensure that while specialized capabilities can be sourced competitively, ultimate responsibility for **system integration, delivery, and long-term operation rests with a proponent that has demonstrated experience in those areas.**

The procurement framework should also explicitly reflect the government's economic and industrial policy objectives (particularly those of the Buy Ontario Act). To that end, Proponents should be required to submit a **Buy Ontario Plan** (similar to the Indigenous Participation Plan). The RFP should include:

- Requirements for proponents to demonstrate how they will maximize:
 - Ontario labour (including skilled union labour)
 - Canadian and Ontario goods and services
- Supply chain incentives tied to:
 - Ontario labour participation
 - Canadian/Ontario procurement levels.
- Liquidated damages for failure to meet commitments for Canadian/Ontario procurement (for goods and services/labour).