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Competitive Transmission Procurement: Toronto Third Line Procurement & Indigenous Engagement and Participation Plans

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Territory Acknowledgement

The IESO acknowledges the land we are delivering today's webinar from is the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit First Nation.

As we have attendees from across Ontario, the IESO would also like to acknowledge all of the traditional territories across the province, which includes those of the Algonquin, Anishnawbe, Cree, Oji-Cree, Huron-Wendat, Haudenosaunee and Métis peoples.

Agenda

1. Competitive Transmission Procurement & Transmitter Selection Framework
2. Closing Out TSF Feedback: Summary and Responses
3. Project Announcement: Toronto Third Line Procurement
 - TSF Registry
 - Eligibility & Experience
 - Technical Overview & Technical Specifications Development Roadmap
 - Commercial Framework Overview
 - Indigenous Engagement & Participation Plan (IEPP)
4. Procurement & Engagement Timelines for Toronto Third Line
5. Next Steps

Purpose

- Following the Minister's announcement on January 7, 2026, the IESO has been asked to competitively procure a transmitter to develop, construct, and operate the Toronto Third Line (TTL) underwater HVDC project
- Due to the unique characteristics of this project, the procurement approach for this project will need to be customized, but the IESO will leverage certain Transmitter Selection Framework (TSF) design elements that have been previously discussed
- This presentation will also be focused on providing indigenous communities and stakeholders with details on the high-level design and engagement plan for the TTL procurement
- Findings and lessons learned from the TTL procurement will be used for future TSF transmission procurements

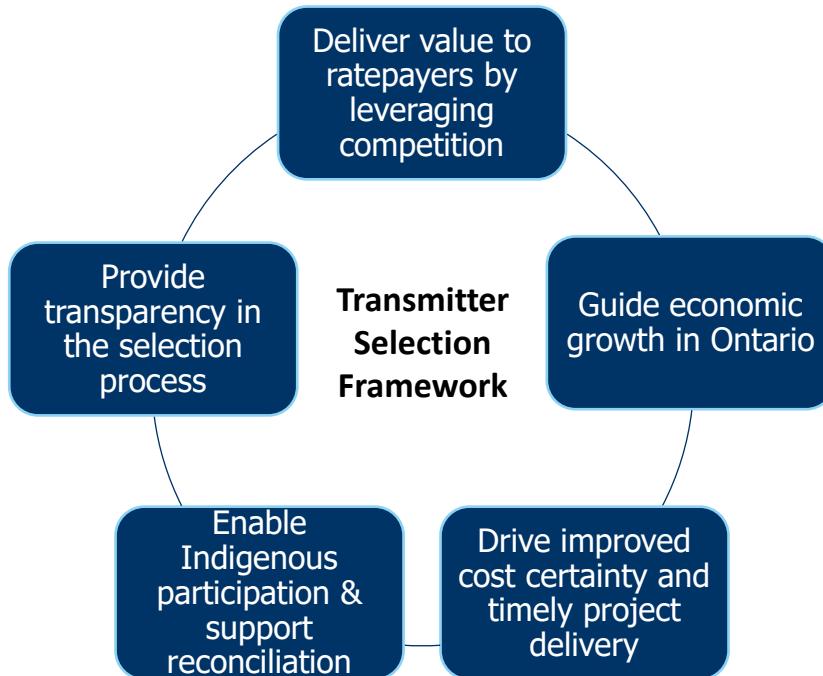
Purpose

- The IESO will provide an update and engage with Indigenous communities and stakeholders on the TSF design elements that will be leveraged for the TTL Procurement, including:
 - The TSF-Registry
 - The use of an IESO procurement contract
 - Indigenous Engagement and Participation Plan (IEPP)
- The IESO will also be highlighting an alternative commercial model for the TTL procurement – that will lean more heavily on OEB rate regulation vs. a longer contracting approach, as well as the rationale behind the change

Competitive Procurements & the Transmitter Selection Framework

Competitive Transmission & the Transmitter Selection Framework (TSF)

- The IESO has been engaging with Indigenous communities and stakeholders on the TSF design for over two years with the goal of procuring eligible transmission projects
- Some TSF design elements align more closely with conventional overland transmission projects, but the TTL project's unique requirements calls for a modified procurement strategy that will continue leverage our work on TSF to date
- The overarching objectives the TTL procurement and TSF remain unchanged and are summarized on this slide



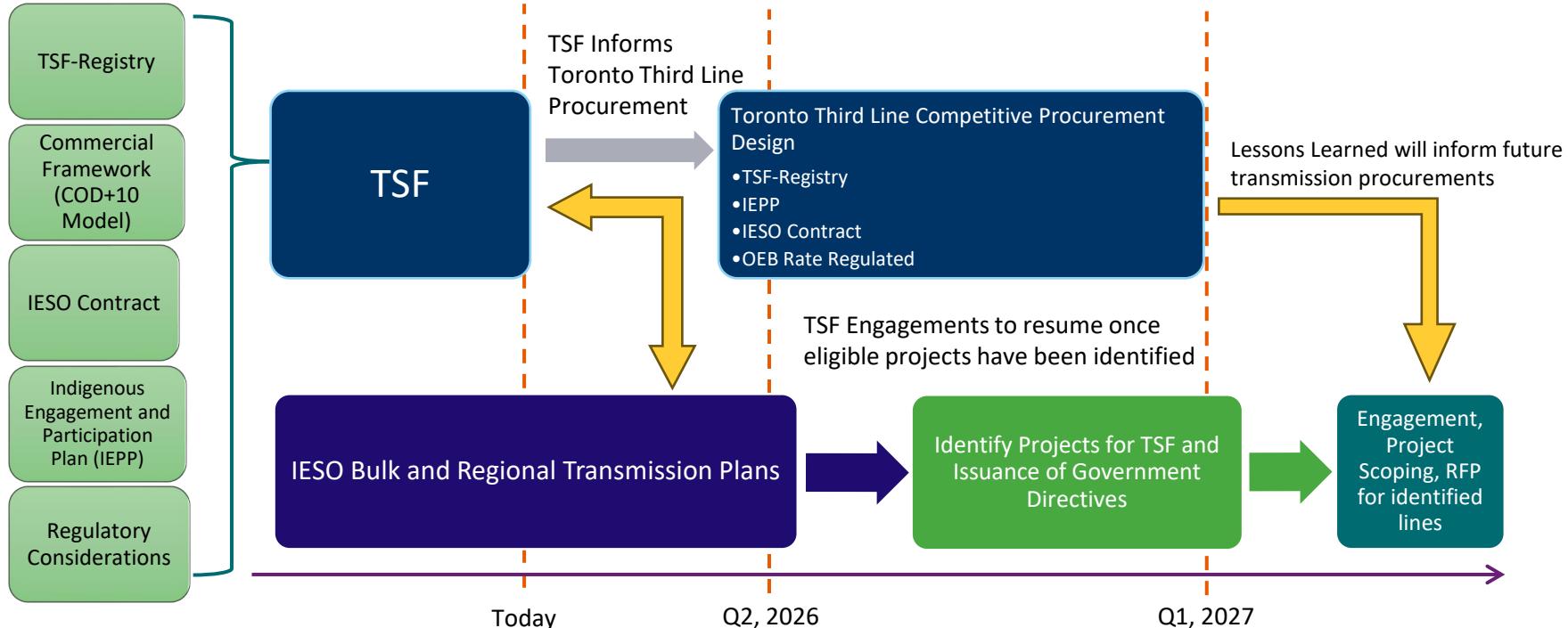
TSF Design Elements that Can Be Used Across Transmission Procurements

While the specific details of the commercial approach will be considered on a project-by-project basis, the IESO is proposing that many of the core TSF elements will provide consistency throughout the procurements, including TTL, founded on:

- An IESO-led procurement process based on transparency and engagement
- Incentivizing Indigenous participation by requiring proponents to submit IEPPs
- The use of competition to drive value for ratepayers
- The implementation of an IESO contract to provide some cost certainty and incentivize schedule adherence (though the terms of the contract may vary depending on the specific project)
- Collaboration with the OEB
- A TSF-Registry to establish a pool of transmitters that may participate in procurements

Integrating TSF Design Elements into Procurements

TSF Design Elements





Closing Out TSF Feedback: Summary & Response from the October Engagement Session

Feedback: General Themes

Clarity and Bid Comparability

Clarify risk allocation; proponents should bear only controllable risks

Indigenous Participation

Flexibility is needed to reflect varying community capacity, and preferences

Cost Adjustments

Transparent mechanisms to address scope changes and unforeseen or uncontrollable costs

Schedule and Delivery Milestones

Defining key development and construction milestones to improve schedule certainty and accountability

Financing Risk

Feasibility and cost of securing financing

Performance Metrics

Transparency on how performance will be measured and enforced

Feedback: IESO Response

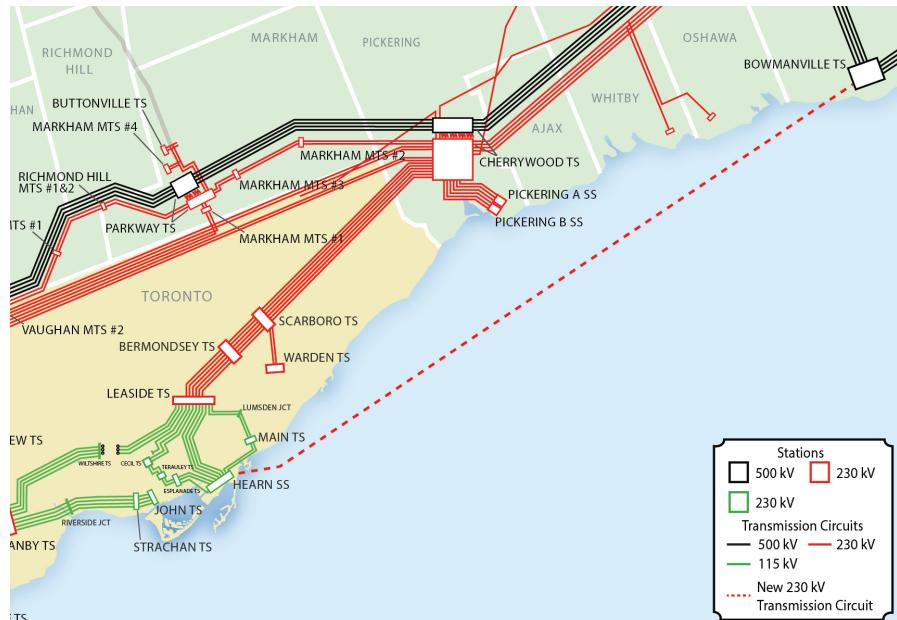
The IESO has posted a feedback response addressing input from the October engagement.

Themes	Response
Clarity and Bid Comparability	The IESO will engage and develop commercial models reflective of individual projects needs by tailored functional, technical, operational, and commercial requirements to improve clarity and bid comparability
Indigenous Participation	The IESO is designing the TSF to support early engagement, set clear expectations, and enable flexible participation structures that reflect community capacity and interests. Ongoing discussions with Indigenous partners and financing institutions are informing these approaches
Cost Adjustments	The framework is being developed to more clearly distinguish between risks that are within the control of the transmitter and costs that are outside the control of the transmitter. We are seeking input on potential appropriate cost adjustment mechanisms to reduce unnecessary risk premiums while protecting ratepayer value
Schedule and Delivery Milestones	Procurement designs will provide clear milestones and definitions
Financing Risk	The IESO is exploring approaches to reduce financing risk during development including clearer timing of financial commitments and Indigenous equity support products
Performance Metrics	Future procurements will seek to clearly define performance expectations, availability metrics, and measurement approaches, informed by stakeholder feedback and system reliability objectives

Project Announcement: Toronto Third Line Procurement

Toronto Third Line (TTL) Background

- IESO's Integrated Regional Resource Plan (IRRP) identified a need to reinforce electricity supply into the city of Toronto to meet growing demand driven by urban and economic development and electrification
- On January 7, 2026, the government announced it is consulting on the development of an underwater HVDC transmission line from Bowmanville SS to Hearn SS, including HVDC injection point at Hearn SS, known as the "Toronto Third Line" (TTL), as recommended by the IESO



Map for illustrative purposes only; route/siting are subject to transmitter-led development work and regulatory approvals

Toronto Third Line for Competitive Procurement

Unlike conventional overhead transmission lines, the TTL presents unique technical, logistical, and delivery complexities, including first-of-a-kind (for Ontario) underwater and HVDC considerations

- Although this is a new type of project for Ontario, projects with similar elements have been built in Canada (Nova Scotia, Newfoundland & Labrador, PEI & Quebec) as well as more broadly in North America and Europe

Conducting a competitive procurement for this project offers several strategic advantages, including:

- Enabling participation from experienced HVDC and submarine transmission developers;
- Leveraging competition to promote cost effectiveness and value for ratepayers; and
- Providing contractual mechanisms to hold proponents accountable to their proposals, including some project costs, schedule commitments, and Indigenous participation commitments

The IESO intends to apply procurement design concepts informed by engagement conducted over the past two years as well as adopt a commercial framework that is better suited to the project's unique characteristics

Toronto Third Line for Competitive Procurement

- The Ministry of Energy and Mines has posted a notice on the [Environmental Registry of Ontario \(ERO\)](#) for a 45-day comment period from January 7, 2026, to February 21, 2026, regarding a proposal for the IESO to conduct a competitive procurement process with transmitters to develop and construct the TTL project
- To be eligible to participate in the TTL procurement, proponents must be registered on the TSF Registry
- The Ministry is proposing that proponents must demonstrate experience in developing, constructing, operating and mitigating environmental impacts of underwater transmission projects, and must demonstrate a proven track record of engaging and working with Indigenous communities in Canada
- The Ministry is also proposing that TTL will be subject to rate regulation and will incorporate cost-containment measures transferred from the IESO contract

Toronto Third Line Procurement: TSF Registry

TSF Registry Status

- Any proponents wishing to participate in the TTL procurement are required to be registered on the TSF Registry
- Registry Application Window Reminder: The TSF Registry will remain open until 60 days prior to the anticipated launch of the procurement. The IESO will provide advance notice as to when the Registry will close
- Throughout 2025, the IESO has engaged with interested transmission developers and other interested parties regarding participation in the TSF
- The IESO continues to actively evaluate applications submitted to the TSF Registry in accordance with the Registry Rules
- The most recent list of approved TSF Registrants has been published to support transparency and market awareness

Toronto Third Line Procurement: RFP Eligibility & Experience

Proposed Experience Requirements for RFP Eligibility

As outlined in the recent ERO posting: *"The ministry is proposing that IESO's RFP be limited to applicants that demonstrate the following: Experience developing, building, and operating and mitigating environmental impacts associated with underwater transmission lines. This requirement may be demonstrated through partnerships or other arrangements with transmitters that possess this experience."*

- The IESO may apply mandatory criteria or a combination of both mandatory and rated criteria, to assess proponents' technical and relevant experience.
- The IESO is considering whether experience should be demonstrated at the corporate level or through the experience of individual team members (e.g., partners, subcontractors, key personnel)

Proposed Experience Requirements for RFP Eligibility

Additionally, the Ministry has proposed that proponents demonstrate: *"Experience in engaging and working with Indigenous communities in Canada, including undertaking rights-based consultation within Treaty and traditional territories. This may be demonstrated through partnerships or other arrangements with organizations that possess this experience (e.g., other transmitters; consulting firms)."*

- The IESO views Indigenous engagement experience as a critical requirement for any proponent and intends to reflect this in the RFP design, including through the requirement for transmitters to submit an Indigenous Engagement and Participation Plan

Discussion – Seeking Feedback

Experience Requirements

1. How should the IESO define and evaluate relevant project “experience” for the purposes of qualifying proponents for the RFP?
2. How should the IESO define and assess meaningful “experience” in engaging and working with Indigenous communities?
3. For each type of experience, should it be assessed at the organizational or team member level?
4. Are there specific types of experience, qualifications, or evidence that should be required or weighted more heavily in the RFP evaluation?

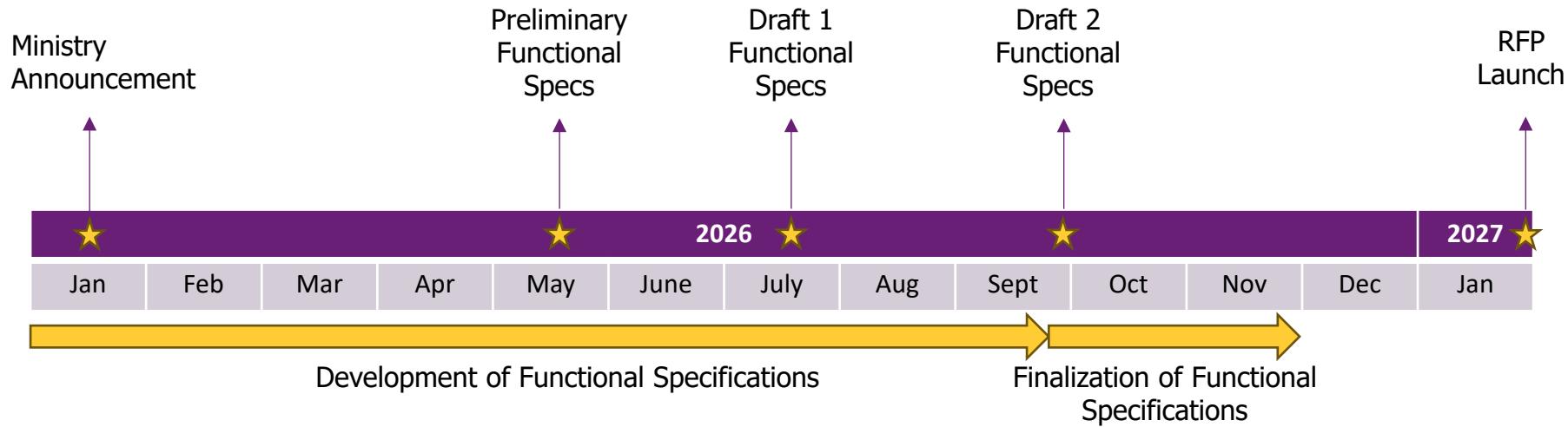
Toronto Third Line Procurement: Technical Overview & Technical Specifications Development Roadmap

Toronto Third Line: Project Overview

- Distance: approximately 65 km (straight line) from Bowmanville SS (Clarington) to Hearn SS (Downtown Toronto)
- Technology: Modular Multi-Level Converter (MMC) Voltage Source Converter
- Configuration: Submarine Bipole vs. Symmetrical monopole (TBC)
- Sizing: 900 MW measured at Hearn SS
- Connection arrangement:
 - At Bowmanville SS – 500 kV or 230 kV AC bus (TBC)
 - At Hearn SS – 230 kV AC bus
- In-service date: 2037 or sooner

Functional Specifications Development Roadmap

The plan for the development of the Technical Specifications of the Toronto Third Line is illustrated below:



Toronto Third Line Procurement: Commercial Framework Overview

Toronto Third Line: Commercial Model Overview

- The TTL is a first-of-its-kind project in Ontario, involving underwater HVDC infrastructure and unique technical, environmental, and delivery risks that are not well suited to a contractual model that only allows limited cost adjustments over a longer contract term
- Based on stakeholder feedback and the unique nature of the TTL project, the IESO intends to develop an approach to the commercial model that leverages the OEB to create flexibility for transmitters to manage cost uncertainties, but still has some IESO contractual requirements related to cost and schedule
- The intent is to identify project costs that proponents can reasonably scope and price. These costs, in addition to schedule commitments, would be subject to an IESO contract
- More uncertain or externally influenced costs, would remain subject to OEB review under the established “just and reasonable” prudence standard
- This approach is intended to balance cost certainty, schedule adherence, and regulatory oversight, while protecting ratepayer value and supporting successful project delivery

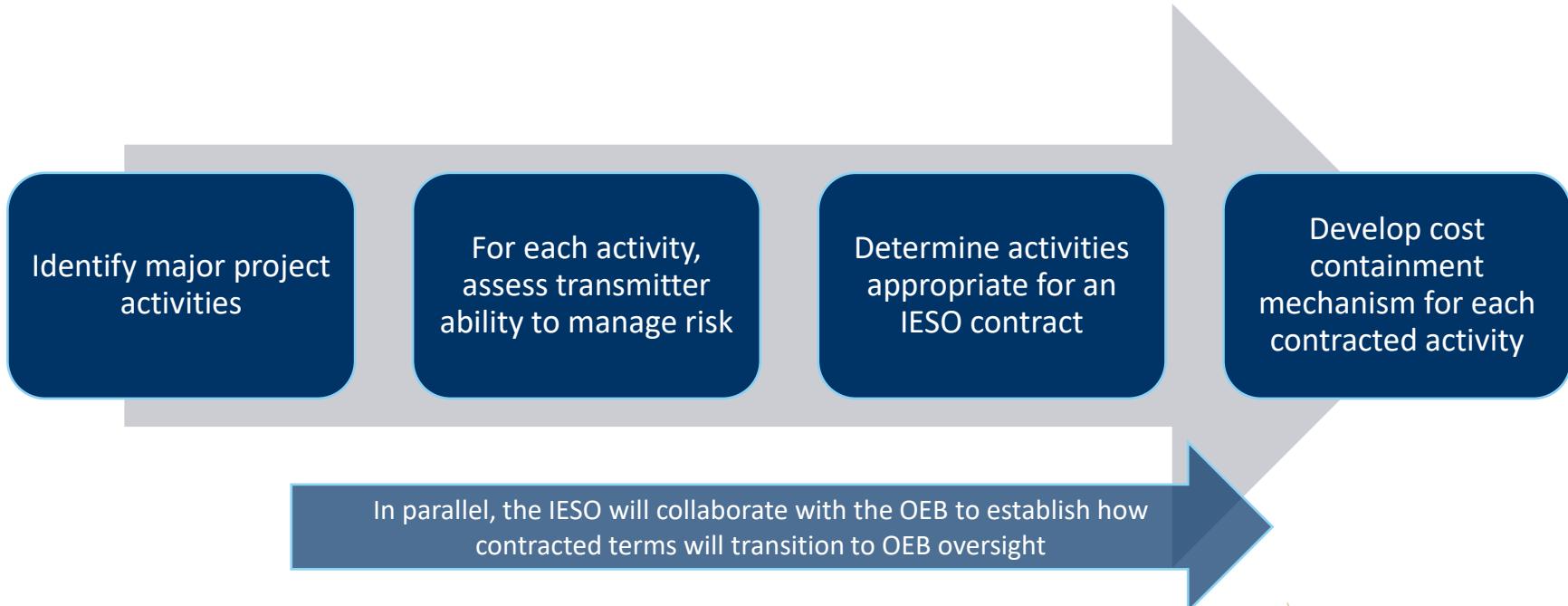
Working Assumptions

In developing the commercial model, the current working assumptions include:

- The IESO intends to design the contract to include provisions relating to cost containment (for specific activities identified during the procurement), schedule adherence and Indigenous commitment accountability
- The IESO and OEB are collaborating on contract design to ensure cost containment measures from the IESO contract are maintained as oversight transitions to the OEB
- The IESO and OEB are exploring whether to recommend the elimination of the Leave to Construct (LTC) process, supported by defined pre-construction milestones in the IESO contract
- The OEB's existing cost of capital parameters and deemed capital structure will apply

Upcoming Considerations

- Critical next steps in developing the commercial model for the TTL are to:



Additional Considerations

- In addition to the cost aspect of the project, the IESO contract will be designed to incent schedule adherence and support accountability to Indigenous communities
- Contract terms and conditions to drive these behaviors are to be developed and engaged on

Discussion – Seeking Feedback

Toronto Third Line Commercial Framework

1. How prescriptive are technical requirements expected to be to build the project scope at the RFP stage? How can the IESO balance opportunities for flexibility as opposed to providing prescriptive requirements for the project?
2. Which activities are expected to involve risk that is **not** readily manageable by the proponent?
3. What contractual mechanisms do you recommend to incent schedule adherence?



Toronto Third Line Procurement: Indigenous Engagement & Participation Plan (IEPP)

Indigenous Engagement & Participation Plan (IEPP) Overview

- The IESO is committed to supporting Indigenous community participation in competitively procured transmission projects, including the TTL procurement
- The form and level of Indigenous participation will be determined through discussions between the Indigenous communities on the Crown's engagement list and the project proponent
- In the TTL procurement, proponents will be required to **submit an IEPP as part of their proposal**, outlining their approach to Indigenous engagement and participation
- IEPPs are expected to be informed by early engagement with Indigenous communities; however, proponents would not be required or incentivized to secure agreements or formal support prior to proposal submission
- The transmitter selected through the TTL procurement would be **contractually required** to implement their IEPP
- The IESO is seeking feedback on key IEPP design elements and evaluation considerations to inform further development of the framework

IEPP Objectives

Key goals of including the IEPP as part of the proposal are to:

Support Economic Reconciliation	Ensure Indigenous communities are provided with meaningful opportunities to participate
Encourage Early Engagement	Proponents are expected to engage with Indigenous communities beginning early in project development
Support Accountability	Support the accountability of developers on their commitments to Indigenous communities
Enable Flexibility	Enable flexible participation options that can be tailored to individual community priorities and needs
Mitigate Project Risk	Support project success by mitigating risk associated with lack of Indigenous support for the project

IEPP Design Considerations

Developing the expectations and the assessment criteria for the IEPP is a complex task. Based on feedback from stakeholders and communities, the IESO is aware of the following challenges:

- Balancing the need to engage communities early with concerns of inundating them with requests
- Early commitments between communities and transmitters that limit communities' ability to negotiate with other project proponents
- Developing mechanisms of accountability
- Allowing sufficient time to engage with communities and for communities to assess opportunities
- Designing IEPP assessment criteria to encourage Indigenous participation while maintaining investor attractiveness and ratepayer value

IEPP Assessment Criteria

- The IEPP will be included in the evaluation of a proponent's proposal and will form part of the IESO contract
- In designing the IEPP assessment framework, the IESO is considering a combination of mandatory requirements and rated criteria
- The IESO intends to consider the following elements as part of the IEPP assessment:
 - Commitments related to capacity funding,
 - Proposed equity participation structures, and
 - Non-equity participation opportunities, including employment, contracting and supply chain participation, training, scholarships, and other economic benefits

Possible Mandatory Criteria

Mandatory criteria could include:

- Submission of a completed IEPP
- A narrative summary of the proponent's plan for engagement of communities on the Crown's engagement list
- Evidence of Indigenous engagement experience (as proposed in the ERO posting). This could be demonstrated among the project team or through a specialized consultant retained by the proponent
- Evidence of initiation of the engagement process

Possible Rated Criteria

Rated criteria could be used to differentiate proposals based on the levels of Indigenous participation and support committed by the transmitter. As part of a proposal evaluation, the IESO may consider factors such as:

- The percentage of equity offered to potentially impacted Indigenous communities
- The scale or amount of non-equity economic commitments

To assess proposed commitments, the IESO could apply structured scoring approaches, such as:

- Range-based scoring, where predefined value ranges correspond to specific point allocations, or
- Relative ranking, where proposals are scored based on their position relative to other submissions

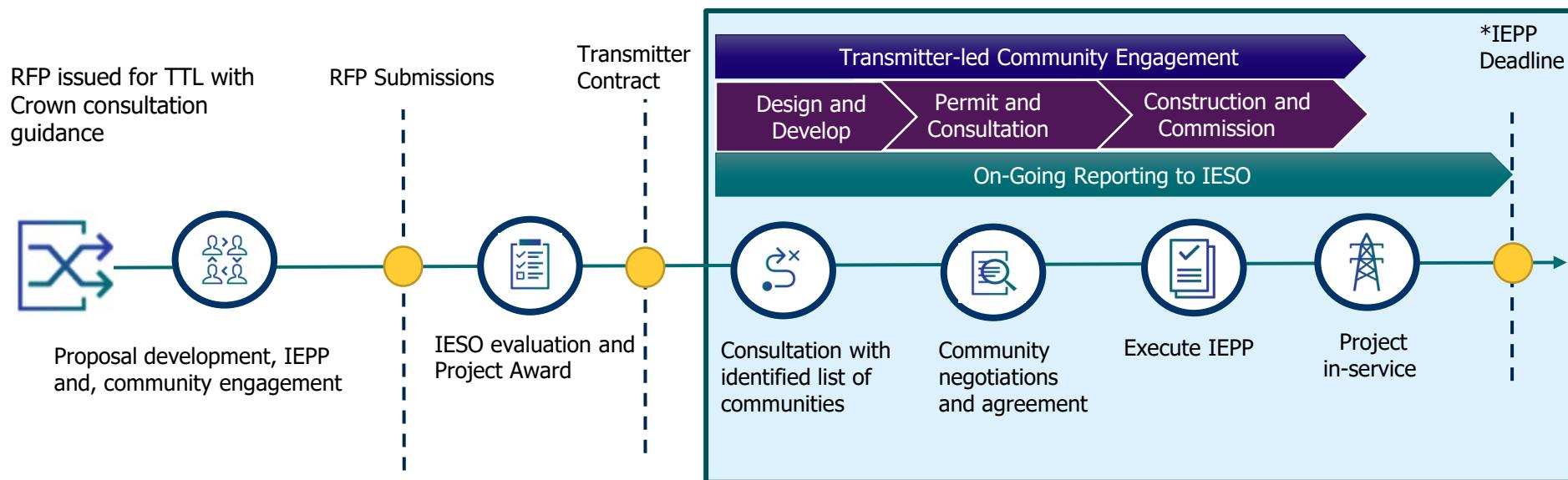
IEPP Accountability

To support accountability and transparency, the IESO is considering:

- Publishing the successful proponent's IEPP commitments as submitted in their proposal
- Embedding IEPP commitments to defined project milestones and reporting obligations directly into the project agreement
- Consequences for non-performance

The IESO is also considering periodic public reporting on progress toward these commitments, based on information provided through regular project reporting (e.g., quarterly reports). This approach is intended to promote visibility, reinforce accountability over the life of the project, and support public and Indigenous confidence in the delivery of commitments

Indigenous Engagement and Participation Plan Map



**For illustrative purposes only*

Ongoing engagement with potentially impacted communities

**Consequences or penalties if benefits are not delivered within specified period after COD*

First Nations and the Toronto Third Line Project

The Ministry of Energy and Mines (MEM) has identified the following Indigenous communities that have asserted or established rights and/or interests in the project area. This list is preliminary and subject to change.

- **Treaty 13 / Toronto Purchase:** Mississaugas of the Credit First Nation
- **Gunshot Treaty / Johnson-Butler Purchase (Williams Treaties First Nations):**
 - Michi Saagiig Nations: Mississaugas of Scugog Island First Nation, Alderville First Nation, Curve Lake First Nation, Hiawatha First Nation
 - Chippewa Nations: Chippewas of Beausoleil First Nation, Chippewas of Georgina Island First Nation, Chippewas of Rama First Nation
- **Nanfan Deed:** Six Nations of the Grand River First Nation (represented by both the Six Nations Elected Council and the Haudenosaunee Confederacy Chiefs Council)
- **Other Indigenous communities:** Wendat Nation (interests scoped to archaeology) and Kawartha Nishnawbe

Note: MEM is currently consulting potentially impacted communities on a proposed directive to the IESO on transmitter selection. Once a transmitter is selected and prior to the transmitter initiating the Class Environmental Assessment for Transmission Facilities, the Ministry of Energy and Mines will delegate the procedural aspects of consultation to the proponent via a delegation letter. The delegation letter will identify the Indigenous communities to be consulted and depth of consultation for each. The letter will also outline the expectations of the proponent for carrying out its delegated responsibilities.

Please contact the Ministry of Energy and Mines for community contact information and questions:
Tamar Heisler, Senior Advisor, Indigenous Energy Policy at tamar.heisler@ontario.ca

Discussion – Seeking Feedback

Evaluating Indigenous Participation within an IEPP:

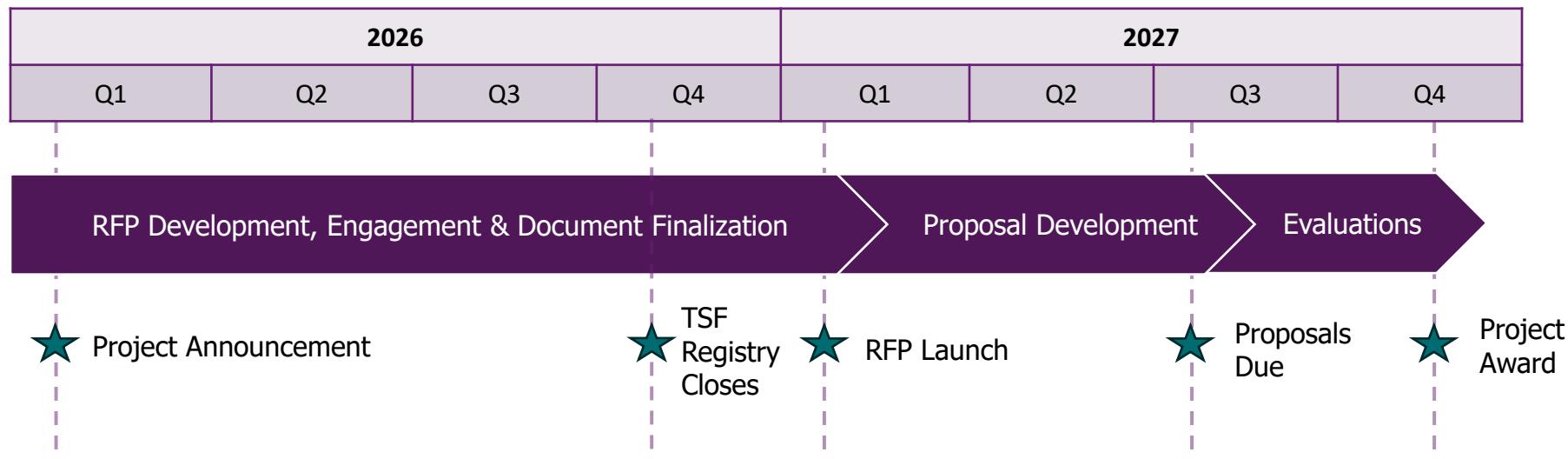
1. What additional considerations are there in designing the form of the IEPP?
2. What do Indigenous communities and stakeholders think of our proposed criteria? Are there other criteria the IESO should consider?
3. If rated criteria are used, what should the relative importance be of equity participation and non-equity participation?
4. Through the design of the IEPP, how can the IESO balance early Indigenous community engagement with concerns of inundating communities with requests for engagement from prospective bidders?



Procurement & Engagement Timelines for Toronto Third Line

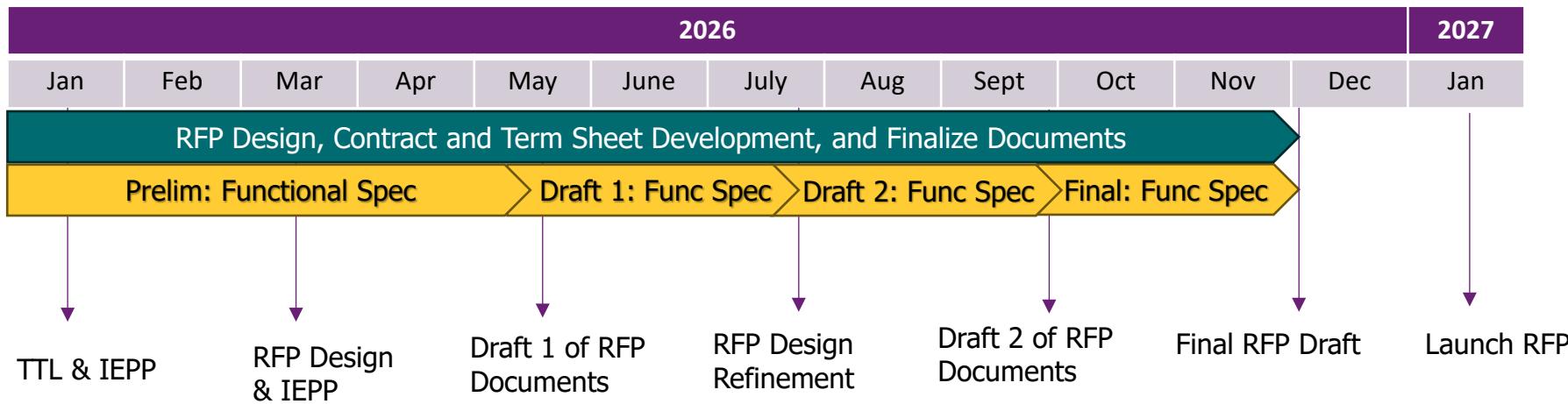
Procurement Timeline for Toronto Third Line

The tentative procurement plan for the competitive procurement of the Toronto Third Line is illustrated below:



Engagement Plan for Toronto Third Line

The IESO will hold engagement sessions throughout 2026 focused on project scope and technical requirements, the IEPP design, and draft and final RFP documents. Stakeholder engagement is expected to occur approximately every 2–3 months, as illustrated below. Note that the Ministry of Energy and Mines is currently seeking input on the proposed requirements for inclusion of the RFP for TTL through an ERO Posting (Jan 7 – Feb 21, 2026).





Next Steps

Upcoming Engagements

- The next IESO engagement on the TTL procurement is planned for March and will be focused on RFP and IEPP design considerations for this project
 - Until February 21, 2026, the Ministry of Energy and Mines is seeking input on proposed requirements for the RFP and contract terms, through an Environmental Registry of Ontario posting: <https://ero.ontario.ca/notice/026-0019>
- Engagement on the broader TSF will be on pause until further notice and is expected to resume once the TTL procurement design is mostly or fully complete
 - The IESO will continue Transmission Planning activities, developing recommendations for upcoming transmission projects and providing guidance to the government on potential TSF-suitable projects for future procurements
- The IESO is proposing technical sessions for the TTL procurement be limited to transmitters listed on the TSF Registry

Next Steps

- The IESO invites written feedback by **February 18, 2026**.
- All written feedback should be submitted to engagement@ieso.ca using the RFP and Contract Feedback Table and the IESO Feedback Form, which is posted on the engagement webpage.
- We will remain flexible on receiving input regarding TSF development – contact us if you are interested in setting up a 1:1 meeting directly with the IESO to discuss any of the topics explored today, or other topics relevant to the TSF.
- The IESO will look to hold an engagement session in **March 2026**, where the IESO will endeavour to engage upon **Toronto Third Line RFP Design**.

Thank You

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