

Feedback Received and IESO Response

Toronto Third Line

Following the April 9, 2026 Toronto Third Line webinar, the IESO invited participants to provide comments and feedback on the materials presented by April 23, 2026.

The presentation materials and participants' non-confidential feedback submissions have been posted on the [Toronto Third Line engagement web page](#). Please reference these materials for specific feedback as the information below provides excerpts and/or a summary only.

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Experience Requirements & Qualifying Project Definitions:

Feedback Received	IESO Response
Stakeholders consistently emphasized the need for robust and clearly defined experience requirements aligned with the technical complexity of HVDC submarine transmission. There was strong agreement that experience must reflect full lifecycle capability—from development through to operations—and not be limited to isolated project phases. Key expectations included:	The IESO largely agrees with the feedback and input provided by stakeholders and communities and has reflected the majority of feedback within the approach to qualification described within the first draft of the TTL RFP. The IESO agrees that experience will need to be assessed to ensure proponents demonstrate the degree of capability required to deliver a project such as the TTL. The IESO acknowledges that minimum qualification requirements should seek

<ul style="list-style-type: none"> • Separate and explicit evaluation of HVDC and submarine/underwater experience • Demonstrated end-to-end delivery capability, particularly for greenfield projects • Clear definition of a “material role” to ensure meaningful participation (not passive involvement) <p>There was broad support for a hybrid framework combining:</p> <ul style="list-style-type: none"> • Mandatory (pass/fail) criteria to establish baseline capability • Rated criteria to differentiate depth and relevance of experience <p>Stakeholders also stressed that while technical expertise may reside within project teams or partners, ultimate accountability must sit with the proponent. At the same time, they requested flexibility to:</p> <ul style="list-style-type: none"> • Recognize consortium, affiliate, and partner experience • Allow combined team experience, with appropriate verification <p>Additional considerations included:</p> <ul style="list-style-type: none"> • Minimum project size thresholds and recency of experience • Strong preference for North American experience • Recognition that onshore HVDC ≠ submarine HVDC • Limited acceptance of adjacent sectors (e.g., pipelines) unless complexity is comparable <p>There was also increasing emphasis on:</p> <ul style="list-style-type: none"> • System integration capability within an existing grid • Interface management across OEM, EPC, cable, converter, and operator components • Indigenous experience demonstrating project-level engagement in Canada, with 	<p>to balance the need to demonstrate sufficient levels of experience while supporting healthy competition in the procurement.</p> <p>In response to the Minister of Energy and Mines’ direction to the IESO dated June 18, 2026 (the “Directive”) and feedback received, the IESO is proposing the mandatory experience criteria for the TTL RFP be set out as follows:</p> <ul style="list-style-type: none"> • HVDC: Organizational experience developing, constructing and financing at least one HVDC project which has reached commercial operation within the last 20 years, or which is expected to achieve commercial operation before January 1, 2030 (if the line is not currently in service) • Underwater: Organizational experience developing, constructing and financing at least one underwater transmission project which has reached commercial operation within the last 20 years, or which is expected to achieve commercial operation before January 1, 2030 (if the line is not currently in service) • Indigenous: Experience carrying out Indigenous engagement and rights-based consultation, for at least one energy or linear infrastructure project. The IESO is seeking feedback with respect to whether this experience should be required to be demonstrated by the Proponent at the organizational or team member level. <p>In response to feedback, project experience can be demonstrated by the proponent, or a Proponent Group Member, and through one or more qualifying projects – that is, a single project can be used to demonstrate experience in more than one experience category as long as it meets the qualifying criteria for each. Additional details regarding proponent qualification can be found within Section 2.1 (d) and (e) the Draft #1 of the TTL RFP, which the IESO has posted on the TTL web page.</p> <p>In addition, the IESO has made modifications to the Registry Rules in response to feedback and to reflect the unique experience associated with developing HVDC projects. Specifically, a new qualification category has been added for HVDC project experience, wherein entities can qualify to register if they have experience planning,</p>
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<p>valuation of partnership and equity outcomes</p> <p>Some stakeholders also suggested including:</p> <ul style="list-style-type: none"> • Ontario-specific experience • Canadian ownership / domestic participation as rated differentiators 	<p>developing, financing, and constructing a qualifying HVDC project.</p> <p>Proponents are reminded that being accepted into the Registry is necessary, but not sufficient, to participate in the TTL RFP. The RFP will define additional qualification criteria, as noted above.</p>
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Risk Allocation & Cost Categorization:

Feedback Received	IESO Response
<p>Stakeholders broadly supported the principle of distinguishing between controllable vs. uncontrollable costs, with risk-sharing applied only where uncertainty is material and outside the proponent's control.</p> <p>There was strong emphasis on the need for clear, fixed boundaries between cost categories to avoid post-award reclassification or ambiguity.</p> <p>High-uncertainty cost areas repeatedly identified include:</p> <ul style="list-style-type: none"> • Submarine installation (geotechnical / seabed conditions) • HVDC cable supply chain constraints • Permitting and regulatory outcomes • Indigenous consultation outcomes • Interface and integration costs <p>A consistent message was that underwater construction risks are not fully quantifiable at bid stage, and should be treated differently from more predictable cost categories.</p> <p>Stakeholders also recommended more granular cost categorization, particularly separating:</p> <ul style="list-style-type: none"> • Marine works • Land-based construction • Converter stations • Integration/system works <p>Additional cost drivers raised included:</p> <ul style="list-style-type: none"> • Interest rates and insurance • Commodity pricing and foreign exchange 	<p>The IESO appreciates the diverse perspectives provided with respect to the application of potential risk-sharing mechanisms and notes the general alignment with the stated principles of distinguishing between risks and cost components which are controllable by the transmitter versus those which cannot be reasonably predicted or controlled.</p> <p>The IESO is also exploring opportunities to provide greater certainty with respect to the underwater risks and project components and will keep stakeholders and communities apprised of these considerations in future engagements.</p> <p>Through ongoing sector engagement, the IESO will continue to seek feedback on the appropriate sub-categorization of capital cost components, and which risk allocation/cost containment mechanism should apply for each.</p>

<ul style="list-style-type: none"> • Long-lead equipment procurement <p>While there was general alignment on principles, views diverged on how broadly risk-sharing should be applied. However, there was strong consensus that poorly defined frameworks could:</p> <ul style="list-style-type: none"> • Enable underbidding with post-award recovery, and • Undermine cost discipline and bid credibility 	
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Cost-Containment & Risk-Sharing Mechanisms:

Feedback Received	IESO Response
<p>Stakeholders broadly supported a hybrid approach to cost containment, combining multiple mechanisms rather than relying on a single structure.</p> <p>Commonly supported tools included:</p> <ul style="list-style-type: none"> • Target pricing • Cost-sharing mechanisms • Indexation • Cost-relief provisions <p>There was opposition to pure fixed-price structures for high-uncertainty components, particularly offshore and submarine works.</p> <p>A widely supported framework aligned mechanisms to risk profiles:</p> <ul style="list-style-type: none"> • Predictable costs → fixed/capped • Semi-uncertain → target price + sharing • High uncertainty → flexible risk-sharing / relief mechanisms <p>Stakeholders emphasized the need for cost-relief mechanisms for exogenous risks, including:</p> <ul style="list-style-type: none"> • Regulatory or permitting changes • Force majeure • Supply chain disruptions • Indigenous consultation outcomes • Environmental or subsurface conditions <p>There were repeated calls for:</p>	<p>The IESO is generally aligned with a hybrid approach to cost containment within the TTL procurement. Additional considerations and concepts for cost containment and risk allocation will be proposed within the June 25th TTL engagement session, and the IESO will continue to welcome sector feedback to ensure the cost containment approach is balanced and appropriate for a project with the unique qualities of the TTL.</p>

<ul style="list-style-type: none"> • Clear eligibility criteria for cost adjustments • Transparent and structured change management processes <p>Key concerns raised:</p> <ul style="list-style-type: none"> • Overly rigid frameworks may lead to inflated contingency pricing • Double penalties (e.g., cost containment + liquidated damages applied to the same risk) <p>As a result, stakeholders strongly recommended:</p> <ul style="list-style-type: none"> • A single, coherent accountability mechanism per risk <p>Additional recommendations included:</p> <ul style="list-style-type: none"> • Indexation tied to actual spend timing • Inclusion of AFUDC / financing cost treatment • Normalization of bids to reflect different levels of design maturity 	
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Commercial Framework & Contract Structure:

Feedback Received

A central concern was financeability, particularly the need for early and clear revenue certainty to support investment decisions and long-lead procurement.

Stakeholders requested clarity on:

- Timing and structure of the Annual Revenue Requirement (ARR)
- Potential pre-COD revenue mechanisms (e.g., CWIP-type treatment)
- Treatment of financing costs and AFUDC

There were concerns that long development timelines without revenue could create financing barriers and increase overall project cost.

Another major theme was the need for clear alignment between the IESO contract and the OEB regulatory framework, including:

- How costs transition into rate base

IESO Response

The IESO understands that financeability will be a critical component of the design of the TTL procurement and commercial model and will continue to engage with transmitters and financiers in respect of the TTL commercial model and its approach to risk allocation and cost containment.

It should be noted that the TTL contract will enable cost recovery starting at the date of commercial operation, which aligns with the current process under rate regulation. The TTL contract approach also provides certainty given it enables a contractual entitlement to a certain amount of costs, eliminating OEB discretion to accept or disallow capital cost amounts.

A high-level overview of the interaction between the TTL commercial contract and the OEB's regulatory framework will be provided in the June 25th engagement.

<ul style="list-style-type: none"> • Whether bid-stage terms remain fixed through regulatory review <p>Stakeholders also raised concerns regarding:</p> <ul style="list-style-type: none"> • Termination rights and compensation • Recovery of prudently incurred costs and equity • Multi-phase security requirements potentially increasing bid costs <p>There was also interest in:</p> <ul style="list-style-type: none"> • Introducing positive incentives (e.g., early delivery) • Exploring progressive or phased contracting models, given early-stage uncertainty 	<p>The IESO anticipates that future engagement materials will provide additional clarity on the alignment of the TTL contract with the OEB regulatory framework and will provide guidance on how the contract will integrate within the regulatory process.</p> <p>The IESO is not currently considering early-delivery incentives or a progressive or phased contracting or procurement model. However, the IESO has noted the feedback raising concerns with the application of liquidated damages if the Development Milestone date (MDev) is not met and will reflect changes in response to this feedback within the first draft of the TTL contract (expected to be posted later in Q3).</p>
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Technical & Delivery Risk Considerations:

Feedback Received	IESO Response
<p>Stakeholders emphasized that TTL carries significant technical and delivery risk, with particular focus on interface complexity and system integration.</p> <p>Interface risk was repeatedly identified as a primary driver of failure, including coordination across:</p> <ul style="list-style-type: none"> • OEMs and EPC contractors • Cable and converter systems • Control systems and operators <p>Submarine installation risks were also highlighted, including:</p> <ul style="list-style-type: none"> • Weather and marine logistics • Seabed conditions and burial requirements • Vessel availability and installation windows <p>Stakeholders noted that HVDC projects are front-loaded with technical risk, requiring:</p> <ul style="list-style-type: none"> • Proven technology • Experienced suppliers • Strong integration capability 	<p>As discussed during the April 9 engagement, the IESO understands that the TTL project is associated with a number of key risks and areas of uncertainty. The acknowledgement of these risks has underscored the fundamental design premise of the TTL procurement: that some degree of allowable changes should be anticipated for the TTL project, and that these change circumstances and mechanisms should be defined up-front prior to RFP release.</p> <p>The IESO intends to define the functional requirements of the project within the coming months and may host technical-focused engagement sessions with transmitters and OEMs to better understand their perspectives and considerations. The IESO is also exploring how best to ensure that TTL proponents have the ability to work with experienced HVDC OEMs with a track record of demonstrated HVDC project success.</p>

<p>Additional concerns included:</p> <ul style="list-style-type: none"> • Use of unproven technology • Lack of clarity on system integration responsibilities <p>Stakeholders requested clearer definition of:</p> <ul style="list-style-type: none"> • Integration responsibilities • Outage coordination • Protection systems integration 	
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Indigenous Engagement & Participation:

Feedback Received	IESO Response
<p>Stakeholders agreed that Indigenous engagement is critical and must go beyond consultation toward meaningful partnership and participation.</p> <p>There is a clear preference for evaluating outcomes, not just process. Recommended elements include:</p> <ul style="list-style-type: none"> • Equity participation • Governance roles • Long-term partnerships • Procurement, employment, and capacity-building commitments <p>Stakeholders emphasized that Indigenous experience should reflect:</p> <ul style="list-style-type: none"> • Project-level engagement in Canada • Rights-based consultation within Treaty and traditional territories <p>Additional considerations included:</p> <ul style="list-style-type: none"> • Ensuring evaluation reflects community priorities, not just scoring frameworks • Potential role for Indigenous partners in validating commitments <p>There was also recognition that Indigenous engagement can materially impact:</p> <ul style="list-style-type: none"> • Cost • Schedule • Scope 	<p>The IESO agrees that engagement with communities is critically important, and it must not and will not replace the need for rights-based consultation once a proponent has been selected. The IESO, aligned with the Directive, agrees that both equity and non-equity commitments to First Nations from among those on the Crown’s engagement list should be promoted within the TTL procurement process. As previously discussed, a core component of an RFP proposal will be the Indigenous Engagement and Participation Plan (IEPP).</p> <p>The IEPP will, among other things, require proponents to identify their economic-participation commitments to First Nations and their plan for engaging with the communities before and after key project decisions are made. The requirements of the IEPP are described further in section 2.1 (g) of in Draft #1 of the TTL RFP.</p> <p>The IESO intends to continue to engage and dialogue with potentially impacted First Nations through the remainder of the year and prior to finalizing the TTL procurement design. To facilitate these discussions and build awareness to enable community input, the IESO has developed and posted a document to describe the TTL procurement’s proposed Indigenous design features.</p>

Domestic Content / Economic Policy (Buy Ontario Focus):

Feedback Received	IESO Response
<p>There was strong emphasis on Ontario labour and Canadian/Ontario procurement, with stakeholders advocating for more explicit integration into the procurement framework.</p> <p>Many recommended introducing a Buy Ontario Plan, similar to the IEPP, including:</p> <ul style="list-style-type: none"> • Bid-stage commitments • Reporting requirements • Post-award accountability mechanisms <p>Suggested tools included:</p> <ul style="list-style-type: none"> • Incentives tied to domestic labour and supply chain use • Potential penalties or liquidated damages for unmet commitments <p>Stakeholders noted that domestic sourcing may increase costs and should be transparently accounted for within the evaluation framework.</p>	<p>In response to the Directive, the IESO is preparing to implement domestic content provisions within the TTL procurement. Specifically, proponents will be required to submit a (non-binding) supply chain disclosure plan (SCDP) to identify the components of their project proposal's capital costs which are associated with domestic content. Additional details regarding the SCDP can be found within the Draft #1 of the TTL RFP, which the IESO has posted on the TTL web page.</p> <p>In addition, to comply with the Directive, the IESO will also develop incentives for proponents that are able to contractually commit to higher levels of domestic content within their project proposals. The details and considerations for potential mechanisms will be explored by the IESO in future engagement sessions.</p>

Bid Process & Procurement Design:

Feedback Received	IESO Response
<p>Stakeholders raised concerns that the project is at too early a stage to support accurate and comparable bids.</p> <p>Key concerns included:</p> <ul style="list-style-type: none"> • Lack of baseline technical data • Inconsistent assumptions across bidders • High bid-stage costs <p>Stakeholders recommended:</p> <ul style="list-style-type: none"> • Advancing project design to 10–30% maturity before RFP • Providing baseline data such as: <ul style="list-style-type: none"> ○ Geotechnical and geophysical data ○ Route and site information ○ Environmental constraints 	<p>The IESO will continue to work to advance TTL project definition, including development of functional requirements and refining the commercial model and risk allocation approach to enable bid comparability and lessen proponent uncertainty which could result in bid premiums or reduced competition.</p> <p>The IESO is also exploring mechanisms which could be used to further de-risk bids and recognize proponents who have undertaken significant pre-development work in respect of their RFP proposals. The IESO anticipates engaging on these potential approaches in future engagements and is seeking sector feedback on what proponents can provide to demonstrate a more mature/developed bid.</p>

<p>There was strong emphasis on ensuring apples-to-apples comparability across bids.</p> <p>Additional suggestions included:</p> <ul style="list-style-type: none"> • Reducing unnecessary bid-stage burden • Using independent cost benchmarking during evaluation 	
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Schedule, Milestones & Incentives:

Feedback Received	IESO Response
<p>Stakeholders generally supported defined milestones but raised concerns about how they are structured and enforced.</p> <p>Key concerns included:</p> <ul style="list-style-type: none"> • Intermediate milestone penalties may not correlate with final delivery • Over-penalization may increase bid pricing <p>Stakeholders recommended:</p> <ul style="list-style-type: none"> • Greater flexibility for milestone adjustments • Alignment of force majeure with both cost and schedule relief <p>There was also strong interest in:</p> <ul style="list-style-type: none"> • Positive incentives for early COD • Alternative enforcement mechanisms such as: <ul style="list-style-type: none"> ○ Acceleration plans ○ Conditional penalties ○ Service credits 	<p>The IESO appreciates the feedback regarding the use of pre-COD milestones and notes the risks and concerns raised by transmitters regarding the enforcement of milestones and the imposition of penalties if a pre-COD milestone is missed.</p> <p>In response to feedback, the IESO is proposing not imposing penalties if the MDev milestone is not met, provided the milestone is met by the longstop MDev date. The IESO anticipates reflecting this change within the first draft of the TTL contract (expected to be posted later in Q3).</p>

Data, Transparency & Evaluation:

Feedback Received	IESO Response
<p>Stakeholders called for greater transparency in both cost information and evaluation methodology.</p> <p>Key requests included:</p>	<p>The IESO is committed to providing clear and transparent evaluation criteria and will develop the criteria in response to and in consideration of stakeholder and community feedback. The IESO will continue to publish engagement materials,</p>

<ul style="list-style-type: none"> • Clear cost breakdowns by category • Defined evaluation criteria and methodology • Transparency in cost assumptions and procurement strategies <p>Stakeholders also emphasized the need for clear definitions of:</p> <ul style="list-style-type: none"> • Cost adjustments • Risk-sharing triggers • Material changes <p>Several recommended the use of:</p> <ul style="list-style-type: none"> • Independent cost estimates to benchmark proposals • More structured evaluation of non-capital and O&M costs 	<p>responses to feedback, procurement updates and future engagement opportunities on the TTL webpage. The IESO understands that in order to ensure a fair and transparent procurement process, conditions of and criteria for cost adjustments must be understood by proponents at the time of the RFP finalization. Engagements with the sector over the following month will focus on developing and refining these mechanisms.</p> <p>At this time, the IESO is not considering evaluating O&M costs (which will be subject to OEB review) as part of TTL RFP evaluation. However, the IESO is open to exploring mechanisms or incentives to recognize proponents which have more advanced cost estimates and pre-development work at time of bid.</p>
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