

Feedback Form

Transmitter Selection Framework – February 29, 2024

Feedback Provided by:

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Following the February 29, 2024 Transmitter Selection Framework (TSF) focused engagement session, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by **March 20, 2024.** If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Topic	Feedback
Do you have any suggestions for future Focused Engagement Sessions topics?	Process for evaluating proposals (categories, scoring, weights, overriding principles, etc.), design criteria

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Do you have any initial thoughts around the procurement process to select transmitters for specific transmission projects in Ontario under a future TSF (e.g., the use of an RFP)?	We support project procurement using a formal RFP process to select transmitters. Similar to conventional commercial procurement processes, we support RFPs being more versus less prescriptive. One important consideration is to put requirements in the RFP that can be easily and transparently evaluated without significant uncertainty. We also encourage the IESO to carefully consider the partnering aspects of bids to enhance the understanding and limitations on impacts to local areas.

Topic	Feedback
IESO has highlighted several transmitter qualification approaches; Do communities and stakeholders have any concerns around the development of a registry for qualified transmitters for competitive transmission project procurements? What Criteria should the IESO consider in qualifying transmitters?	We support the development of a registry for qualified transmitters but we recommend that the process needs to be sufficiently flexible to allow qualified transmitters to assign projects into newly formed partnerships (typically incorporated as special purpose vehicles or "SPVs") so that developers can partner with other entities (e.g., other developers, key stakeholders, other transmitters, etc.) prior to selection, propose new partnerships that can be created under SPVs and assign the selected project to the SPV, once it has met the IESO criteria for qualification. Otherwise, the qualification process could limit the development of competitive partnerships that can create significant value for customers. The alternative approach would be to allow sufficient time ahead of each RFP so that transmitters can form the partnerships and then pre-qualify the new entities that will respond to the RFP. That would build significant delays into an already lengthy RFP process.

Topic	Feedback
<p>IESO is considering recommending the use of the bid-based approach for the initial transmission procurements under the future TSF; Do communities and stakeholders have any feedback on this approach?</p>	<p>It depends on how much stakeholders could be impacted by the bid outcome and the impact of the disruption. For example, First Nations are greatly affected by the project and benefit from providing feedback or directly participating in the selection process because they may know that one transmitter is more willing to work with them during consultation (more efficiently and bring them into the project as a participant/owner) versus other transmitters. They will surely want to provide feedback as to which transmitter is providing the best proposal from their perspective. In contrast, having multiple transmitters consulting with the general public, acquiring easements for transmission lines in advance of selection and confusing stakeholders as to who has been selected to construct the project is highly detrimental and IESO should not incent transmitters to engage in this behavior.</p>

Topic	Feedback
<p>IESO is hoping to strike the right balance with cost containment and risk allocation approaches to ensure opportunities under the TSF promote competition while protecting ratepayers; Do communities and stakeholders have any feedback on the utilization of a Risk Allocation methodology and/or have any feedback about the allocation of specific risks?</p>	<p>We suggest that certain stakeholders, like the First Nations will want to be involved in the selection process to help influence the bidder that is going to provide the greatest value to their communities. Conversely, other stakeholders are much less affected by bidder selection and IESO should instead create and administer a clear and transparent evaluation process to select the bidder that will create the greatest overall value for communities and stakeholders. The IESO has opportunities to derisk projects by developing RFPs that reward partnerships, specify design requirements that are put forth and include any bid specifications that outline how costs could change with things like route changes, etc – for example, evaluating unit pricing from bidders that automatically allows for adjustment, based upon how the route ultimately develops.</p>

General Comments/Feedback

Philosophically, we encourage transmitters' participation in the upfront solution development process but, practically speaking, it has proven difficult to create meaningful incentives. RTOs that have developed selection processes that allow transmitters to propose novel solutions for development

have struggled to provide sufficient transparency around their selection process to stakeholders. Other RTOs have offered incentive points that are incorporated into the bid evaluation process for transmitters that propose the solution that is ultimately selected for development. But, there were numerous issues with this approach. First, there were disputes between the RTO and developers that proposed a solution that very closely matched the selected solution but were not awarded incentive points. In response to this, transmitters started proposing hundreds or thousands of solutions (every possible permutation) in order to 'cover the map' and ensure that they would receive incentive points for whatever solution was accepted. Finally, there were instances where bidders earned incentive points but evaluators later decided to exclude the incentive points from their evaluation and selection of a transmitter. Other RTOs simply offer incentive points to any transmitter that actively participates in the solution development process, regardless whether their solution is selected for development.