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Updates to Procurement Submission Fees

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Agenda

- Overview of IESO Resource Procurement Submission Fees
- Proposed Updates to Resource Procurement Submission Fees and Rationale
- Proposed Transmission Procurement Framework (TSF) Fees
- Stakeholder Feedback and Engagement
- Next Steps

Submission Fees Across Procurement Stages

- As part of most resource procurements, the IESO charges a non-refundable fee that must be included with a submission. The maximum fee that the IESO can charge for a submission to a resource procurement was approved by the Ontario Energy Board (OEB) in the EB-2005-0493 proceeding.
- The OEB's decision in the EB-2005-0493 proceeding uses the term “registration fees” to describe fees to be paid by proponents for participating in IESO’s competitive procurement processes for supply, capacity and demand side measures.
- For the purpose of this consultation and IESO’s proposed submission to the OEB, the term “submission fees” will be used in place of “registration fees” to more accurately reflect that fees may be charged independently at each of the three distinct stages of a procurement:
 1. **Qualification Submission Stage:** Fee submitted alongside a response to a Request for Qualifications (RFQ).
 2. **Registration Stage:** Fee charged when proponents formally express interest by registering a project to participate in a procurement.
 3. **Proposal Submission Stage:** Fee submitted with a proposal in response to a Request for Proposals (RFP) or program-specific solicitation.

Purpose of Submission Fees

- Submission fees serve as a cost recovery mechanism aligned with the principle of cost causation, ensuring that proposal evaluation costs are borne by proponents rather than passed on to ratepayers.
- Importantly, submission fees also encourage proponents to submit complete, accurate, and well-prepared proposals that meet the requirements of the procurement. This supports procurement efficiency by allowing the IESO to focus its evaluation efforts on substantive factors like price and deliverability, rather than spending time on administrative elements, including clarifications and rejections.
- Submission fees also help filter out incomplete or speculative submissions, helping to ensure that IESO resources are directed toward evaluating serious and viable proposals.

Proposed Updates to Submission Fees

- To support the growing complexity and administrative effort associated with competitive procurements, the IESO plans to submit a request to the Ontario Energy Board (OEB) proposing the following updates to Submission Fees for resource procurements:

Electricity Supply, Capacity, and Ancillary Services Procurements

Current maximum fee per submission:	Proposed update:	Rationale:
Up to \$10,000	Increase maximum fee per submission to up to \$25,000	Ensures more appropriate cost recovery for resource procurements while still providing flexibility to scale fees based on the scope and complexity of each procurement

Transmission Procurements

Proposed update:	Rationale:
Introduce a submission fee framework aligned with best practices in other jurisdictions	Ensures more appropriate cost recovery for resource procurements while still providing flexibility to scale fees based on the scope and complexity of each procurement



Submission Fees for Resource Procurements

Rationale for Updated Submission Fees

- The current maximum submission fee of \$10,000 for energy, capacity, and ancillary service procurements was first approved by the Ontario Energy Board (OEB) in 2006 and has remained unchanged since.
- If adjusted for inflation, the 2025 equivalent of the \$10,000 fee would be approximately \$15,000.
- The IESO has reviewed the per proposal costs associated with evaluating proposals in recent procurements. In most cases, the effort required, including technical reviews, legal assessments, and fairness oversight, has exceeded the current cap. Raising the cap would help ensure these costs are shared fairly by proponents and that the principle of cost causation is maintained.
- A number of other jurisdictions across Canada and the U.S. charge submission fees higher than IESO's \$10,000 cap, reflecting the higher costs of conducting rigorous and transparent evaluation processes.

Evaluation of Submissions for Resource Procurements

IESO follows the following steps in evaluating submissions for energy and capacity procurements:

Evaluation Process	High Level Activities
Intake	<ul style="list-style-type: none">- Log and file proposal submissions, fees and proposal securities- Compile data for reporting, proposal evaluation and contracting
Completeness Requirements	<ul style="list-style-type: none">- Evaluate proposal against completeness requirements- Review proposal security to ensure it is legally enforceable- Rectifications and clarifications if needed- Consensus meetings
Mandatory Requirements	<ul style="list-style-type: none">- Evaluate proposal against mandatory requirements- Clarifications if needed- Consensus meetings
Rated Criteria	<ul style="list-style-type: none">- Evaluate proposal against rated criteria and award points- Clarifications if needed- Consensus meetings

Evaluation of Submissions for Resource Procurements

IESO follows the following steps in evaluating submissions for energy and capacity procurements:

Evaluation Process	High Level Activities
Price Review	<ul style="list-style-type: none">- Rank proposals based on price- Tiebreaks and clarifications if needed
Deliverability	<ul style="list-style-type: none">- Conduct studies, in conjunction with transmitters and distributors, to determine whether proposed projects can effectively deliver electricity to the provincial grid
Contract Award	<ul style="list-style-type: none">- Issue notices and contracts- Publish results
Debrief	<ul style="list-style-type: none">- Schedule meetings with unsuccessful proponents

Evaluation Costs for Previous IESO Procurements

- The table shows the cost ranges of evaluating single proposal in the IESO's most recent procurements (MT1, MT2, E-LT1, LT1). Hours spent on any given element of proposal evaluation, and therefore associated costs, differ based on the complexity of the procurement.
- Costs have been calculated using a rate of \$145/person-hour. This rate aligns with those used to determine other IESO fees, including the Reliable Integration Fee, System Impact Assessment Fee, and Technical Feasibility Study Fee.

Evaluation Stage	Effort (person-hours)	Cost Range
Intake	2 - 4	\$290 - \$580
Completeness Requirements	2 - 5	\$290 - \$725
Mandatory Criteria	2 - 25	\$290 - \$3,625
Rated Criteria*	0 - 4	\$0 - \$580
Price Review	1 - 3	\$145 - \$435
Deliverability*	0 - 85	\$0 - \$12,325
Contract Award	10 - 30	\$1,450 - \$4,350
Debrief	0 - 3	\$0 - \$435
External Legal Counsel	N/A	\$1,500 - \$8,500
Fairness Advisor	N/A	\$100 - \$1,300
Total	17 – 150**	\$4,000 - \$25,000***

*Only applicable in some procurements.

**Total effort reflects only the person-hours contributed by IESO staff. It does not include time spent by external legal counsel or the fairness advisor.

***Total cost range shows the overall minimum and maximum total costs observed in recent procurement evaluations. These totals are calculated from complete evaluations, not by adding the lowest and highest costs from individual stages.

Evaluation Costs of Future IESO Procurements

- In three out of four of the IESO's most recent procurements (MT1, E-LT1, LT1) the per proposal costs of proposal evaluation exceeded the current \$10,000 maximum proposal submission fee.
- Future procurements like LT2 and the Long-Lead Time (LLT) procurement are expected to have higher evaluation costs due to:
 - Options to submit alternative capacities and connection points (e.g. LT2 allows offering up to 6 project variants to maximize deliverability flexibility)
 - More complex and resource intensive deliverability assessments due to the increased diversity of eligible resource types
 - Requirement for external technical consultant to perform geospatial analysis
 - Expanded RFP requirements and additional rated criteria relative to past procurements

Submission Fees in Other Jurisdictions

Jurisdiction	Procurement	Maximum Submission Fees	Description
BC Hydro	2025 Call for Power	\$20,000 + GST	Non-refundable Proposal Fee
BC Hydro	2024 Call for Power	\$13,000 + GST	Non-refundable Proposal Fee
Hydro Quebec	2025 Call for Tenders	Registration Fee: \$600 + taxes	Registration Fee of \$600 + taxes
		Analysis Fee: \$23,000 + taxes	Submission Analysis Fee \$13,000 + GST for projects < 5 MW \$13,000 + \$500/MW up to a maximum of \$23,000 + taxes
Hydro Quebec	2023 Call for Tenders	Registration Fee: \$2,000 + taxes	Registration Fee of \$2,000 + taxes
		Analysis Fee: \$75,000 + taxes	Submission Analysis Fee Base Fee for projects up to 20 MW Base Fee + \$500/MW up to a maximum of \$75,000 + taxes
Nova Scotia	Green Choice Program	\$5,750	Notice of Intent to Bid fee

Submission Fees in Other Jurisdictions

Jurisdiction	Procurement	Maximum Submission Fees	Description
NYSERDA	2024 Solicitation for Large Scale Renewables	US\$ 100,000	Bid Fees Less than 5.00 MW \$5,000 5.00 – 24.99 MW \$20,000 25.00 – 99.99 MW \$50,000 100.00 MW or more \$100,000
NV Energy (Nevada)	2024 All Source Request for Proposals	US\$17,500 Bid Fee + US\$ 250,000 Success Fee	Bid Fee \$12,500 (base bid fee) for each proposal and \$2,500 each for up to two alternative pricing options for same project Success Fee Bid Fees cover NV Energy’s proposal evaluation costs, including consultants and legal advisors. If costs exceed Bid Fees, a Success Fee, capped at \$250,000 per successful proposal, can be charged to winning bidders.
Northern States Power Company (NSPC) – by Xcel Energy	2024 Wisconsin Request for Proposals	US\$ 10,000 First Bid Fee + US\$ 1/kW Second Bid Fee	First Bid Fee of \$10,000 required for each proposal Second Bid Fee Proponents selected for PPA negotiations must pay a Second Bid Fee of \$1/kW (e.g., \$100,000 for a 100 MW project). The fee is refundable if negotiations fail due to NSPC’s actions, but it is forfeited if the bidder does not follow the RFP process.

IESO's Proposed Approach

What is Proposed to Change

To reflect the actual costs of evaluating proposals, both in recent procurements and those expected in the future, the IESO is proposing to increase the maximum proposal submission fee from \$10,000 to \$25,000

What won't Change

IESO will continue to determine the actual submission fee based on

- Procurement complexity (e.g., Long-Term RFPs warrant a higher fee vs. Medium-Term RFPs warrant a lower fee)
- Procurement stage (Registrations warrant a lower fee vs. Proposal submissions warrant a higher fee)

This approach will ensure fees remain proportionate to the IESO's costs incurred, while maintaining flexibility across different procurement types and stages.

IESO Recent Procurements	Submission Fees with a \$10,000 cap
<ul style="list-style-type: none">• MT1• MT2	Registration: \$500 Proposal: \$100/MW (Min: \$3,000, Max: \$10,000)
<ul style="list-style-type: none">• E-LT1• LT1	Pre-Deliverability & Proposal combined \$13,000 (\$10,000 fee, \$1,300 HST, \$1,700 pre-deliverability)
<ul style="list-style-type: none">• LT2 W1	Registration: \$500 Proposal: \$11,300



Submission Fees for Transmitter Selection Framework (TSF)

Transmitter Selection Framework (TSF) Overview

- The TSF is being developed as a standardized, transparent, and competitive process to procure transmitters for new transmission infrastructure in Ontario.
- As outlined in the Integrated Energy Plan (IEP), Ontario faces a significant need for transmission expansion to meet future electricity demand.
- The TSF aims to attract new market participants, complement existing transmission development efforts, and ensure the province keeps pace with required growth.
- To support early engagement, a TSF Registry has been launched for interested transmitters. The IESO has not included a fee for participation on the Registry at this time, but intends to introduce a fee in the future.
- Currently, no formal fee structure exists for competitive transmission procurements in Ontario — presenting an opportunity to establish a fair and sustainable model.

Rationale for TSF Procurement and Registration Fees

- Since the issuance of FERC Order No. 1000, several U.S. Independent System Operators (ISOs) have adopted competitive transmission procurement processes.
- Over the past decade, these procurements have generated valuable data on the costs associated with designing and evaluating competitive transmission proposals. As proposal submissions have become increasingly complex and sophisticated, evaluation costs have risen accordingly.
- In response, FERC has approved measures such as:
 - Increased procurement fees
 - Removal of cost recovery caps
 - Escalation mechanisms to index fees over time
- The IESO anticipates a similar level of effort will be required to design and evaluate proposals under the TSF.
- To ensure cost recovery, fairness, and alignment with best practices, the IESO proposes to implement a fee structure consistent with other jurisdictions conducting competitive transmission procurements.

Jurisdictional Scan: Proposal Fees in Competitive Transmission Procurement

- In 2023, the Federal Energy Regulatory Commission (FERC) approved CAISO's tariff amendment under Docket No. ER23-2464, which approved the following changes:
 - Raised the initial deposit required for competitive solicitation proposals from \$75,000 to \$100,000 USD.
 - Eliminated the previous cap of \$150,000 USD on total recoverable costs per proposal
- CAISO justified the change by citing the increasing complexity and number of competitive solicitations, and the need to ensure full cost recovery from participants rather than ratepayers.
- The \$100,000 USD application deposit is non-refundable and covers internal and external evaluation costs, including expert consultations. If costs exceed the initial fee, additional payments may be requested. Any unused balance is refunded with interest upon completion of the RFP process.
- Other ISOs, such as MISO and ISO-NE, follow similar cost frameworks for competitive transmission procurements.

Overview of Fee Structures

Fee Model	Description	Pros	Cons	Key Considerations
Flat Submission Fee	A fixed, non-refundable fee for all proponents.	Simple to administer; ensures upfront cost recovery.	May not reflect actual evaluation effort; could deter smaller players.	Fee level must balance accessibility and cost recovery.
Tiered Fee Structure	Fee varies based on project characteristics (e.g., size, scope, complexity).	More equitable; aligns fees with effort; encourages broader participation.	Requires clear criteria; adds administrative complexity.	Tiers could be based on voltage level, geographic scope, or capital cost.
Evaluation Cost Recovery	Proponents pay actual evaluation costs, reconciled after the process.	Ensures full cost recovery; scalable to complexity.	Less predictable; requires transparent accounting.	Initial deposit required; reconciliation may result in refund or additional payment.

IESO Fee Considerations

Fee Model	Description	Proposed Fee
Flat Submission Fee	A fixed, non-refundable fee for all proponents.	\$150,000 CDN Non-Refundable fee
Tiered Fee Structure	Fee varies based on project characteristics.	Project Estimate Range 1. \$100,000 CDN Fee for projects <\$500M 2. \$150,000 CDN Fee for projects >\$500M and <\$1BN 3. \$200,000 CDN Fee for projects >\$1BN
Evaluation Cost Recovery	Proponents pay actual evaluation costs, reconciled after the process.	\$150,000 CDN Deposit At the conclusion of the RFP evaluation process, proponents would either be billed the additional costs of service or refunded the remaining balance.

Procurement and Registration Fees Recommendation

- The TSF Registry will not charge an application fee for the first window to encourage early engagement. Starting in ~Q1 2027, the IESO intends to introduce fees for future windows, consistent with other ISO jurisdictions that charge for similar registration processes.
- Proposed Registry Fees: \$2,000 – application fee and \$2,000 – renewal fee (every 24 months).
- IESO is proposing a tiered fee structure for TSF RFP submissions to ensure fees are right-sized for each project. This approach allows both internal and external teams to be scaled appropriately and ensures the level of due diligence is proportionate to the project's size and complexity.
- Proposed Tiered Fee: Proposed fees range from \$100,000 to \$200,000 depending on the tier.



Next Steps

Summary

- Current \$10,000 cap on submission fees for energy, capacity, and ancillary services procurements has not changed since 2006; evaluation costs have risen.
- IESO proposes raising the maximum fee for submissions to \$25,000
- Fees may vary by stage (RFQ, registration, RFP) and could include per-MW scaling to support smaller projects.
- IESO proposes introducing a tiered fee structure (\$100k – \$200k) based on estimated project cost for transmission procurements (TSF).
- Approach aligns Ontario with cost frameworks in other U.S. jurisdictions

Next Steps

- Stakeholder feedback on proposed submission fee updates (Energy, Capacity, Ancillary Services; TSF) due by September 29.
- Assess input to refine fee structures
- Finalize recommended approach based on feedback and jurisdictional comparisons
- Submit updated fee framework to the Ontario Energy Board (OEB) for approval
- Communicate approved changes in advance of upcoming procurements

Thank You

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