Feedback Form

Transmitter Selection Framework – February 29, 2024

Feedback Provided by:

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Date: March 20, 2024

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?	· In planning for Session 3 and Session 5, Hydro One encourages the IESO to give thought on how and when Indigenous communities would be engaged in planning as part of the transmitter selection framework process.

Topic	Feedback
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 believe in a procurement process which is fair and transparent. As such, we do believe incumbent transmitters should not be excluded from the Transmitter Selection Framework process. · We are supportive of an RFP approach for transmitter selection through clearly defined parameters and allows equal opportunity for proponents to focus on specific criteria. Notwithstanding, proponents should be allowed to offer innovative solutions under an RFP. · Transmission projects require long lead times, and as such, the qualification process needs to be clear and efficient to ensure projects can meet the required in-service dates. For example, in terms of full project development, consideration should be given to other timelines such as environmental assessment approvals and land acquisition. This is particularly true given the IESO has stated that "procurement timelines are subject to change based on project complexity, highlighting the need for enough runway between a Transmission 'needs' identification to a Resource In-Service date."

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?	· Hydro One supports the using a "pre-qualified transmitters" registry which can help manage preparation work with Indigenous Communities, engagement with municipalities, landowners and assessments required to connect to the grid. Without a streamlined group of participants, it could delay engagements and burden participants to engage with every bidder. · We believe the following criteria should be consider in qualifying transmitters: Delivery, Urgency and Sustainability · The proponent will need to navigate Ontario's unique regulatory, legal and community environment to mitigate risk of setbacks. · The proponent will need to coordinate with incumbent transmitters for connection purposes to the existing grid. · The proponent will need to demonstrate how it plans to operate the line into the future, ideally with an Ontario control centre, ensuring reliability and emergency preparedness is not compromised. · Criteria should include years of experience, equivalent magnitude of work completed successfully, proven design engineering and execution. Partnerships · Indigenous support that will mitigate risks and setbacks. · Criteria should also evaluate local municipality support and presence. · Local procurement commitments should also be assessed. Financing and Risk Profile · The proponent should demonstrate good financial standing and capacity, that commits its resources to Ontario for the project and beyond if emergencies arise. · Financial records should also demonstrate long-term OM&A support for maintenance and sustainment.

Topic	Feedback
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?	· We also support a bid-based approach for competitive proposals, as the scope of transmission projects under consideration will have gone through proper system identification and planning. · The key will be to ask and assess all bids based on a similar maturity and value, both capital and operating. We believe consistency and simplicity is key to executing the TSF process. Bids can vary on any number of factors, such as minimum design, materials, engineering, execution, quality etc. · Comparing bids on many variables will add complexity to and lengthen the procurement process. Clear bid categories that have the highest value, include basic parameters, and allow for innovation could simplify the process. We do not believe a revenue-contracting out approach would be conducive to an efficient TSF process and could potentially be disruptive to the Ontario energy market.

Topic	Feedback
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?	· Striking the right balance between cost containment and risk allocation approach assumes some level of comparability of bids, hence why we support a bid-based approach to ensure similar maturity and values are being assessed. · We believe the risks identified by the IESO don't adequately consider the complete life cycle maintenance responsibilities of the transmitter (e.g., reliability, long term OMA capabilities or emergency response). · Shared risk – clarity should be provided on how shared risk will be allocated, e.g., percentage basis. · We do not believe transmitters should be held to account for force majeure risks, as they are beyond the control of the transmitter, nor is insurance generally available for these types of events.

General Comments/Feedback

Eligibility: The IESO should clarify that the Transmitter Selection Framework cannot apply to the expansion of existing transmission facilities. Expanding the existing system and building on existing infrastructure is completely different from building new greenfield infrastructure. Applying the Transmitter Selection Framework to expansions would create substantial legal and regulatory challenges given an incumbent transmitter would already have a regulatory footprint on the transmission grid, e.g., Indigenous partnerships are likely to be well in place and may be

disrupted. Also, l**osing the ability to expand and making every small project a competition would slow down process and impede process efficiency.**

Local Content: A concept employed vastly in many countries is Local Content that can apply to large scale investments and carry a percentage requirement of local content to positively support the local growth. It is critical that large-scale investments by potentially global companies is contributing positively to local communities, economy, and industrial capacity without becoming a "build and gone" investor. The National Strategy for Critical Infrastructure should be examined for key principles to protect ratepayers while engaging in this open process.