
JANUARY 22, 2025

TSF Update and Qualified Transmitter Registry (QTR) Design

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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.

Purpose

The purpose of this engagement is to:

1. Provide a recap on the Transmitter Selection Framework (TSF) and updated engagement plan
2. Discuss the considerations and rationale for the Qualified Transmitter Registry (QTR)
3. Introduce QTR guideline and design elements, including proposed categories and criteria considerations for qualifying transmitters for the TSF
4. Invite feedback on the QTR guideline and design elements

Agenda

1. TSF Recap and Updated Engagement Plan
2. Qualified Transmitter Registry Rationale
3. Proposed Qualified Transmitter Registry Categories
4. Submission Window and Timelines
5. Feedback and Next Steps

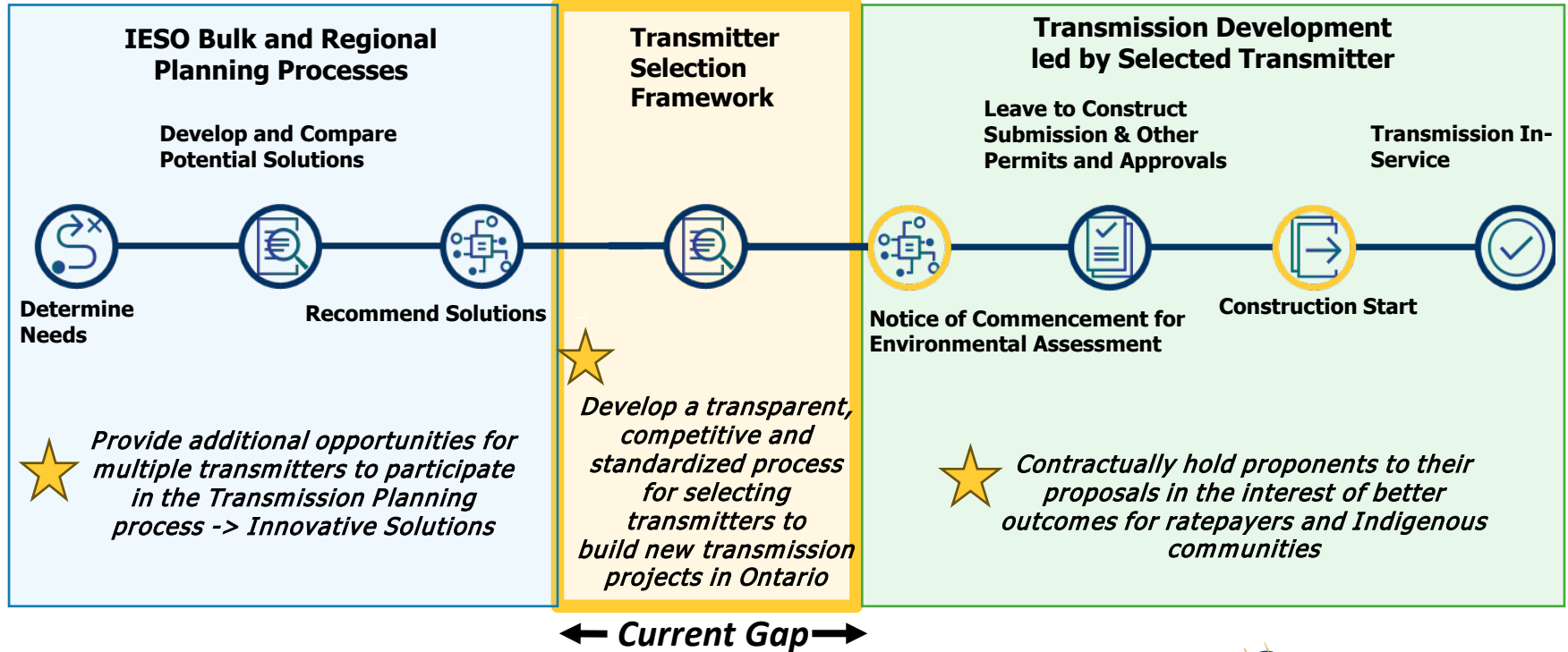
TSF Update

- TSF report back submitted to government
- The IESO will advance TSF development and continue reporting to government on progress
- QTR development and engagement throughout Q1/Q2 2025
- Several transmission planning studies are being carried out by the IESO at the present time – expecting to identify TSF eligible project(s) by Q4 2025



TSF Recap and Updated Engagement Plan

TSF Rationale & Goals



TSF - Objectives

- The main objectives of the TSF will be to:
 - Leverage competition and new entrants to **deliver better value to ratepayers;**
 - Attract new investment in Ontario, in a manner that **supports the IESO's Resource Adequacy Framework and broader economic growth;**
 - **Provide transparency** around Transmitter Selection in Ontario;
 - Enable Indigenous participation and **contribute to ongoing reconciliation efforts;** and
 - **Foster innovation** for transmission solutions over the long run.
- The TSF will only be appropriate for certain new transmission projects, and the IESO has identified proposed project-eligibility considerations which will help guide TSF project-identification.

TSF: Eligibility Considerations

- The TSF supports an "all of the above" approach to developing transmission infrastructure, including:
 - Designating projects that are not suitable for TSF
 - Introducing competition for select projects
 - Bi-lateral negotiations (for policy-driven projects such as interties)
- Transmission recommendations flowing from IESO transmission planning activities will consider TSF eligibility/suitability
 - Successful execution of the first TSF project is critical to provide confidence in the process among transmitters, communities and stakeholders

TSF: Proposed Eligibility Criteria

- New Facilities
- Benefit all electricity ratepayers
- Estimated cost of \$100 million or greater
- Nominal voltage of 200 kV or greater
- Sufficient lead-time (at least 6 years)

Identifying Potential Transmission Projects

- Several transmission planning studies are being carried out by the IESO at the present time, with planning recommendations targeted for late 2025
- IESO recommendations for transmission system expansions will identify if transmission projects are suitable for the TSF

Key Transmission Plans Underway	Timeline for Recommendations
• South and Central Bulk Study	Late 2025
• Northern Ontario Bulk Study	Late 2025/early 2026
• Eastern Ontario Bulk Study	Late 2025

Indigenous Community Feedback

- **Early Involvement in Planning:** Indigenous communities have emphasized the importance of early participation in transmission planning and project development
- **General Support for TSF design:** Indigenous communities generally support the proposed commercial framework (COD+ contract approach), Indigenous Engagement Participation Plan (IEPP) recommendations, and non-exclusivity covenant concepts
- **Flexible Economic Participation Pathways:** The need to ensure a variety of long-term economic participation opportunities are available to Indigenous communities whose rights may be impacted by a project, including ownership, equity, and other forms of participation.
- **Addressing Capacity Barriers:** Ongoing efforts are necessary to address capacity barriers, enabling active participation in the planning and procurement processes.
- **Qualification:** Indigenous communities and one transmitter strongly emphasized the importance of Indigenous experience in qualifying transmitters.

Stakeholder and Transmitter Feedback

- **General Support for TSF Design:** Stakeholders and developers are generally supportive of TSF objectives, eligibility considerations, and associated technical criteria.
- **Rate Regulation Support:** Consensus for using the Rate Regulation process (post COD+) to ensure consistent and fair pricing mechanisms
- **Concerns of Transmitter Advantage:** There are concerns over existing transmitter advantage within Ontario with a recommendation that fairness measures be explored to level the playing field
- **Transparency:** Stakeholders and developers are seeking continued transparency and dialogue related to transmission planning activities to promote participation and fairness under the TSF

Proposed High Level 2025 Engagement Plan

January 2025

Qualified Transmitter Registry (QTR) Design

Q2 2025

Finalize and Launch QTR

Q2-Q3 2025

Further Develop/
Finalize IEPP Design

Q3 2025

Finalize Commercial Framework

Q4 2025*

RFP/Contract Design
Announce TSF
Eligible Project(s)

2026 & Onward

TSF Procurement
Engagements, and
Launch



Engage with Indigenous communities and stakeholders through:

Focused engagement sessions

1:1 discussions,
as needed

Targeted discussions
with Indigenous
communities and
stakeholders as needed

On-going engagement



Qualified Transmitter Registry (QTR) Rationale

Qualified Transmitter Registry (QTR) Rationale

- Expedite the procurement process by pre-qualifying transmitters through the QTR. Estimated savings of 6 months compared to running a traditional Request for Quotation (RFQ) for every procurement.
- Verify transmitters meet the minimum criteria set by the IESO for project development experience (engineering, construction, and O&M), technical capability, financial wherewithal, and legal compliance.
- The QTR follows best practices demonstrated by other jurisdictions for competitive transmission procurements.
- Increase competition to deliver better value to ratepayers by building out the roster of qualified transmission developers.

Qualified Transmitter Registry (QTR) Overview 1

- In Ontario, all transmitters must obtain an Ontario Energy Board (OEB) transmitter license to operate transmission infrastructure.
- The QTR application will incorporate all the technical categories outlined in the OEB transmitter license application's requirements.
- IESO will continue work with OEB staff to determine how the TSF QTR process can help streamline the OEB transmitter licensing process.

Qualified Transmitter Registry (QTR) Overview 2

- For the inaugural QTR, the IESO is considering an open and flexible submission window. This window will stay open from the QTR's launch and close ahead of a formal Request for Proposal (RFP) launch. Transmitters may apply before a procurement is identified.
- This approach aims to encourage the participation of new transmitters, offer greater flexibility, and maximize involvement, ensuring a robust initial pool of candidates.
- The IESO is proposing that a qualified 'Transmission Developer' status will be valid for 2 years, and then applicants will need to recertify. This frequency aligns with other ISOs and helps the IESO maintain the best industry standards.
- The 2-year cycle also allows for timely updates on an applicant's financial status, technical capabilities, and regulatory compliance.



Proposed Qualified Transmitter Registry Categories

Proposed Qualified Transmitter Registry (QTR)

- The proposed QTR categories are designed to evaluate a transmitter's experience, capability, expertise, and compliance in delivering transmission infrastructure projects.
- The QTR process aims to ensure that only qualified and capable applicants are selected to participate in the TSF, promoting reliability, safety, and efficiency in the province's energy infrastructure.
- The IESO is seeking feedback on the following proposed QTR design guideline categories and evaluation criteria.

Proposed Qualified Transmitter Registry (QTR) Categories

Mandatory Requirement:

- 1. Organizational and Project Experience:** Applicants will provide details of previous experience developing transmission projects
- 2. Technical Capabilities:** Applicants must demonstrate their technical experience and capability to undertake transmission projects
- 3. Financial Strength:** Applicants must demonstrate their financial capacity to secure capital and fund the development, construction, and operation of transmission projects

Applicant Information – Submission

To detail key information regarding the QTR applicant and affiliates or partners, including org. charts and business structure

Applicant Information

1. Legal Name and Structure of Applicant
2. Organization Chart, Business Structure, and Contact Information
3. Submission Fee

Proposed Evaluation

- Completeness Check

Relevant Organizational Experience

- Applicants must demonstrate previous experience in developing transmission projects and their capacity to undertake them by providing information about past projects, including scope, budget, and timelines.
- This helps to ensure that applicants have a proven track record of successfully developing transmission infrastructure and can execute similar projects within Ontario.

Project Development Experience

To detail project development experience - i.e. experience in designing, developing, financing, and building transmission facilities

Project Development Experience

4. Description of relevant project development experience and project details

QTR applicant should demonstrate that it has:

- ❑ (i) planned; (ii) developed; (iii) financed; (iv) constructed, at least two (2) Qualifying Projects in the past 15 years
- ❑ Qualifying Projects must have been within North America, operating at a voltage level of at least 200kV, of a minimum length of 50 kilometers, and achieved commercial operation within 15 years of the application submission date

Operations & Maintenance Experience

- Applicants must demonstrate their ability to operate and maintain transmission facilities by providing details about in-house resources and experience.
- This section is crucial because long-term operation and maintenance are essential for ensuring reliable service and minimizing outage risks.
- This verifies the applicant's readiness to handle the full lifecycle of transmission assets, including emergency response, routine maintenance, and asset replacement.

Operations & Maintenance Experience

To detail entity/team members' O&M experience - i.e. experience in operating or maintaining transmission facilities

O&M Experience

5. Description of relevant O&M experience, performance standards (transmission reliability)

QTR applicant should demonstrate that it has:

- ❑ Operated and maintained at least two (2) Qualifying Projects for at least five (5) years post-energization

Team Member Experience

- This section assesses the qualifications and experience of key personnel involved in critical project areas. The goal is to ensure the project team has the necessary expertise to handle all aspects of transmission project development and operations.
- Applicants are required to showcase their technical capabilities, especially in project management, engineering, and adherence to standardized construction practices.
- The inclusion of key personnel information and business standards provides confidence in the applicant's ability to manage large-scale transmission projects. By demonstrating these competencies, the applicant affirms that they have the necessary expertise to fulfill Ontario's transmission needs.

Team Member Experience

Key Personnel

6. Summary of key personnel (corresponding to 2. Org chart) and relevant experience in transmission facility development and operation

QTR applicant should demonstrate that it has:

- At least five (5) Designated Team Members (DTM) with the relevant experience to be an Officer or Director of the applicant. Consider executive officer-level authority (ability to bind transmitter on the subject matter).

Team Member Experience

Technical and Project Management Experience

7. Summary of Technical and Project Management Capabilities

QTR applicant should demonstrate that it has:

- ❑ At least five (5) years of planning, development, finance, construction, and O&M on at least two (2) Qualifying Projects.
- ❑ A narrative summary of capabilities demonstrating the applicant's ability to complete a complex transmission project.

Financial Strength

- This section evaluates the applicant's financial stability and capability to finance the transmission projects' development, construction, and operations.
- Applicant will provide evidence of a tangible net worth of \$200M and include any supporting document(s)
- The Applicant will submit a credit rating received from any nationally recognized statistical rating organization (i.e. S&P, Moody's)
- Disclose any history of insolvency or any regulatory enforcement

Financial Strength

Demonstrating strong financial health helps support project completion and ongoing operations to avoid the risk of insolvency.

Financial Strength

8. Third party attestation and supporting financial statements

9. Nationally Recognized Statistical Rating Organization Credit Rating (from within the last 24 months)

10. Disclosure statement

Financial Strength

Financial Strength

8. Third party attestation and supporting financial statements

QTR applicant should demonstrate that it has:

- A tangible net worth of \$200 million, as demonstrated by audited financial statements. This would not include third-party or related-party funding commitments.
- Receipt of third-party attestation for the \$200M tangible net worth, and any supporting documentation

Financial Strength

Financial Strength

9. Nationally Recognized Statistical Rating Organization Credit Rating (from within the last 24 months)

QTR applicant should demonstrate that it has:

- A credit rating received from S&P, Moody's, or any other Nationally Recognized Statistical Rating Organization.
- Unrated applicants will not be required to obtain a credit rating

Financial Strength

Financial Strength

10. Disclosure statement

QTR applicant should:

- Disclose any history of bankruptcy, mergers, acquisitions, or material defaults in the past five years

QTR Covenants

- Transmitters are required to sign and agree to the covenant that they will notify the IESO if there are any changes to the qualifying transmitter's organization (once enrolled in the QTR)
- Transmitters are required to sign and agree to the covenant that they will not bind Indigenous communities to exclusivity arrangements in respect of any projects procured through the TSF

Indigenous Participation Experience

- The IESO recognizes that experience working and partnering with Indigenous communities will be critical to project success under the TSF
- As outlined in [Focused Engagement Session 5](#), the IESO is proposing to assess Indigenous engagement and partnership experience at the time of proposal submission, to enable time for those new-to-Ontario transmitters to form relationships with Indigenous organizations and communities
- The IESO welcomes early feedback from communities on how the IESO should consider assessing Indigenous project experience at the time of the proposal submission



Submission Window and Timelines

QTR Open Submission Window

- For the initial QTR launch, the IESO is considering an open submission window to allow more flexibility.
- **Maximizes Participation and Competition:** An open submission window allows more potential applicants to participate by accommodating various schedules and preparation times, increasing the pool of qualified transmitters.
- **Encourages New Players:** Provides emerging developers and smaller firms, who may not yet have internal processes optimized for such applications, with ample time to prepare, thus fostering a more inclusive qualification process.
- The initial window will remain open from QTR launch and close ahead of a formal RFP launch.
- In the future, the IESO is considering transitioning from an open submission window to a regularly scheduled QTR submission window.

QTR Recertification

- **Frequency of Recertification:** Every 2 years
- A 2-year interval balances the need for up-to-date information with the administrative burden on the applicants and the IESO.
- This frequency allows for timely updates on an applicant's financial status, technical capabilities, and regulatory compliance, especially given that the industry can change significantly in a couple of years.
- Many other Independent System Operators (ISOs) use a similar timeframe, aligning Ontario's process with industry best practices.

QTR Recertification Evaluation Consideration

- **Financial Stability and Capital Access:** Verify that applicants continue to meet financial thresholds for project funding.
- **Technical Expertise:** Confirm that key personnel and technical resources remain up-to-date with industry standards and emerging technologies.
- **Operational and Safety Compliance:** Review recent track records in operations, safety, and regulatory compliance to ensure applicants uphold best practices and avoid performance issues.
- **Legal and Regulatory Status:** Ensure that applicants have no outstanding legal issues, sanctions, or recent compliance violations that could impact project delivery.



Feedback and Next Steps

Questions

Your feedback is important. The IESO is hoping to understand:

In your view, does the proposed “Qualified Transmitter Registry” sufficiently:

1. Capture all the necessary QTR design categories and proposed evaluation criteria
2. Provide opportunities for qualified transmitters and developers to participate
3. Promote competition
4. Define project experience, financial, technical, and O&M criteria clearly
5. Meet transmitter needs and encourage broader participation with the open submission window

Next Steps

- The IESO invites written feedback on the materials presented by **February 12, 2025**. All written feedback should be submitted to engagement@ieso.ca utilizing the IESO Feedback Form posted on the engagement webpage.
- The QTR Design and Application Guideline is posted on the **TSF Engagement Page**.
- 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.

Thank You

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