

Feedback Form

Transmitter Selection Framework – June 25, 2025

Feedback Provided by:

Name: Tim Lavoie

Title: VP, Corporate Services and Indigenous Relations

Organization: FortisOntario Inc.

Email: [REDACTED]

Date: July 16, 2025

To promote transparency, feedback submitted will be posted on the TSF engagement page unless otherwise requested by the sender.

- ☐ **Yes – there is confidential information, do not post**
☒ **No – comfortable to publish to the IESO web page**

Following the Transmitter Selection Framework (June 25, 2025), engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation and recording can be accessed from the [Transmitter Selection Framework](#) engagement webpage.

Note: The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials please indicate if they are confidential.

Please submit feedback to engagement@ieso.ca by July 16.

Bid Structure & Risk Allocation: Does the proposed form of RFP bid and high-level risk allocation strike the right balance between protecting ratepayers while providing an attractive proposition to transmitters and financiers?

The Ontario Energy Board's ("OEB") regulatory framework currently achieves a fair balance between risk and returns for transmitters. Any shift to a partial contracting model, should continue to deliver measurable benefits for ratepayers and mitigate risk, particularly by ensuring projects are completed on time and within credible budgets.

Proponents should only be expected to assume risks they can reasonably manage, as the imposition of risks beyond a proponent's control could create price uncertainty and variability, which may increase costs for ratepayers regardless of whether those risks materialize.

Transferring or sharing risks that are unknown, uncontrollable, or potentially open-ended in liability, such as force majeure events, could be counterproductive. This approach may inflate bid prices, or create unrealistic bids, without guaranteeing any added value. Ratepayers are best protected when proponents are held accountable for managing known risks within their control, while risks outside their control are more appropriately allocated under the regulatory framework.

Alternatively, if proponents are expected to assume greater, more complex or unknown risks under a partial contracting model, it follows that the potential returns should reflect a higher risk profile. This may reward proponents for risk that never materialize.

A balance is essential to ensure robust competition and the long-term success of the TSF framework.

Reducing Bid Risk Premiums: Are there mechanisms within the form of proposal submission (or within the contract) that the IESO should consider to reduce risk premiums included in bids?

We submit that the OEB has an established, comprehensive and balanced framework for allocating risk and costs. Rather than creating a new framework that relies entirely on a partial contracting model, we submit that a hybrid model could be a more effective model that will deliver greater value for ratepayers.

Under a hybrid model, the OEB would continue to use its existing framework, with a proponent bound during a 10-year period for specific obligations to be set out in the contract between the IESO and the proponent.

For example, the contract between the IESO and the proponent could define certain costs that must be capped, excluded, or included in a future OEB rate application. This could help reduce regulatory uncertainty for proponents and lenders, potentially lowering bid risk premiums, while still enabling the IESO to advance its strategic objectives through a partial contracting approach.

Further, other general considerations that may reduce risk premiums which will ultimately be borne by ratepayers, include:

- Establish reasonable caps or limits on shared risks and financial exposure (if applicable)
- Allow flexibility in timelines or costs for events outside a proponent's reasonable control, such as certain construction costs, permitting delays, or land rights challenges
- Introduce advance or milestone payments to reduce proponent financing costs, while also supporting Indigenous equity partners and their management of upfront capital requirements
- Early coordination and support from CIB or Building Ontario Fund to facilitate early ownership and participation from impacted Indigenous communities
- Allow sufficient bid preparation time for proponents to conduct thorough due diligence and reduce uncertainties that may inflate bid prices
- Confirm the proposed leave to construct (LTC) exemption for TSF projects

	<ul style="list-style-type: none"> • Clarify revenue certainty post-year 10, including treatment of depreciation • Consider shortening the 10-year partial contracting period
<p>Evaluating Indigenous Participation within IEPP: How should the IESO consider evaluating the IEPP, to support meaningful Indigenous economic participation and engagement amongst potentially impacted communities? Is it helpful (or a hindrance) for rated or mandatory criteria to set minimum levels of Indigenous participation?</p>	<p>We believe that the overall quality of a proponent's IEPP should be a fundamental criterion, carefully evaluated and scored as a key component of the procurement process.</p> <p>The IESO should have a clear understanding of the vision, priorities, and expectations of all potentially impacted Indigenous communities.</p> <p>Additionally, the IESO should allow an opportunity to engage directly with impacted Indigenous communities once bids are received and IEPPs have been submitted to gather feedback and ensure a proponent and its proposal align with the interests of the impacted Indigenous communities.</p> <p>We recommend that the IESO ensure that the IEPP is binding on proponents, with clearly defined enforcement mechanisms and remedies if IEPP commitments or targets are not met by the proponent.</p>
<p>Cost Containment: Should the IESO develop a highly prescriptive approach to cost-containment or leave it open for transmitters to develop within their proposals?</p>	<p>If the IESO includes cost-containment measures, it should focus on only key cost-containment requirements and preserve flexibility for transmitters to identify and propose innovative solutions and additional efficiencies in their bids.</p>

Schedule & Development Risks: Do the proposed milestones and timelines for an initial TSF procurement (noted on slide 28) appear reasonable and appropriately reflect the time required for proposal preparation? Are there specific risks the IESO should plan for?

Overall, the proposed TSF procurement milestones and timelines appear reasonable.

However, the IESO should consider whether the approximate six-month period between the "Final RFP and Contract Posting" and "Proposal Submission" provides sufficient time for proponents to fully assess the risks associated with a bid or address all the critical aspects of a bid.

Developing robust Indigenous Engagement and Participation Plans ("IEPPs") requires sufficient time. Proponents must identify and engage early with impacted Indigenous communities and build meaningful partnerships to ensure engagement is collaborative and effective. Further, proponents may need extra time with potential contractors on unique project requirements and to assess cost implications related to IEPP targets and commitments.

Proponents will also need to fully understand the complexities of a partial contracting model and work with lenders to assess financing considerations, particularly as it relates to Indigenous equity participation. Implementing the hybrid model described above could not only help reduce bid risk premiums but also facilitate financing discussions and potentially shorten project timelines.

It would be beneficial for the IESO to circulate, at the earliest opportunity, the final contract, or at least key commercial terms, and insight on which Indigenous communities may be impacted prior to launching a specific procurement project, if feasible. Alternatively, extending a bid submission period could help ensure proponents have the necessary time to complete critical activities and submit a bid that properly addresses and reflects the risks of the project.

General Comments/Feedback