

# Feedback Form

## Transmitter Selection Framework – July 25, 2024

### Feedback Provided by:

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Following the July 25, 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](mailto:engagement@ieso.ca) by **August 9, 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
<p><b>Partial Contracting Evaluation:</b></p> <p>In your view, does the proposed "Partial Contracting Approach" sufficiently:</p> <ul style="list-style-type: none"> <li>• Safeguard ratepayers against project risks?</li> <li>• Promote competition?</li> <li>• Promote Indigenous Participation?</li> </ul>	<p>Hydro One appreciates the consideration the IESO has made when proposing the implementation of TSF contracts. Based on Hydro One’s experience, it is difficult to assume that the contracting process will always be straight forward, which is often not the case, due in part to the technical complexity of transmission projects.</p> <p>Hydro One views Indigenous participation as essential and would like to see it be a core requirement that is initiated at the very start of any process, not after a project has already commenced. Early and active engagement with Indigenous communities should be rewarded as we believe it is a core requirement to any project's success.</p> <p>The Environmental Assessment process for complex projects, including transmission projects, require critical options analysis and the identification of routes that can satisfy the need identified.</p> <p>Hydro One recommends that the commercialization aspects of the TSF continue to be developed. As it currently stands, Hydro One has concerns that contracts will be awarded to proponents with the lowest bids. These bids, referred to as “less costly developments” in the July 25 IESO session, may not appropriately account for operational, maintenance and administrative (OM&amp;A) costs. Given the fact that typical transmission assets last much longer than the 40 years suggested in the engagement session, costs could be evaluated on a Net Present Value system to allow for benefits such as build quality, longer life span, or amortization to be accounted for. As the commercial contracting approach is refined, the benefits beyond just minimum asset requirements should be considered. As an example, utilizing an asset for 90 years compared to a minimum of 40 years can result in substantial benefits to rate payers.</p>

Hydro One continues to support the utilization of a Qualified Transmitter Registry. As stated in the feedback provided following the February 29, 2024 TSF engagement session, using a Qualified Transmitter Registry can help manage preparation work with Indigenous Communities, engagement with municipalities and landowners, and assessments required to connect to the grid.

Hydro One believes the following criteria should be considered 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 to facilitate connections to the existing grid.
- The proponent will need to demonstrate how they plan to operate the line in the future, ideally with an Ontario control centre, while 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

- The proponent must engage with Indigenous communities prior to beginning the project. This active engagement will lead to more meaningful partnerships, ensuring community goals and aspirations are reflected in project planning, and that potential impacts can be mitigated. Early engagement also enables early risk mitigation to enable project build in a respectful and timely manner.
- Criteria should also evaluate local municipality support and presence.
- Local procurement commitments should also be assessed.

### **Qualified Transmitter Registry:**

Does a flexible application submission window for a qualified transmitter registry meet developers/stakeholders needs?

Topic	Feedback
	<p data-bbox="781 149 1114 180">Financing and Risk Profile</p> <ul data-bbox="829 191 1495 422" style="list-style-type: none"><li data-bbox="829 191 1495 296">• The proponent should demonstrate good financial standing and demonstrate capacity to deliver.</li><li data-bbox="829 306 1495 422">• Financial records should also demonstrate long-term OM&amp;A support for maintenance and sustainment.</li></ul>

## Evaluation Criteria Review:

Has the IESO captured all of the necessary evaluation guiding principles and criteria within an expected transmission project proposal?

The IESO has included “benefit all ratepayers” under their TSF Proposed Eligibility criteria. This parameter has no correlating metrics in the evaluation criteria. There are currently no criteria to capture and evaluate long-term, system-wide benefits that could be produced by projects. Additionally, there is no criteria that could capture how projects may drive innovative transmission solutions, which is purported to be a key benefit of introducing competitive selection into Ontario’s transmission system.

Any evaluation process should encompass the following critical components of successful transmission project development and delivery:

- Description of the proposal, including single line diagram (pre- and post-project).
- Analytical files that will allow the IESO to model the proposal, as well as any contingency updates as a result of the proposal (if topology changes).
- Pre- and post-connection short circuit impact of connected facilities, and models that would allow verification.
- Electrical characteristics, rating and capability of major equipment such as rating of the line, transformer and impedance. This may include dynamic voltage support devices and other necessary power quality characteristics, as required.
- Preliminary project schedule.
- Cost by category (to be specified by the IESO for proposals comparison), and the total project capital cost, as well as the estimated accuracy range.
- Cost containment information, by cost category or total cost. Cost containment will limit the upper bound of project’s capital cost (in part or in total) that the proponent could seek to recover via tariffs in subsequent rate application, therefore capping the rate impact in some way. The IESO should decide if this would be mandatory or voluntary information to include.
- Physical and geographical attributes of the proposal such as preliminary site plan, line route, point of interconnection and alternatives, line tower dimension and clearance requirement, etc.

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	<ul style="list-style-type: none"> <li>• Preliminary Environmental Assessment plan, Indigenous and Community engagement plan, as well as plans to obtain siting approval and permitting from relevant regulatory bodies or agencies.</li> <li>• Optional – Anything else that the proposing entity would like to include to showcase the advantage of their proposal, such as whether the solution can be executed in a flexible way and be expandable as system needs evolves and reduce future cost.</li> <li>• All proponents should follow the same set of requirements to allow the IESO to compare projects across the board for readiness.</li> </ul> <p>In addition to the above:</p> <p>The IESO or the Ontario Energy Board (OEB) should publish a redacted bid package from all proposing entities for cross examination.</p> <p>The IESO or the OEB should allow reasonable time for the proposing entity to provide a correction or remedy up to a certain point, mainly from an information completeness standpoint. After which, the proposals should be frozen and be treated as-is to ensure a leveled playing field between proponents.</p> <p>It is recommended that the IESO or the OEB should at a minimum, evaluate proposals in the following categories:</p> <ul style="list-style-type: none"> <li>• Indigenous engagement planning and partnership building.</li> <li>• Proposal’s performance and robustness compared to defined system needs.</li> <li>• Expandability of the proposal to adapt to future system needs.</li> <li>• Cost and rate impact, taking the proponent’s cost containment into consideration.</li> <li>• Construction feasibility and execution timeline compared to timeline of the need.</li> <li>• Environmental Impact.</li> </ul>

Topic	Feedback
<p><b>Indigenous Participation Criteria:</b></p> <p>What criteria should be considered to assess a proponent's experience with Indigenous participation and partnerships?</p>	<p>Hydro One encourages the selection of proponents with existing track record of successful Indigenous Equity Partnerships. This is key to ensuring that proponents have experience in negotiating agreements with Indigenous communities, building partnerships and delivering on commitments. It also ensures that selected proponents have a proven track record of building relationships and trust with Indigenous communities, both key elements in ensuring a successful and respectful partnership over the life of the transmission asset. In Ontario, there have been issues with transmitters not delivering on past equity ownership commitments to Indigenous communities which must be avoided in future. By limiting process to proponents that have demonstrated experience with sustaining and growing Indigenous participation in projects and operations, the likelihood of maintaining Indigenous support for future energy infrastructure is likely to increase and maximized economic participation can be achieved. It should also be assessed if proponents have experience in meeting helping the Crown meet its Duty to Consult requirements, including procedural aspects that are routinely delegated to industry proponents.</p>

## General Comments/Feedback

Thank you for the opportunity to provide feedback.