

## **IESO Transmitter Selection Framework**

### ***OPG Engagement Response***

As Ontario's electrical system will need to be significantly expanded in the coming years, with an urgent need to deliver power to new industrial load, housing developments and electrification, it is critical that the Independent Electricity System Operator ("IESO"), and government, evaluate options that will achieve efficiencies in speed, affordability and reliability. This includes building new transmission lines and generation and leveraging existing infrastructure.

OPG encourages the IESO to proactively inform policy direction for planning and development of strategic new transmission lines. In particular, transmission lines that will enable economic growth, connection of Indigenous communities, and open new regions for clean energy development as described in the Ministry of Energy's *Powering Ontario's Growth* ("POG").

A new process for transmitter selection must result in expedited infrastructure development, by reducing additional red tape, increasing competition, and addressing risks to system reliability. Anything to the contrary will undermine Ontario's economic growth, system reliability, and the province's ability to meet the needs of an electrifying economy. A competitive selection process should be applied in circumstances where the potential savings outweigh the additional time that will be required to run the process.

### **Transmission Selection Framework ("TSF") Project Eligibility Criteria:**

Transmission recommendations (flowing from the IESO transmission planning activities) will be assessed against the TSF Eligibility Criteria of:

- new facility,
- benefit all electricity ratepayers,
- estimated cost of \$100M or greater,
- Nominal Voltage of 200kV or greater,
- and sufficient lead time (at least 6 years).

The proposed Eligibility Criteria provide a good basis to determine which transmission projects will be suitable for the TSF and the thresholds selected will be important to maintain the focus on large new transmission infrastructure required. The cost threshold is of specific importance as the value selected needs to be high enough to avoid capturing projects where the cost and time of administering a procurement would represent a significant portion of the cost of the project and introduce additional time to the process. Where a solution is known and can be expedited such as upgrades to existing corridors or transformer stations, the incumbent may be best placed to execute the work and should be evaluated before entering into a transmitter selection RFP & contract design.

OPG submits the following comments/questions on the Eligibility Criteria:

1. Further clarification on the definition of each criterion would be helpful, specifically “New Facility” and “Benefit to all electricity ratepayers”. OPG’s generation projects may require additional facilities beyond the customer facilities (generation ties), like new enabler facilities, network facilities and/or network reinforcements of existing facilities to enable delivery of electricity. Understanding if the required transmission will be suitable for the TSF will help OPG collaborate with the IESO and potential transmitters earlier in our generation planning activities.
2. The presentation described that the eligibility is expected to evolve as more experience is gained with transmission procurement. Which elements are expected to change and will there be a consultation process to effect these changes? Will there be adjustments for cost threshold due to inflation?
3. OPG is supportive of the IESO publishing a list and the status of transmission facilities that have been recommended and/or are eligible for competitive procurement in the Annual Planning Outlook (“APO”) or other planning updates.
4. As the needs within the system can rapidly change, has the IESO developed any consideration for moving a project out of the TSF process if there is an urgent change (e.g., need timeline changes)?

#### **Transmitter Qualification/ Qualified Transmitter Registry**

Transmission projects are complex and costly, and the infrastructure needs to provide reliable power over the lifetime of the asset. It would be prudent for a qualified transmitter to be capable of establishing a local presence and be dependable for the growth of Ontario.

1. OPG agrees that an ongoing qualified transmitter registry would be beneficial to the IESO in saving time instead of running individual Request for Quotations (“RFQs”) for every procurement.
2. Requirements for the Qualified Transmitter Registry should consider how a company has or will establish a market presence in Ontario.
3. The Qualified Transmitter Registry should be made public and updated when appropriate.

#### **Commercialization Framework**

OPG recognizes the challenge of developing a commercial framework that emphasizes enhanced cost certainty and risk management while working within the existing rate regulation framework. As described in the *“Transmitter Selection Framework Focused Engagement Session #5”* materials, each transmission project will be unique resulting in Request for Proposals (“RFPs”) specifically designed to reflect the unique circumstances and considerations associated with a given project.

1. OPG encourages the IESO to consider options to reduce the time associated with the RFP and contract design process. For example, introducing standardized contracts and RFPs where possible.

## Indigenous Engagement

OPG has had an extensive history of creating true long-lasting partnerships with Indigenous communities. Sufficient time is necessary to build meaningful partnerships and must be considered much in advance of when a project is considered.

When there is a need to approach Indigenous communities regarding developments that have both generation and transmission economic partnership opportunities, there needs to be a holistic strategy that allows generators and transmitters to work collaboratively. This will minimize the burden on Indigenous communities who may have very little capacity to participate in separate discussions. Again, the early identification of whether a project will be eligible for the TSF will help OPG.

The development of project-specific Indigenous economic participation requirements and selection criteria as well as seeking input from potentially impacted Indigenous communities through the process are key to the success of projects. The development of an Indigenous Participation Plan by each transmitter identifying economic participation opportunities for each potential impacted Indigenous community is important to demonstrate a partnership in the RFP for evaluation. Early engagement remains critical to the success of the project, both by potential transmitters and the IESO.