Feedback Form

Transmitter Selection Framework (TSF) - October 15, 2025

The IESO is developing the Transmitter Selection Framework (TSF) to support transparent, competitive transmission procurement. Your feedback will help shape the commercial terms for future procurements.

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 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.

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 November 5.

Feedback Provided by:

Name: Frank Davis

Title: Canada Country Head

Organization: Pattern Energy Canada

Email: [redacted]

Date: November 5, 2025

Term	IESO Proposal for Stakeholder Feedback	Feedback Questions	Stakeholder Feedback responses
Overview of Obligations	The TSF will establish a competitive request for proposals ("**RFP**") process for the selection of a transmitter ("**Transmitter**") by the Independent Electricity System Operator ("**IESO**"), to own, develop, finance, design, engineer, construct, operate and maintain a network transmission facility ("**Facility**") in accordance with good engineering and operating practices (to be defined consistent IESO contracting convention), *market rules*, the transmission system code and all other applicable laws.		As a Canadian-owned entity backed by the Canadian Pension Plan Investment Board, Pattern Energy Canada ("Pattern") offers the financial stability and long-term investment horizon that the TSF seeks in qualified transmitters. Pattern's competitive procurement practices and disciplined project management approach support the TSF's emphasis on maximizing value for Ontario ratepayers through transparent and cost-conscious development.
Project Scope and Technical Parameters:	The Facility must satisfy the specifications established by the RFP ("**Specifications**"), including: (i) Facility description, location, and interconnection points	1. Are there any additional Specifications IESO should set out in the RFP to facilitate proponent bid preparation?	To facilitate effective bid preparation, we suggest the IESO consider adding specifications related to:

	(ii) Estimated line length (subject to route finalization) (iii) Nominal Voltage design voltage (iv) Line ratings (A or MW), continuous and time limited (v) Design features or constraints (e.g. Single, double circuit, tower type/height, other design constraints) (vi) Performance requirements and specifications such as availability and capacity testing requirements		• Desire expandability of the line. • Scope of facilities to be specified (i.e. substations/converter stations). • Specified ingress/egress to end points outside. • Reactive power considerations. Series compensation requirements. • Willingness to engage in alternative technology platforms. • Domestic content requirements, if applicable.
Proposal	(i) **Project Management Plan**: (ii) **Economic Bid:** A Proponent's proposal responding to the RFP ("**Proposal**") will include 10 annual revenue requirements (each an "**ARR**") (constant or downward trending). (iii) **Project Schedule and Milestones:** Proponents will be asked to submit a preliminary project schedule as part of their bid, to inform contractual milestones (discussed below).	2. What information do you need from the IESO to prepare the ARRs? 3. What challenges do you foresee in establishing the ARRs? 4. What challenges do you anticipate with establishing a preliminary project schedule at proposal submission stage?	Pattern supports the inclusion of Indigenous Engagement and Participation Plans (IEPP) as a mandatory component of proposals. To strengthen the commercial framework: • Specify the financial life of the asset to be modeling, to support consistent and accurate

	(iv) Preliminary Engineering Design and indicative routing (v) Lifetime O&M and Safety Plan (vi) Permitting and Land Rights Plan (vii) **Indigenous Engagement and Participation Plan (IEPP):** Proponents will be required to submit an IEPP setting out their experience engaging with and partnering with Indigenous communities, their plan for doing so in respect of the project, and any economic participation commitments.		modeling of ARRs. • Provide bidders with clarity on assumptions or reference inputs for calculating ARRs, particularly around inflation indices, escalation expectations, and treatment of capital cost contingencies. • Recognize that establishing firm ARRs and schedules at the proposal stage introduces risk, particularly given uncertainty around permitting, land rights, and environmental timelines. We recommend allowing for limited adjustments or milestone flexibility once regulatory processes and routing are further defined. • Clarify whether the IESO intends to provide standard project schedule templates (e.g., indicative durations for EA, Leave to Construct, NTP, COD) to support comparable and realistic bid schedules.
Transmission Facilities Agreement	(i) The Transmitter and the IESO will enter into a Transmission Facilities Agreement (“**TFA**”), which will calculate the	5. Do you foresee any challenges obtaining financing if payments under	From a financing perspective, delayed payment commencement until COD may present financing

	amounts payable to the Transmitter, based on the ARR, subject to contractual adjustments (TBD, discussed below). Payments will reflect the ARRs submitted in the proposal and be made from the commercial operation date ("**COD**") until the tenth (10th) anniversary of the COD, unless terminated sooner. (ii) The TFA will include key milestone dates, including for Notice to Proceed and MCOD.	the contract do not start until COD? 6. What early development milestone, aside from the Notice to Proceed, can demonstrate the Transmitter's readiness for construction, provide the IESO with assurance, and indicate that the project is progressing according to plan?	challenges, especially for large, complex projects with long construction durations, high capital cost requirements for long-lead procurement items, or complex permitting. We recommend: • Considering milestone-based development payments (e.g., limited early-stage cost recovery post-NTP) to improve financeability and encourage bidder participation. • Defining an "Early Works Readiness" milestone, short of full NTP, that could serve as a contractual assurance of progress for IESO while supporting ongoing financing liquidity. This could include reference to the transmitter having paid long-lead deposits or otherwise having entered into irrevocable arrangements to support the execution of the project.
Contractual Adjustments	IESO is considering allowing limited adjustments to the revenue requirement and/or contractual milestones as a result of:	7. What strategies should IESO use within the RFP and contract to promote cost	We support cost containment and transparency but note that rigid limits on inflation adjustments or

	(i) **Inflation**: adjustment to all or part of the ARR based on change (increase or decrease) in inflation index over the period. (ii) **Operation**: which could include adjustments based on failure to meet performance requirements (see below) (iii) Certain events outside of the transmitter's control.	certainty and cost containment? 8. What percentage of ongoing O&M costs should be subject to inflation? Indices to be defined in the contract terms.	milestone flexibility may deter market participation. Recommendations: • Apply inflation adjustment mechanisms selectively—e.g., capex and financing cost components could remain fixed, while a defined portion of ongoing O&M (we suggest 80% - see below) could escalate with an agreed CPI or industry index. • Consider providing bidders with a model term sheet outlining potential adjustment scenarios to support consistent financial modelling across proponents. For a large transmission asst, it is typical for approximately 80% of ongoing O&M costs to be exposed to inflation. This includes cost categories such as labour, materials, and contracted services, which tend to escalate over time in line with inflation indices or negotiated escalators. These inflation-sensitive components are critical to maintaining system reliability and performance. The remaining portion of O&M costs, such as insurance,

			regulatory fees, and certain administrative expenses, may be fixed or subject to different escalation mechanisms.
Commercial Operation Date (COD)	Proponent will submit a COD report and supporting documents, including but not limited to a report from a Professional Engineer licensed in Ontario, confirming that the Facility has been constructed in a manner that satisfies the Specifications, and is energized and the full capacity of the Facility is available for service (full contract capacity for 4 continuous hours) in accordance with applicable laws.		No major issues with COD verification as proposed, though we encourage IESO to ensure that the verification process is streamlined and that the criteria for "full capacity available for four continuous hours" are explicitly defined in technical appendices to avoid ambiguity.
Performance Requirements	Transmitters will be required to maintain availability of line, which could be in terms of outages or contract capacity. Where availability is less than the contractually defined threshold, an availability payment reduction factor will apply. The contract would also set out certain circumstances where a reduction of availability results in an event of default.	9. Do you foresee any challenges in meeting availability requirements?	We support the inclusion of availability-based incentives and penalties but recommend: • Ensuring thresholds reflect realistic operating conditions (e.g., allowance for planned outages and force majeure). • Publishing historical Ontario transmission availability benchmarks to inform bidders' planning assumptions. • Ensure force majeure events are adequately crafted to address outages and performance

			interruptions beyond the control of the transmitter.
Post IESO Contract	Transmitters submit a traditional revenue requirement application to the OEB for Year 11. Transmitters will be required to share details of their Year 11 application with the IESO. IESO is considering applying a cap on the transmitter's Year 11 revenue requirement submitted to the OEB (i.e. must be within [X]% of the Year 10 requirement).	10. Are there any challenges with a cap on the Year 11 revenue requirement? 11. Would implementing a glide path (gradual transition) for revenue requirements, rather than a hard cap at year 11, result in a smoother transition not rate regulation? 12. Do you foresee any other issues arising in the transition from the contract to a rate regulated asset?	A hard cap on the Year-11 revenue requirement could create financing uncertainty and cause risk-adjusted bids to respond to risk associated with a hard cut off. We recommend: • Consider a transition ramp-down from contractual ARRs to regulated rates, enabling a smoother adjustment and better alignment with long-term cost recovery expectations. • Encouraging IESO-OEB coordination early in the TSF process to ensure a predictable regulatory transition. Further, it is possible that project lenders could require the funding of cash reserves or other credit instruments to manage debt coverage risk exposure associated with a transition from contracted revenues to regulated revenues, which may introduce additional project costs. IESO could consider mechanisms to assist the

			transmitter in managing these costs, including funding a prepayment of regulated revenues into a reserve account established with project lenders, to avoid imposition of additional financing costs on transmitters / projects.
IEPP and Reporting	The contract will contain requirements to deliver on the commitments made in the transmitter's IEPP submitted at the proposal stage. This is to be the subject of a future engagement session.		We strongly support the emphasis on Indigenous participation, which can take several forms. To ensure meaningful engagement and opportunity, we suggest: • Publishing clear expectations regarding equity ownership or economic participation, while maintaining flexibility to tailor partnership models to local community needs, financing requirements, and community feedback. • Where Indigenous communities elect to participate in projects in a manner other than direct equity participation, projects should not be competitively prejudiced. • Including early engagement guidance to promote partnerships well before RFP issuance.

General Comments/Feedback

Pattern Energy Canada ("Pattern") appreciates the opportunity to submit feedback to the IESO's engagement on the Transmitter Selection Framework ("TSF"), and to present as proponent interested in making future investments to develop and operate transmission assets in the province.

As a leading renewable energy company with operations across North America, Pattern Energy has extensive experience in the planning, permitting, financing, and construction of large-scale transmission infrastructure. Our portfolio includes the SunZia Transmission Project in the southwestern United States, comprising an 885km, 3,000 MW HVDC transmission line, designed and developed in parallel with our 3.5 GW SunZia Wind facility, which demonstrates our ability to integrate generation and transmission at scale.

In Ontario, Pattern maintains a successful partnership on the Henvey Inlet Wind project, as a co-developer and long-term operator of the 300 MW facility, together with the Nigig Power Corporation, which is the development entity of the Henvey Inlet First Nation. The Henvey Inlet Wind project is located on reserve lands and is the largest First Nation wind partnership in Canada. Pattern supported all phases of development, including permitting, financing, construction, and grid integration with a dedicated transmission line. The initiative also marked a milestone in environmental governance, as Henvey Inlet First Nation implemented its own Environmental Stewardship Regime under the First Nations Land Management Act. Pattern's role in this project reflects our capacity to collaborate respectfully with Indigenous communities and deliver complex infrastructure aligned with local values and long-term energy goals.

More broadly, across Canada, Pattern continues to advance transmission solutions that support renewable energy integration and grid reliability, leveraging the capacities of our multidisciplinary team and the financial backing of the Canada Pension Plan Investment Board.

Our feedback to this engagement on the TSF is informed by our experience as a developer and operator of transmission assets, and as a Canadian company with expansive global operations that is interested in growing our investment and creating jobs in the Canadian economy, including but not limited to expanding our energy asset portfolio in Ontario through new transmission.