

Feedback Received and IESO Response

Toronto Third Line

Following the June 25, 2026 Toronto Third Line (TTL) webinar, the IESO invited participants to provide comments and feedback on the materials presented by July 16, 2026.

The presentation materials and participants' non-confidential feedback submissions have been posted on the [Toronto Third Line engagement web page](#). Please reference these materials for specific feedback as the information below provides excerpts and/or a summary only. "Participants" refers to any feedback submitters, including Indigenous communities and stakeholders.

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Overall Procurement and Evaluation Approach:

Feedback Received	IESO Response
Participants generally supported the development of a competitive procurement framework for the Toronto Third Line but raised concerns that the current approach may place too much emphasis on evaluated price and cost certainty relative to delivery capability, development maturity and project risk. Participants suggested that the evaluation framework should place greater weight on: development and execution capability, including adding rated criteria to assess proponent delivery	The procurement approach for the TTL balances transparency, ratepayer value, and Indigenous participation by selecting qualified proponents through a clear evaluation process while using contractual obligations and performance incentives to protect ratepayers and support project delivery. At this time, the IESO is not considering evaluating O&M costs (which will be

capability beyond minimum qualification requirements; • experience delivering comparable HVDC and underwater transmission projects; • project controls and risk-management capability; • permitting, environmental assessment and stakeholder engagement experience; • supply-chain readiness and access to critical OEM capacity; • the experience and availability of the proposed project team; and • the credibility of the proposed schedule and delivery strategy. Some participants cautioned that a predominantly price-led evaluation could favour proponents that make optimistic assumptions or include lower contingencies, rather than proponents that have more fully assessed and priced project risks. It was suggested that the IESO consider risk-adjusting evaluated bid prices or placing greater weight on bids supported by robust engineering, contracting and cost-containment arrangements. Participants also requested that the weighting assigned to mandatory and rated criteria be published as early as possible to support informed bid development and improve transparency. A participant recommended that the evaluation consider the total lifecycle cost to ratepayers rather than upfront capital cost alone, including consideration of capital, financing, operating and maintenance costs, electrical losses, replacement requirements and asset performance over the life of the project. A participant recommended for the IESO to share a consolidated response table on how Indigenous community feedback will be considered. The participant also recommended to provide capacity funding for First Nations to review procurement materials and provide feedback. A participant recommended for the IESO to evaluate pass/fail eligibility requirements earlier in the process to provide more certainty to proponents.	subject to OEB review) as part of TTL RFP evaluation. However, the IESO recognizes the importance of ensuring that the evaluation framework supports both ratepayer value and successful project delivery. In developing the evaluation framework, the IESO is considering feedback related to project maturity, delivery capability, technical expertise, risk management, and the credibility of proposed execution strategies. Additional information regarding the evaluation framework will be shared through future engagement activities. Regarding the request for consolidated response table on how Indigenous community feedback has been considered, the IESO is committed to sharing consolidated responses as part of the targeted engagements with Indigenous communities. Furthermore, the IESO recognizes the importance of supporting meaningful engagement with Indigenous communities, particularly on the Toronto Third Line. The IESO is currently developing the Indigenous Engagement Capacity Fund to support Indigenous participation in its planning and procurement engagements. Although we do not have a timeline to share just yet, the IESO is working closely with the Ministry to secure a letter of direction to obtain the necessary funding and will be in touch with communities on the Crown's engagement list as soon as funding becomes available. Lastly, given the time required to engage participants, inform the procurement design, and launch the RFP and other key materials, it is not feasible to assess eligibility requirements earlier in the process.
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Project Maturity and Procurement Timing:

Feedback Received

IESO Response

Participants noted that the procurement is expected to begin before several material project parameters have been fully defined, including:

- final routing and landfall locations;
- geotechnical and lakebed conditions;
- environmental assessment outcomes;
- Indigenous consultation and accommodation requirements;
- permitting and regulatory requirements;
- final technical specifications;
- converter station and cable design;
- interconnection scope; and
- OEM solutions and supply-chain arrangements.

There was concern that proponents may be required to submit cost and schedule commitments before sufficient surveys, studies and engineering work have been completed. Participants indicated that this could result in inconsistent assumptions between bids, significant contingencies or subsequent scope and cost changes.

Suggestions included:

- providing additional project definition before bid submission;
- introducing development-stage gates for route definition, OEM procurement, environmental approvals and regulatory submissions;
- progressively confirming scope, cost and schedule as the project matures;
- clearly identifying the circumstances in which post-award changes would be permitted; and
- considering how material changes to the project following award could affect the basis on which the successful proponent was selected.

A participant suggested that greater pre-bid development maturity should be encouraged and recognized through the evaluation process, including demonstrated engineering progress, OEM engagement, route development, marine survey work, Indigenous engagement and permitting analysis.

A participant also recommended that proposal maturity and deliverability be explicitly reflected in the evaluation, so that bids supported by more advanced engineering, route development, permitting analysis and execution

The IESO is aiming to provide an adequate level of information for proponents to build on through their bid development work, however it is recognized that there will be an unavoidable degree of uncertainty at time of bid.

In order to provide more information, during the session in August (2026), the IESO will share the preliminary system requirements for the TTL. More information can be found on the IESO's [website](#). In recognizing the uncertainty, the IESO is proposing risk-sharing mechanisms to account for the outcomes of project development and route determination which will be undertaken by the successful proponent. The IESO remains committed to continuing to engage with the sector on the specific cost containment and risk sharing mechanisms, which will be the subject of the next planned engagement for September.

Lastly, the IESO is intending to provide some existing information collected via desktop studies, no site investigations will be undertaken as part of the procurement development.

planning are appropriately differentiated from the less developed proposals.	
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Technical Scope and Functional Requirements:

Feedback Received	IESO Response
Participants requested greater clarity on the technical requirements that will be included in the RFP. Specific areas identified for clarification included: • system losses; • oversizing requirements; • bipole or monopole configuration; • reactive power requirements; • system configuration; • reliability and availability standards; • overload capability; • control modes and functionality; • fault response and fault ride-through requirements; • interconnection requirements; and • whether the project scope extends beyond the defined point of interconnection. Participants indicated that greater technical definition would improve bid comparability, reduce pricing contingencies and support more reliable cost and schedule estimates. One participant suggested that the IESO consider requiring proponents to submit proposals for multiple HVDC configurations (e.g., symmetrical monopole, back-to-back symmetrical monopoles, and bipole) to enable comparison of options if certain configurations exceed cost expectations.	The IESO acknowledges the importance of the technical requirements to support with proponent's bid development, along with supporting a more consistent and transparent evaluation process. The IESO is taking a phased approach to releasing draft functional requirements for participant review and feedback. The System-Level Functional Requirements will be released as part of the August 20, 2026 webinar, followed by the DC Functional Requirements in Q4 2026. The aim is to finalize the release of the technical requirements with RFP launch in 2027. At this stage, the IESO is only considering a single proposal submission window based on the requirements specified in the RFP. It is not expected that proponents will be required to submit multiple bid variations against different technical requirement scenarios. However, the phased release of draft functional requirements is intended to provide proponents with early insight into the anticipated technical framework and support bid development activities in advance of the RFP launch. Lastly, the project scope does not extend beyond the defined point of interconnection.

Organizational and Project Delivery Experience:

Feedback Received	IESO Response
Participants supported maintaining experience requirements that reflect the specialized nature of HVDC and underwater transmission projects. However, feedback differed on how experience should be assessed.	The IESO appreciates perspectives regarding how organization and project delivery experience should be evidenced. The IESO is reviewing the feedback received to date and will share an update on this item with the release of draft RFP

Some participants recommended that the IESO evaluate not only historical corporate experience, but also: • the experience of the individuals proposed for key project roles; • the availability and commitment of those individuals; • recent experience on comparable projects; • project management and project controls capability; • OEM integration experience; • stakeholder, permitting and environmental assessment experience; and • previous performance in delivering comparable projects. It was noted that historical organizational experience may not necessarily demonstrate current delivery capability where the individuals involved in previous projects are no longer available. One participant requested additional time to provide feedback on the proposed organizational experience requirements and asked that the IESO not finalize this aspect of the procurement until that feedback has been considered. A participant recommended recognizing demonstrated full-lifecycle experience developing, financing, constructing, commissioning and operating VSC HVDC submarine projects, noting that successful constructions, commissioning and operating experience provides additional assurance beyond projects that are still under construction. A participant also suggested that relevant organizational experience held by JV parents or controlled affiliates could be recognized where the personnel, systems, lessons learned and technical capabilities relied upon are demonstrably committed to the TTL project.	V2 in Q4 2026, along with how feedback has been considered. To ensure a fair and transparent process, the IESO expects to release at least two additional drafts of the RFP for Indigenous community and stakeholder review and comment before finalizing the document and concepts in Q2 2027.
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Indigenous Project Experience Requirements:

Feedback Received	IESO Response
Participants expressed different views regarding whether Indigenous engagement experience should be demonstrated at the organizational or team-member level. Participants agreed that experience with First Nations should be a mandatory criterion. Feedback generally supported the use of organizational-level Indigenous engagement experience as an evaluation criterion. One	The IESO recognizes Indigenous project participation experience, and experience engaging with and consulting with Indigenous communities is critically important for all proponents to demonstrate.

participant suggested that additional consideration be given to Ontario-specific Indigenous engagement experience through rated criteria, citing the province's distinct consultation context and the expected engagement complexities associated with an underwater Lake Ontario project. Additionally, two participants expressed support for evaluating both organizational- and team-level experience. One participant supported a broader team-based approach that would allow proponents to rely on Indigenous engagement specialists, advisors and other individuals with relevant experience. It was suggested that restricting eligibility to organizational experience could disadvantage otherwise qualified proponents, undervalue the experience and relationships held by individual team members, reduce competition, and potentially increase costs. A participant shared concerns with allowing proponents to satisfy Indigenous engagement experience at the team-member level, and recommended proponents demonstrate a proven track record of rights-based engagement and long-term relationship management with First Nations. A participant further supported organizational-level experience and suggested that qualifying experience should demonstrate institutional capability across consultation, commercial partnership, governance and financing, including experience working with multiple First Nations on a project that successfully reached commercial operations. Suggested evidence included: • experience engaging multiple Indigenous communities on a single project; • a designated Indigenous engagement lead and key engagement personnel as part of the project team; • experience securing support or consent; • delivery of equity, revenue-sharing, contracting, employment, training or capacity-building benefits; • descriptions of the proponent's role in developing and implementing the participation structure; and • attestations from Indigenous communities confirming that commitments were fulfilled. Additional suggested evidence included experience concluding binding equity or investment arrangements, establishing Indigenous participation in project governance, developing financing structures that support Indigenous equity participation, and	The IESO is reviewing the feedback received to date and continues to seek feedback and will continue to engage with First Nations on the Ministry of Energy and Mines' engagement list to determine specific requirements. To facilitate these discussions and build awareness to enable community input, the IESO has developed and posted a document to describe the TTL procurement's proposed Indigenous design features. The IESO currently anticipates providing further information in Q4 2026 following engagement with Indigenous communities.
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supporting Crown consultation and delegated procedural consultation activities associated with major regulatory approvals. Participants requested clearer definitions of “Organization” and “Team Member” and clarification regarding the types of individuals and entities that may be relied upon to demonstrate experience.	
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Indigenous Engagement and Participation Plan:

Feedback Received	IESO Response
Feedback supported evaluating proponents based on both their demonstrated history of successful Indigenous partnerships and the quality and credibility of their proposed Indigenous Engagement and Participation Plan for TTL. Specific recommendations around how experience should be evaluated included: - Assessing the depth, quality, and outcomes of previous Indigenous participation rather than using a pass/fail approach. - Recognizing experience with Indigenous ownership, governance, participation, procurement, training, employment, and other economic benefits. - Prioritizing proponents with a proven track record of delivering on commitments and maintaining authentic Indigenous relationships. - Including a qualitative assessment of both past performance and proposed participation approaches, not just ownership percentages or financial commitments. - Considering Ontario-specific experience as particularly valuable given the unique consultation context for the TTL project. - Allowing flexibility in participation models, recognizing that Indigenous communities may prefer benefits beyond equity ownership, such as revenue sharing, employment, procurement, and capacity-building opportunities. - Supporting accountability measures, including evidence of successful implementation and, in some cases, consequences for failing to meet commitments.	The IESO recognizes the importance of Indigenous participation in major transmission projects and supporting opportunities for long-term economic benefits. The IESO welcomes the perspectives received regarding the components of the Indigenous Engagement and Participation Plan (IEPP). The successful proponent will be contractually required to implement its IEPP commitments and will be held accountable through regular reporting and disclosure requirements; more information about what is currently proposed can be found in the August 20, 2026 webinar deck. At this stage, the IESO continues to consider including the specific rated and mandatory requirements to evaluate the IEPP. This approach will establish a baseline to ensure all proposals meet core expectations for engagement and participation and will also provide incentives to reward higher levels of economic commitments and recognize proven capability. The IESO is reviewing the feedback received to date and continues to seek feedback and will continue to engage with First Nations on the Ministry of Energy and Mines' engagement list to determine specific requirements. To facilitate these discussions and build awareness to enable community input, the IESO has developed and posted a document to describe the TTL procurement's proposed Indigenous

Participants suggested that the evaluation framework should recognize a range of potential benefits, including: • equity ownership; • revenue-sharing; • contracting and procurement opportunities; • employment and training; • capacity funding; • community and business development; • other negotiated financial benefits; and • community-specific participation structures. Some participants recommended that arrangements jointly developed and confirmed by the proponent and participating Indigenous communities be accepted without the IESO prescribing the substantive commercial terms. A participant supported the inclusion of an Indigenous Engagement and Participation Plan (IEPP) and recommended strengthening the IEPP through mandatory requirements for early, ongoing, and funded engagement, clear commitments and milestones, transparent reporting and accountability mechanisms, Crown oversight of delegated consultation activities, and greater clarity on how IEPP commitments will be evaluated, monitored, and enforced throughout the project lifecycle. The participant also recommended to release the Ministry's First Nation communities list as soon as possible. A participant supported the inclusion of Indigenous equity criteria but called for stronger requirements to enable meaningful and early First Nation ownership, including not using rated criteria. The respondent also requested greater clarity on equity expectations, scoring, timing, and implementation within the project's commercial and regulatory framework. Participants also supported the IESO's continued engagement with Indigenous communities on how points should be awarded. A participant cautioned that quantitative measures such as equity percentages, non-equity commitments, engagements timelines and capacity-funding levels may not, on their own, reflect the quality of a proposed relationship of the priorities of participating First Nations. The participant recommended allowing greater flexibility for First Nations to identify and confirm the commercial, governance and participation structures that best meet their priorities.	design features. The IESO will share an update in Q4 2026 following engagement with Indigenous Communities. The Ministry of Energy and Mines shared the preliminary list of Indigenous communities that have asserted or established rights and/or interests in the project area and can be found on slide 42 in the January 28 webinar.
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It was also suggested that evaluation place greater emphasis on demonstrated outcomes from previous partnerships, including executed economic participation arrangements, Indigenous governance participation, procurement and employment programs, training and capacity initiatives and the successful delivery of commitments. A participant reiterated that the IEPP should remain distinct from the Crown's duty to consult and cautioned against structuring procurement accountability in a manner that could inadvertently blur the distinction between the IESO's procurement role and Crown consultation responsibilities.	
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OEM Partnerships and Technical Capability:

Feedback Received	IESO Response
Participant views differed materially on whether additional OEM evidence should be mandatory or rated. Some participants supported stronger requirements and indicated that a statutory declaration would provide limited assurance of actual supply-chain readiness. Suggested evidence included: • letters of support from cable and converter station OEMs; • pricing and indexation information; • manufacturing and delivery schedules; • partnership or support agreements; • evidence of recent collaboration; • experience delivering an operational project with the proposed OEM; and • technical integration plans. These participants suggested that recent OEM collaboration should receive greater weight because of changes in HVDC technology and the importance of retaining relevant personnel and institutional knowledge. A participant suggested that beyond minimum requirements, historical collaboration should be evaluated as a rated criteria, since a range of points would better distinguish proponents based on the depth and quality of experience. Other participants opposed additional OEM requirements, noting that proponents would already be required to demonstrate organizational experience delivering HVDC	The IESO recognizes the importance of balancing credible evidence of supply-chain readiness and OEM support against the potential competitive impacts of requiring commitments too early in the procurement process. The IESO is reviewing feedback regarding appropriate evidence requirements and will provide additional information through future procurement document releases. To align with the Directive issued on June 18, the IESO will require proponents to demonstrate that they are able to work with experienced OEMs. The IESO is reviewing the feedback received to date regarding approach and evidence that could be used and will share an update with the release of the draft RFP V2 in Q4 2026. To ensure a fair and transparent process, the IESO will release at least two additional versions of the RFP for Indigenous community and stakeholder review and comment before finalizing the document and concepts in Q2 2027.

and underwater transmission projects. They cautioned that requiring prospective OEM commitments too early could: • increase the bargaining power of a limited number of OEMs; • reduce competitive procurement opportunities; • constrain project flexibility; • distort the supplier market; and • create inefficient or artificial commercial arrangements. A participant recommended that additional rated criteria recognize full lifecycle HVDC and submarine project experience, including successful commissioning and operating experience, as well as the maturity and depth of OEM involvement in development of the proposed bid. It was also suggested that OEM qualification should reflect demonstrated delivery and operating experience rather than commissioning experience alone, given the long operating life and critical nature of the TTL asset.	
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Canadian Content:

Feedback Received	IESO Response
Participants generally supported incentives for Canadian materials, labour, professional services and supply-chain participation, provided the requirements reflect the realities of the global HVDC market, while maintaining competitiveness, affordability and deliverability. A participant supported the objective of maximizing Canadian goods and services where feasible, while emphasizing the need to balance domestic economic benefits against project cost, schedule and deliverability. The participant indicated that further feedback on achievable Canadian content levels would depend on continued engagement with OEMs, labour and other suppliers. Participants noted that opportunities for Canadian participation may be strongest in: • civil and enabling works; • Indigenous engagement; • installation and construction; • environmental and technical studies; • engineering and project management;	The IESO recognizes the feedback regarding the need to balance Canadian content objectives with project delivery, affordability, and the realities of the global HVDC supply chain. The IESO is reviewing the feedback received to date regarding approach and evidence that could be used and will share an update with the release of the draft RFP V2 in Q4 2026. To ensure a fair and transparent process, the IESO will release at least two additional versions of the RFP for Indigenous community and stakeholder review and comment before finalizing the document and concepts in Q2 2027.

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- professional services;
 - balance-of-plant equipment;
 - local project teams and delivery functions; and
 - training and development of domestic capability.

There was concern that highly prescriptive requirements for specialized HVDC equipment could reduce access to qualified global suppliers or increase project costs. Recommendations were made to maintain flexibility in Canadian content requirements to reflect market realities, supply chain constraints, and the specialized nature of HVDC infrastructure.

Participants recommended that Canadian content commitments be:

- measurable and auditable;
- supported by contractual accountability mechanisms;
- subject to appropriate penalties or liquidated damages where commitments are not met; and
- sufficiently clear to avoid vague or non-binding commitments.

One submission recommended evaluating Canadian construction content by ranking proponents relative to one another rather than applying predetermined bands. It was suggested that the highest commitment receive full points, with other proponents scored proportionally. Another submission recommended to use Canadian content commitments as a differentiator between otherwise comparable proposals, rather than as an overriding factor.

A participant recommended for the RFP to require proponents to provide a detailed Indigenous procurement and supply chain plan, which includes how commitments will be implemented.

Additional suggestions included:

- evaluating Canadian content across total project costs, not only construction;
 - awarding points based on Ontario or Canadian corporate status;
 - recognizing demonstrated experience procuring Canadian materials and services;
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• confirming whether Canadian subsidiaries of international companies qualify as Canadian suppliers; • avoiding relying on liquidated damages to enforce commitments since this may increase bid price; • providing flexibility for specialized non-Canadian resources where required; and • considering the role of Ontario's unionized labour force.	
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Cost Categories and Cost Containment:

Feedback Received	IESO Response
Participants supported aligning cost-containment mechanisms with the level of project definition and the party best positioned to control the underlying risk. However, views differed on the extent to which fixed pricing should be required. Participants recommended for further refinements to be made based on feedback. One participant recommended fixed pricing for most cost categories, with target-price or ceiling-price mechanisms used only where fixed pricing is not practical. It was suggested that open-ended unit-price or reimbursable arrangements could lead to underdeveloped bids and future cost escalation. Other participants cautioned that requiring fixed pricing for undefined scope could result in large contingencies or unmanageable commercial risk. They recommended a fixed-price framework supplemented by targeted cost relief for risks that cannot reasonably be defined or controlled at bid submission. One participant supported cost containment but recommended a project-level target-price and cost-sharing approach rather than separate cost-category mechanisms. The stakeholder noted that the level of cost certainty contemplated may not be achievable at the RFP stage given limited design maturity and site information, potentially leading to higher contingencies in bids. The participant also supported cost and scope adjustments for uncontrollable events, inflation and commodity/labour indexing, force majeure cost recovery, and consideration of certain costs as fully reimbursable. A participant recommended that the contract clearly codify events that qualify for scope, cost and schedule adjustment and establish a process for addressing	The IESO appreciates this feedback. The IESO is considering all feedback received and will share an update on the commercial approach, along with cost containment and categories, during the next engagement session in September. Through ongoing sector engagement, the IESO will continue to seek feedback on the appropriate sub-categorization of capital cost components, and which risk allocation/cost containment mechanism should apply for each.

unforeseen post-award events outside the transmitter's control. The participant emphasized that cost containment mechanisms should reflect the transmitter's ability to control the underlying risk, with relief available for externally driven events including Indigenous consultation outcomes, permitting and regulatory requirements, geotechnical or lakebed findings, changes directed by the IESO or other authorities, and delays associated with interconnection interfaces. Participants suggested that cost allocation should consider: • the degree of control held by the proponent; • the level of certainty at the time of bid; • the materiality of potential cost variance; and • the interaction between related cost categories. Participants requested clear definitions and worked examples showing how each proposed cost-containment mechanism would operate during: • bid evaluation; • contract administration; • capital-cost adjustment; • revenue-setting; and • the operational period. There was also support for requiring bidders to identify costs and proposed containment mechanisms using a standardized RFP form.	
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Engineering and Development Costs:

Feedback Received	IESO Response
A participant recommended that scope and cost adjustment provisions also recognize delays or changes caused by the interconnecting transmission facility operator where these are outside the TTL transmitter's control. Participants generally supported fixed pricing for engineering where scope is sufficiently defined, with targeted relief for events outside the proponent's control. Suggestions included separating engineering activities into more detailed categories, such as: • detailed engineering;	The IESO appreciates this feedback. The IESO is considering all feedback received and will share an update on the commercial approach, along with cost containment and categories, during the next engagement session in September. Through ongoing sector engagement, the IESO will continue to seek feedback on the appropriate sub-categorization of capital cost components, and which risk allocation/cost containment mechanism should apply for each.

• marine geophysical and geotechnical surveys; • environmental and environmental-assessment studies; • preliminary engineering; • issue-for-construction design; • OEM interface engineering; and • commissioning. Targeted relief was recommended where costs are affected by: • route changes; • Indigenous consultation outcomes; • environmental or archaeological findings; • geotechnical or lakebed conditions; • permitting requirements; • changes requested by the IESO; or • requirements imposed by external authorities.	
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Construction Costs:

Feedback Received

A participant recommended additional flexibility for marine mobilization and demobilization costs where remobilization, resequencing, standby, loss of seasonal construction windows, port access vessel availability, permitting delays or outage constraints arise from circumstances outside the transmitter's control.

Participants supported greater separation between underwater and terrestrial construction costs because the two components have different risk profiles.

Suggestions included separately identifying:

- site preparation and enabling works;
- horizontal directional drilling and shore crossings;
- cable-lay vessel and marine installation activities;
- cable protection and burial;
- environmental mitigation;
- remediation; and
- site restoration.

Target-price arrangements with cost sharing and targeted relief were recommended for marine activities affected by

IESO Response

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Through ongoing sector engagement, the IESO will continue to seek feedback on the appropriate sub-categorization of capital cost components, and which risk allocation/cost containment mechanism should apply for each.

lakebed conditions, weather windows, route changes, vessel availability and geotechnical risk.

HVDC Cable and Converter Station Equipment:

Feedback Received

Participants supported indexation for high-value components exposed to commodity prices, foreign exchange and long manufacturing lead times.

Suggested principles included:

- limiting indexation to a small number of material cost drivers;
- separating fixed manufacturing costs from commodity- and foreign-exchange-exposed costs;
- using publicly available and transparent indices;
- applying commodity and foreign-exchange adjustments together where appropriate;
- considering milestone-based adjustments close to manufacturing or delivery; and
- consulting with OEMs before finalizing the indexation methodology.

Suggested indices and cost drivers included:

- copper or aluminum prices;
- lead and steel, where applicable;
- foreign exchange between supplier currencies and the Canadian dollar;
- electrical-equipment producer price indices; and
- component-specific indices for converter station equipment.

One participant recommended target pricing with indexation and cost sharing instead of a ceiling-price approach, noting that a ceiling could allocate all downside risk to the proponent while allowing the IESO to retain the benefit of favourable market movements.

Another participant supported the IESO's proposed indexed approach but cautioned against applying an overly prescriptive formula that could inadvertently favour one OEM's pricing structure over another.

One participant recommended allowing proponents to identify the indexes that best reflect their equipment sourcing, OEM arrangements, manufacturing locations, and commodity exposures. The stakeholder noted the

IESO Response

The IESO appreciates this feedback. The IESO is considering all feedback received and will share an update on the commercial approach, along with cost containment and categories, during the next engagement session in September.

Through ongoing sector engagement, the IESO will continue to seek feedback on the appropriate sub-categorization of capital cost components, and which risk allocation/cost containment mechanism should apply for each.

importance of aligning the indexes used between the IESO, proponents, and suppliers, and recommended that indexation adjustments occur when equipment and materials are procured or committed rather than at the in-service date, to better reflect actual cost exposure and reduce unnecessary risk premiums in bids.

Stakeholders also suggested adding a separate category for spare equipment and clarifying how contingency will be treated.

Other Cost Categories:

Feedback Received

A participant recommended expanding indexed treatment beyond core HVDC equipment to other materials long-lead or OEM-integrated equipment where costs are materially exposed to commodities, foreign exchange, tariffs, freight, manufacturing capacity or supply-chain constraints. The participant suggested that smaller balance of the plant items with lower exposure could remain fixed.

Participants requested additional clarification or separate treatment for:

- Indigenous consultation and capacity funding;
- Indigenous commercial or equity participation;
- licensing and permitting;
- municipal and public engagement;
- project management and overhead;
- insurance;
- interest and financing costs;
- land acquisition;
- connection costs beyond the point of interconnection;
- contingency; and
- schedule-related costs.

Participants recommended distinguishing Indigenous consultation and engagement costs from direct Indigenous commercial participation commitments.

Targeted cost and schedule relief was proposed for delays or requirements arising from regulatory authorities, consultation outcomes, land or route changes, permitting delays and other circumstances outside the proponent's control.

IESO Response

The IESO appreciates this feedback. The IESO is considering all feedback received and will share an update on the commercial approach, along with cost containment and categories, during the next engagement session in September.

Through ongoing sector engagement, the IESO will continue to seek feedback on the appropriate sub-categorization of capital cost components, and which risk allocation/cost containment mechanism should apply for each.

A participant recommended that baseline licensing, permitting, municipal and public-engagement activities be distinguished from incremental requirements imposed by regulatory authorities or other external parties, with relief available for activated beyond the define baseline. The participant also suggested fixed baseline project-management and overhead costs with predefined treatment for schedule extensions caused by events outside the transmitter's control; target-price treatment for private land acquisition where applicable; and separate treatment of insurance and interconnection costs where the transmitter has limited ability to control the underlying cost to schedule risk.	
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Schedule and Commercial Operation Date:

Feedback Received	IESO Response
A participant recommended pairing delay consequences with incentive for early achievement of commercial operation and providing schedule relief where milestones are affected by circumstances outside the transmitter's control. The participant also suggested that completion and performance security should decline progressively as material development, procurement, construction, commissioning and commercial-operation milestones are achieved. Participants requested greater clarity regarding the allocation of schedule risk, including: • which risks will be borne by proponents; • which events will qualify for schedule relief; • how schedule relief will be administered; and • how resulting cost impacts will be treated. One participant recommended that the evaluation framework reward earlier commercial operation dates and that contractual incentives and penalties be used to encourage timely delivery. It was also suggested that the IESO minimize the period between proposal submission and contract award to reduce exposure to cost escalation. One participant recommended removing penalties for interim milestone delays, arguing they could increase bid costs without improving the likelihood of meeting the required commercial operation date. The stakeholder suggested focusing incentives and penalties on final project	The IESO recognizes the importance of clearly defining milestone requirements, schedule accountability mechanisms, and circumstances where schedule relief may be appropriate. Feedback received regarding incentives, milestone consequences, security requirements, and schedule risk allocation will be considered through ongoing development of the TTL commercial framework. Based on feedback heard to date, the IESO is proposing that if any milestone date is not met, the Transmitter will be required to submit Delay Remediation Report, failure of which will result in a Late Delay Remediation Report Administrative Charge. If the Transmitter misses the Early Development Longstop Date, this will result in default. The Transmitter will be required to step up security at the earlier of Pre-Construction completion or the Pre-Construction Longstop Date. Failure to do so will result in default. If the Transmitter misses the milestone date for COD, Liquidated Damages will result. If the Longstop Date for Commercial Operation is also missed, the Liquidated Damages will be progressively increased depending on

completion, including consideration of rewards for early delivery.	length of delay. More information can be found in the August 2026 session .
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Risk-Adjusted Evaluation:

Feedback Received	IESO Response
Stakeholders recommended that the IESO consider evaluating bids based on expected risk-adjusted cost rather than submitted price alone. A participant proposed a maturity-based normalization approach under which less-developed proposals could receive an evaluation contingency adjustment based on objective indicators such as engineering completing, OEM involvement, route and survey development, permitting work Indigenous engagement. The intent would be to compare proposals on expected delivered cost and risk rather than headline bid price alone. The participant suggested that this approach could encourage greater pre-bid investment and reduce the risk that more mature proposals are disadvantaged relative to lower-cost proposals that defer significant development or execution risk until after award. Suggested considerations included: • the strength of proposed cost-containment mechanisms; • the proportion of costs that are fixed; • the maturity of pre-engineering and contracting; • the credibility of scope and schedule assumptions; • execution risk; • supply-chain readiness; and • the likelihood of future cost escalation. One participant suggested engaging an independent consultant with marine HVDC experience to support the risk assessment and bid evaluation.	The IESO appreciates this feedback. The IESO is considering all feedback received and will share its proposed Evaluation Framework in early 2027. The IESO will continue to welcome sector feedback to ensure the Evaluation Framework is balanced and appropriate for a project with the unique qualities of the TTL.

Cost of Capital and Financing:

Feedback Received	IESO Response
Participants questioned the proposed application of the OEB's existing cost-of-capital parameters and deemed capital structure. It was noted that the proposed commercial model may expose the successful proponent to risks that are materially	The IESO recognizes the importance of providing proponents with sufficient clarity regarding the interaction between the TTL procurement framework and the OEB regulatory

different from those associated with conventional regulated transmission projects. Participants suggested that the return available to the successful proponent should reflect: • the level of development and construction risk transferred; • the proposed cost-containment framework; • schedule and supply-chain risks; • financing exposure; and • the long development period. One submission recommended that the IESO and OEB consider an alternative funding or return framework if the successful proponent is expected to assume risks beyond those normally borne by regulated transmitters. A participant raised concerns regarding project financeability and recommended that the commercial and regulatory framework be established early in the procurement process to provide greater certainty regarding cost recovery, the interaction between the TTL Contract and the OEB regulatory framework, capital structure, financing, and the treatment of prudently incurred project costs. The participant also recommended mechanisms to address regulatory delayed or materially adverse regulatory outcomes. The participant further recommended considering mechanisms for recovery of prudent development and construction costs prior to COD to reduce financing costs and bid contingencies. Additional recommendations included establishing a clear framework for recovery of prudently incurred and committed costs if the project is cancelled or abandoned for reasons outside the transmitter's control.	framework. Stakeholder feedback related to financeability, prudently incurred cost recovery, regulatory certainty, cost of capital, and the treatment of project risks is currently under review. The IESO will continue to work collaboratively with the OEB and Ministry of Energy and Mines to provide additional information to support proponents' understanding of the applicable regulatory and commercial frameworks.
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Contract Development and Procurement Documentation:

Feedback Received	IESO Response
Participants requested: • worked examples of the proposed cost-containment mechanisms; • information regarding how project milestones will be assessed and flexibility for milestones; • clearer cost-category definitions; • additional technical and commercial detail; • objective and auditable evidence requirements;	The IESO appreciates perspectives on additional information that can be provided. During the August 20, 2026 webinar, the IESO shared an updated schedule to provide participants with a roadmap to the engagement and document release cadence. The IESO is planning to release additional iterations of key procurement documents for review and input, which will provide more information on the listed items.

• transparent evaluation weighting; • clarity on TSF economic-interest thresholds and changes in ownership; • clarity on schedule and change-relief provisions; and • additional iterations of the term sheet before releasing a full draft contract. One participant recommended delaying development of the draft contract until further participant feedback has been incorporated into the term sheet. One participant recommended to include measures to reduce duplicative and burdensome engagement, including respecting First Nation engagement protocols, supporting coordinated participation, providing capacity funding, and standardizing engagement requirements across proponents. The participant also recommended for First Nations to be given an evaluation role in the procurement. One participant requested clarification on whether the selected proponent will have an opportunity to negotiate or amend the TTL contract prior to execution. One participant opposed the use of a confidential reserve price, arguing it could discourage participation, encourage unrealistically low bids, and increase the risk of project failure. The stakeholder recommended evaluating cost accuracy using independent cost estimates rather than relying on a reserve-price threshold. A participant emphasized the importance of resolving key commercial and regulatory provisions sufficiently early in the procurement process to allow prospective proponents to assess project financeability before making significant at-risk investments. The participant also requested greater clarity regarding termination and abandoned-project cost recovery, completion and performance security, milestone consequences, regulatory delay protection, and the treatment of material commercial terms that remain under development.	To increase familiarity with IESO Contracts early in the process, the IESO has released draft Contract V1 for review and comments, instead of updating the term sheet. To preserve the integrity of the procurement process and adhere to confidentiality requirements, only IESO evaluators can evaluate RFP proposals. RFP proposals will be evaluated in an objective and transparent manner based on the established RFP criteria. RFP criteria and the Evaluation Framework will be developed transparently and publicly, based on the input of Indigenous communities and subject to policy direction. While communities will not score and evaluate proposals, feedback shared during the engagement will help inform how the RFP is designed and how commitments are structured. The IESO recognizes the importance of supporting meaningful engagement with Indigenous communities, particularly on the Toronto Third Line procurement. The IESO is currently developing the Indigenous Engagement Capacity Fund to support Indigenous participation in its planning and procurement engagements. Although we do not have a timeline to share just yet, the IESO is working closely with the Ministry to secure a letter of direction to obtain the necessary funding and will be in touch with communities on the Crown's engagement list for TTL as soon as funding becomes available. Lastly, at this stage the IESO is not contemplating negotiating or amending the TTL Contract once the final procurement documents are posted in Q2 2027 and the procurement is launched.
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General Feedback:

Feedback Received	IESO Response
One participant raised concerns regarding routing, cumulative effects, marine archaeology, environmental impacts, treaty-protected harvesting rights, and the Lake Ontario lakebed. The community requested early and meaningful involvement in route selection and project studies and emphasized the need to assess the project within the broader context of related regional infrastructure developments to address cumulative impacts and opportunities.	The IESO recognizes the diverse cultural histories, connections to the land and the Canadian constitutional rights of Indigenous peoples. The IESO also acknowledges the request for Lake Ontario specific rights analysis and recognizes the importance of these considerations as they relate to the development of the Toronto Third Line. At this stage, the IESO was recently directed by the Ministry of Energy and Mines to undertake a competitive procurement process for the Toronto Third Line. Right now, the IESO is engaging on procurement design. The IESO will continue to inform communities about the Toronto Third Line project scoping and RFP development and seek feedback on key design elements of the RFP. Following the procurement, the selected transmitter will be required to obtain all permits and approvals necessary to build the project, and to carry out, to Ontario's satisfaction, Indigenous consultation requirements. At that time, the transmitter will be able to discuss the items raised as part of the Environmental Assessment process.
A participant cautioned against requiring premature public disclosure of bidder-specific routes and converter-station sites, noting that early disclosure could contribute to consultation fatigue, land speculation, public confusion and disclosure of commercially sensitive information before proposals are sufficiently mature. The participant suggested considering directional route information or standardize project information during the proposal-development stage.	The IESO appreciates perspectives that have been provided. As the design of the procurement continues to advance, the IESO consider this feedback.