Feedback Received and IESO Response

Toronto Third Line

Following the October 1, 2026 Toronto Third Line webinar, the IESO invited participants to provide comments and feedback on the materials presented by October 15, 2026.

The IESO appreciates the significant level of participation and constructive feedback received through written submissions and engagement activities. As part of the engagement, the IESO sought specific feedback on key themes, including cost containment, fixed costs, inflation, capital cost ceilings, experience qualification and supplemental information for supporting proposals. This feedback has informed, and will continue to inform, development of the Toronto Third Line procurement framework. 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.

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Cost Containment and Target Cost Model:

Feedback Received	IESO Response
Participants generally supported the objectives of the proposed Target Cost model, including cost certainty, appropriate risk sharing and incentives for efficient project delivery. Feedback emphasized the importance of	The IESO appreciates the feedback provided related to the refined cost containment proposal, including the importance of balancing project uncertainty, with the desire for cost certainty and risk sharing. The IESO refined the cost containment approach to

ensuring that the framework reflects the level of project definition and appropriately allocates risks between the successful transmitter and other parties. Participants suggested providing greater clarity on cost-sharing arrangements, bid assumptions and the treatment of unforeseen circumstances or changes outside the transmitter's control. Feedback also highlighted the importance of establishing clear mechanisms for addressing material cost and schedule changes during project development. Communities emphasized that cost-containment measures should not limit meaningful Indigenous engagement, consultation, environmental assessment or the fulfillment of project commitments.	provide a transparent framework for managing cost variability while maintaining transmitter accountability for project outcomes. With this approach, the transmitter can share in both cost savings and cost overruns, allowing for ongoing incentives to control costs, proactively manage risks, and pursue efficient delivery solutions. The approach also provides flexibility to optimize decisions across interconnected project activities rather than relying on numerous specific adjustment mechanisms. The IESO is considering the feedback received, along with opportunities to provide more information. The IESO intends to share an update in a future engagement session.

Fixed Cost Categories:

Feedback Received	IESO Response
Stakeholders generally supported applying a fixed cost treatment to activities where the scope and associated costs can be reasonably defined at the time of bid submission. Feedback suggested further clarifying cost category definitions and distinguishing between activities that are within the transmitter's control and those that may be affected by external factors such as permitting outcomes. Stakeholders also provided suggestions regarding the treatment of land acquisition, engineering, project management, legal, financing and other development-related costs. Communities emphasized that costs associated with Indigenous engagement, capacity funding, environmental considerations and other activities that may evolve through project development should be appropriately recognized within the framework.	The IESO acknowledges the general support for applying a fixed cost treatment to activities where scope and costs can be reasonably defined at the time of bid submission. The IESO has proposed fixing costs for activities that are predictable, clearly defined, and largely within the transmitter's control. The proposed approach can improve cost certainty for both ratepayers and proponents. The IESO is considering the feedback received, along with opportunities to provide more information. The IESO intends to share an update in a future engagement session.

Indexation and Cost Escalation:

Feedback Received	IESO Response
Stakeholders and communities generally supported the use of indexation to address inflation and cost escalation over the project development and construction period. Feedback recommended adopting indices that reflect the underlying cost drivers of different project components, including equipment, materials, labour, transportation and foreign exchange. Stakeholders suggested providing additional clarity on the selection of indices, pricing reference dates, adjustment milestones and the application of indexation to different cost categories. Feedback also highlighted the importance of balancing consistency across proposals with sufficient flexibility to reflect individual procurement and supply-chain arrangements.	The IESO acknowledges the broad support for indexation and the varied views on its implementation. To support transparent and comparable bid evaluation, the IESO is considering identifying a common indexation methodology applicable to all proponents, while continuing to assess how best to reflect cost drivers that are outside a proponent's control. As shared during the November 16 session, the IESO is seeking further input on appropriate indices for HVDC equipment, underwater cables, engineering, and construction costs, as well as the proportion of project costs to which such indices should apply. The IESO is also considering an approach whereby indexation adjustments would increase the Target Cost and Target Cost Cap. More details can be found in the November 16 engagement session presentation.

Capital Cost Ceiling:

Feedback Received	IESO Response
Stakeholders and communities generally recognized the potential value of a capital cost ceiling as a safeguard for ratepayers, while noting that its effectiveness depends on the broader cost-containment and risk-allocation framework. Feedback suggested further clarifying how the ceiling would interact with target costs, fixed costs, indexation and adjustments arising from material changes during project development. Stakeholders also emphasized the importance of establishing clear and transparent processes for managing cost changes and maintaining appropriate incentives for efficient project delivery. Communities highlighted the importance of ensuring that cost-containment measures do not discourage necessary project modifications arising from consultation, environmental assessment or other project-development considerations.	The IESO appreciates the feedback recognizing the potential value of a capital cost ceiling as a ratepayer protection measure. The IESO is considering the feedback received, along with opportunities to provide more information. The IESO intends to share an update in a future engagement session.

Proponent Experience Qualification:

Feedback Received	IESO Response
Stakeholders and communities generally supported the objective of maintaining meaningful experience requirements while providing sufficient flexibility to encourage competition. Feedback included suggestions to clarify how organizational and individual team-member experience would be recognized, strengthen the demonstration of relevant project experience and ensure that required expertise remains available throughout project development and delivery. Stakeholders also suggested considering additional recognition of experience related to HVDC transmission, underwater infrastructure, project operations and delivery in comparable environments. Communities emphasized the importance of demonstrated organizational experience in Indigenous engagement, accountability for commitments and continuity of relationships throughout the project lifecycle.	The IESO appreciates the support for maintaining meaningful experience requirements while providing flexibility to encourage competition. Having considered the feedback received, the IESO is proceeding with the proposed Mandatory Experience Requirements presented during the October 1 session, which maintain Organizational Experience as a core qualification component while also creating opportunities to recognize Team Member Experience in specific circumstances. This approach is intended to preserve strong qualification standards while supporting competition and recognizing the realities of how expertise is often developed and retained within the industry. Should a proponent rely on experience of specific individuals to meet qualification requirements, those individuals would need to have had managerial authority over the qualifying project where experience was gained and cannot have been consultants hired to work on the qualifying project by its proponent. The IESO also recognizes the importance of ensuring relevant expertise remains available throughout project delivery. To the extent it relies on Team Member Experience to meet the Mandatory Experience Requirements, the successful transmitter will be contractually required to maintain substantially equivalent team member experience during the term of the contract. In response to feedback, the IESO is considering rated criteria that would recognize and incentivize experience beyond the mandatory requirements, more details can be found in the November 16 session and the draft RFP V2. Additional details, including updated definitions related to Team Member Experience have been included the draft RFP V2, see Section 2.1.iv.

Preliminary Corridor Study:

Feedback Received	IESO Response
Stakeholders and communities supported the development of the Preliminary Corridor Study	The IESO notes the general support for the Preliminary Corridor Study as a means of

as a means of providing a common information baseline to inform project planning, engagement and proposal development. They recommended that the Study should not constrain proponents or predetermine routing. Feedback identified the value of providing information on potential routing and land-use constraints, converter station locations, lakebed and geotechnical conditions, environmental and archaeological considerations, infrastructure interfaces and permitting requirements. Stakeholders requested additional clarity regarding the sources, reliability and limitations of available information, as well as how the study findings would inform the procurement process and subsequent project development. Feedback also suggested making available information accessible as early as practical and providing opportunities to review and clarify study findings. Communities emphasized the importance of maintaining flexibility as the study progresses, incorporating Indigenous Knowledge and community input, protecting sensitive information and ensuring that study findings do not predetermine consultation or project-development outcomes.	consolidating existing information into a common reference to inform bid submission and help avoid future land-use conflicts and support coordinated planning. The Study is intended to identify corridor opportunities and constraints within a broad Study area and is not intended to select or approve a preferred route or station location. The Study will include a desktop review of available data and information and will not include any type of field work. The IESO recognizes the importance of maintaining flexibility throughout the process and does not intend for the Study to constrain proponents or predetermine future routing and siting outcomes. Following procurement, the successful transmitter will be responsible for detailed routing and siting, and for obtaining all required approvals and permits. While the Study area may be refined as part of the Corridor Study, the selected transmitter can evaluate areas outside of the Study. More details have been provided in the November 16 session. The IESO is intending to share a draft Study for review and comment in early 2027, in advance of finalizing the Study and posting with the final procurement documents in Q2 2027. The IESO remains committed to working with Indigenous communities throughout the study process and will continue to protect Indigenous Knowledge and other sensitive information shared through engagement.

Procurement Design and Evaluation:

Feedback Received	IESO Response
Stakeholders suggested providing further clarity on the procurement process, evaluation criteria and the relative consideration of cost, experience, project readiness and delivery capabilities. Feedback emphasized the importance of transparent evaluation methods that support fair competition and credible proposals.	The IESO agrees that a fair, open and transparent process is essential for the success of the Toronto Third Line Procurement. The IESO provided more details regarding rated criteria evaluation considerations during the November 16 session, along with the draft RFP V2 (see section 2 & 4). To ensure a fair and transparent process, the IESO expects to release subsequent drafts of key procurement documents, including the RFP, for Indigenous community and stakeholder review and

	comment before finalizing the evaluation framework in Q2 2027.

Regulatory and Commercial Considerations:

Feedback Received	IESO Response
Stakeholders requested additional clarity on the relationship between the proposed contractual framework and subsequent regulatory processes, including cost recovery, financing considerations and the treatment of project changes or termination.	The IESO recognizes the importance of providing proponents with sufficient clarity regarding the interaction between the TTL procurement framework and the OEB regulatory framework. The IESO and OEB are continuing to collaborate to support a seamless transition from the IESO contract framework to OEB rate regulation, and to provide proponents with consistent regulatory guidance. The IESO recognizes that regulatory certainty is important to support proposal development, financing arrangements and bid comparability. The OEB has announced a webinar in November to provide an overview of the OEB's regulatory framework for electricity transmitters and how it may apply to the selected TTL transmitter. Having considered the feedback to enable pre-commercial operation payments, the IESO evaluated the option to enable payments through the procurement contract and determined that maintaining the conventional cost recovery approach is appropriate. Transmitters will have access to the existing process to apply to the OEB for pre-COD cost recovery, and the Total Capital Cost under the contract will account for any OEB decision of this nature. Learn more by reviewing the November 16 engagement session presentation.

Supply Chain and Project Delivery:

Feedback Received	IESO Response
Stakeholders highlighted the importance of considering equipment availability, procurement timelines, supply-chain arrangements and payment structures in developing the commercial framework. Feedback also suggested aligning contractual performance requirements with key project delivery and operational outcomes.	The IESO acknowledges the equipment-manufacturing lead times and supply-chain constraints associated with HVDC project components, which is reflected in the project delivery in-service requirement of 2037. In the November 16 engagement session presentation, and within the RFP Draft #2, the IESO has proposed milestone dates for Early Development Completion, Pre-Construction

	Completion, and Commercial Operation. The dates proposed are intended to align project delivery milestones with the 2037 in-service need while recognizing the longer lead times needed to bring a project of this nature in service. The IESO welcomes feedback on the proposed milestone dates. With respect to the commercial framework and earlier payment structures, the IESO evaluated the option to enable pre-COD payments through the procurement contract and determined that maintaining the conventional cost recovery approach is appropriate. Transmitters will have access to the existing process to apply to the OEB for pre-COD cost recovery, and the Total Capital Cost under the contract will account for any OEB decision of this nature.

Indigenous Participation and Engagement:

Feedback Received	IESO Response
Communities emphasized the importance of early and meaningful engagement, adequate capacity funding, opportunities for Indigenous economic participation and clear accountability for commitments made throughout project development. Feedback also highlighted the importance of maintaining the distinction between Indigenous economic participation and consultation and ensuring that rights-holding First Nations have appropriate opportunities to inform project planning and development.	The IESO recognizes the importance of Indigenous communities being meaningfully involved and consulted in the development of transmission infrastructure. The IESO is incorporating Indigenous engagement and participation throughout the procurement process. Proponents will be required to demonstrate experience engaging with Indigenous communities and undertaking rights-based consultation, and to submit an Indigenous Engagement and Participation Plan (IEPP) describing how they intend to support ongoing engagement, economic participation opportunities, and community benefits. The evaluation process will also recognize stronger commitments to Indigenous participation, including Indigenous economic involvement and demonstrated experience delivering benefits to Indigenous communities. Given that the IEPP will play an important role in both proposal evaluation and proponent selection, the IESO is looking at ways to ensure the commitments made within the proposal are reflected in the Transmitter's contractual

	obligations. To support that objective, the IESO is proposing an approach that focuses on transparency, monitoring, and accountability. The approach includes ongoing reporting throughout project development, and a final verification report after the project enters service, to demonstrate how Indigenous participation commitments were delivered, and additional accountability and transparency measures to help ensure the transmitter follows through on their commitments. The IESO is committed to ongoing, meaningful engagement with Indigenous communities. This includes providing information, seeking and incorporating early feedback on procurement design, and offering opportunities for participation in the procurement design process through various engagement formats. Once a transmitter is selected, it will be responsible for leading consultation and engagement with First Nations whose rights and interests may be affected by the project. This engagement will help inform project planning, routing, design, environmental studies, and other development activities, with the objective of incorporating Indigenous knowledge, perspectives, and priorities into project development.