

February 18, 2026

Janice Pillon  
Ministry of Energy and Mines  
77 Grenville Street, 6th Floor  
Toronto, ON  
M7A 2C1  
Canada

**Re: ERO 026-0019 Advancing Critical Transmission Expansion in the Toronto Area**

Dear Ms. Pillon:

Hydro One Networks Inc. (“Hydro One”) is pleased to provide you with our formal input in response to ERO 026-0019 Advancing Critical Transmission Expansion in the Toronto Area.

Hydro One is Ontario’s largest transmission and distribution provider. We connect virtually every home and business in the province through our 30,000 km transmission network, and our 125,000 km of distribution infrastructure delivers safe, reliable and affordable electricity to more than 1.5 million customers. Our team of over 9,500 skilled, dedicated employees proudly builds and maintains a safe and reliable electricity system, which is essential to supporting strong and successful communities across the province.

We are a made-in-Ontario transmitter and support the government’s mission to strengthen Ontario’s economic resilience, ensure our energy security, and prioritize domestic companies and supply chains to protect and grow Ontario’s economy. We are doing our part to achieve these objectives, and to ensure prudence of costs, by taking a multi-pronged approach to refresh our supply chain strategy to strengthen domestic manufacturing, enhance supply chain security, and drive economic prosperity across Ontario and Canada. Last year alone, more than 93% of our \$2.9 billion spend was awarded to domestic-based companies.

Hydro One supports the government’s proposal to bring forward an order in council and Minister’s directive (“Directive”) to launch the procurement for the Toronto Third Line that prioritizes experience, commitments to Indigenous communities, and commitments to Ontario’s economy. Toronto is the fastest growing city in North America and Hydro One applauds the Government of Ontario’s decision to act to meet the city’s accelerating housing, economic and transit needs.

We have the proven capacity, scale and experience to bring enhanced value to the development, construction and operation of new transmission lines in Ontario. Most recently, in 2024, Hydro One completed the Chatham to Lakeshore Transmission Line a year ahead of schedule and under budget with the full consent of the 5 proximate First Nations. This project strengthens the reliability and capacity of the electricity network in southwest Ontario and supports economic growth in the agri-food and manufacturing industries. Our success on this project also reflects that Hydro One has established itself as the partner of choice for Indigenous communities in Ontario. We are now delivering 15 projects through our industry-leading First Nations Equity Partnership Model, which enables an investment opportunity in ownership and a meaningful role in project decision-making to First Nation partners. This model has dramatically derisked project timelines and is driving value for ratepayers and communities.

Based on our technical experience and commitment to Ontario, Hydro One offers the following recommendations for the Third Line procurement Directive in order to meet the Government’s goals for this critical infrastructure.

**Recommendation 1: Provide explicit language in the Directive that allows transmitters to make arrangements with “transmission service providers” to enhance project team qualifications and expand the pool of qualified applicants that can participate in the procurement process.**

Hydro One understands and supports the need for underwater transmission experience eligibility requirements. Ontarians expect critical infrastructure such as the Toronto Third Line to be completed safely, affordably and reliably while also integrating global best practices, so it is vital that proponents demonstrate they have a team with the relevant experience. As currently proposed, however, the Directive may exclude certain arrangements that offer the type of project experience the government is seeking.

For this reason, we recommend adding “transmission service providers” to the types of organizations that transmitters can make arrangements with to become eligible applicants for the Request for Proposal (RFP). Transmission service providers, such as engineering firms, can offer design, development, permitting and construction experience they have earned through their delivery of underwater transmission projects in other jurisdictions. IESO’s long-standing approach in past procurements is to assess technical competence at the project team level. A similar approach

in Toronto Third Line would preserve competition and align with IESO precedent.

We propose amending the Directive's eligibility requirements as follows:

"The ministry is proposing that IESO's RFP be limited to applicants that demonstrate the following:

- Experience developing, building, and operating and mitigating environmental impacts associated with underwater transmission lines. This requirement may be demonstrated through partnerships or other arrangements with transmitters or transmission service providers that possess this experience."

**Recommendation 2: Strengthen mandatory applicant eligibility requirements to include demonstrated experience working with Indigenous communities in Ontario and direct the IESO to include rated evaluation criteria to assess proponents' quality of demonstrated experience working with Indigenous communities in Ontario, with a focus on their experience and relationships with the Indigenous communities with identified interests in the project.**

Hydro One supports requiring applicants to demonstrate experience engaging and working with Indigenous communities, including undertaking rights-based consultation within Treaty and traditional territories. We also support requiring applicants to submit a plan outlining how they would engage with Indigenous communities and support their capacity to be consulted and participate in the project.

We recommend the Government of Ontario direct the IESO to adopt a two-pronged approach related to Indigenous experience:

- **Mandatory eligibility requirement.** To qualify for the RFP, proponents should be required to demonstrate previous meaningful experience working with and concluding partnerships with Indigenous communities in Ontario.
- **Rated evaluation criteria.** The *quality* of a proponent's previous experience should also be assessed using rated evaluation.

It is critical to recognize that experience working with Indigenous communities outside Ontario will not necessarily translate to success working with Indigenous communities in Ontario. Successful partnerships with Indigenous communities are based on long-term relationships, earned

trust over years, and a deep understanding of the unique culture and history of each community, treaty territory and region. Without such foundational relationships and experience, a proponent is unlikely to form the partnerships required to deliver the project on time and on budget, while maintaining the province's goals and momentum towards economic reconciliation.

The delivery of this critical infrastructure on time and on budget is essential to the continued growth of Canada's largest city. Indigenous communities are essential to ensuring these objectives, and therefore selecting a transmitter with experience building these relationships here at home is critical to the project's success. Hydro One therefore recommends that the Government of Ontario strengthen the eligibility requirements to mandate that proponents have experience successfully working with Indigenous communities in Ontario, rather than anywhere in Canada.

To demonstrate meaningful experience with Indigenous communities in Ontario, proponents should be required to prove they have a corporate track-record of delivering on commitments (especially equity partnership commitments) made to Indigenous communities on previous projects and meeting the Duty to Consult and project support. The mandatory requirement should be assessed at the corporate level, especially if there have been equity, procurement, employment, or other commitments made regarding collaboration on project development and partnerships. Although partners, subcontractors, and project team members/personnel may be able to demonstrate Indigenous engagement experience, they are not ultimately responsible for upholding these commitments made to Indigenous communities. A proponent must be able to demonstrate corporate level experience with - and a continued commitment to - making and delivering on commitments to communities. In our opinion, true engagement and partnership is not something that can be contracted out; rather, it requires corporate support and commitment at all levels of the company.

Additionally, Hydro One recommends the Directive require the IESO to include rated evaluation criteria to assess the quality of proponents' demonstrated meaningful experience working with Indigenous communities in Ontario, with a focus on experience and relationships with the Indigenous communities that have identified interests in the project area. As part of this evaluation, the IESO should consider evidence of direct support from Indigenous communities, which could include one or more of the following:

- Endorsements for proponents on previous projects where there was a Duty to Consult and economic participation commitments.
- Toronto Third Line-specific letters of support or early collaboration agreements.
- Experience working with, and securing consent from, multiple Indigenous communities on a single project.

In doing so, Government would position the Toronto Third Line for success by valuing Indigenous communities' experiences and their judgement as to who they trust to partner with to deliver this critical project.

**Recommendation 3: Direct the IESO to include existing and prospective proponent commitments to Ontario and Canadian businesses as a rated project evaluation criterion and provide accountability mechanisms to these commitments in the procurement contract to augment the benefits to the local economy.**

Hydro One supports incentives intended to maximize the participation of, and support for, Ontario and Canadian businesses. We recommend the government direct the IESO to include proponent commitments to Ontario and Canadian businesses, such as equipment sourcing and local job creation, as a rated project evaluation criterion that considers existing and prospective economic impacts to both the province and the country. We also recommend directing the IESO to design accountability mechanisms, such as penalties, in the contract to ensure that commitments to domestic equipment, labour, and professional services are undertaken by the selected proponent.

In the spirit of the Ontario Government's Ontario procurement restriction policy, the procurement should prioritize selecting companies that are headquartered in Canada and have more than 250 employees in Canada.

**Recommendation 4: Direct the IESO to design its commercial framework to include cost adjustment mechanisms and to incentivize schedule adherence to an in-service date without imposing interim project milestones that limit proponent flexibility to act based on experience.**

To support successful project delivery, Hydro One recognizes the need for a commercial framework that balances cost containment to protect ratepayer value with prudent cost recovery adjustments for prospective RFP proponents for criteria that are outside their reasonable control or are uniquely difficult to forecast at the time of bid. To achieve this, we recommend the government direct the IESO to include cost adjustment

mechanisms in its TTL commercial framework, in addition to incorporating cost containment mechanisms in a manner that will be incorporated into the Ontario Energy Board's rate regulation process. The IESO should recognize that linear transmission assets involve a broader and more dynamic risk profile than single-site generation/storage facilities. Absent reasonable assurance that proponents can access cost recovery mechanisms for unmanageable risks, eligible applicants may refrain from participating in the TTL procurement.

With respect to incentivizing schedule adherence to meet an in-service date, Hydro One recommends enforcement only at the commercial-operation-date (COD), so that proponents have flexibility to adjust the timing of project phases to optimize costs and responsible development, while ensuring reliability isn't impacted. IESO's past procurements focused on COD and performance outcomes rather than prescriptive development milestones. Toronto Third Line should follow this model and keep minimum technical requirements at a functional level. Dates associated with line development, environmental assessment, and construction commencement should be determined by the project proponent in alignment with any communities affected by the project.

Hydro One appreciates the opportunity to comment on this consultation. Please do not hesitate to reach out to me if you have additional questions about our recommendations for this critical procurement.

Sincerely,

A handwritten signature in black ink, appearing to read "Bonnie Hiltz".

Bonnie Hiltz  
Vice President, Government and Stakeholder Relations