

Response to the Environmental Registry of Ontario’s request for Comments (ERO 026-0019) for Advancing Critical Transmission Expansion in the Toronto Area

About Emera and NextEra Energy Transmission

- This joint venture between Emera and NextEra Energy Transmission represents a uniquely qualified partnership to advance high voltage direct current (HVDC) transmission infrastructure in Ontario. This collaboration combines Emera's extensive full-lifecycle experience in submarine HVDC technology, including the successful Maritime Link project connecting Newfoundland and Labrador to Nova Scotia, with NextEra Energy Transmission's proven track record in developing large-scale transmission projects across North America. Together, the partnership brings deep-rooted relationships with regulatory authorities, Indigenous communities, suppliers, and stakeholders to invest in the Ontario grid. The joint venture is committed to meaningful Indigenous partnership and economic reconciliation, while offering long-term benefit-sharing arrangements. With combined technical expertise spanning transmission planning, engineering, procurement, construction, commissioning, and HVDC operations, alongside substantial financial capacity backed by both organizations' strong balance sheets and access to capital markets, this partnership is positioned to deliver critical transmission infrastructure that enhances grid reliability, enables clean energy integration, and supports the goals of Ontario's Energy for Generations Plan.

- As the Toronto Third Line (TTL) project progresses, our joint venture will further expand our presence in Ontario, help build-out a knowledge base around HVDC VSC technology, and work closely with Ontario-based firms and contractors.

SUMMARY

The Government of Ontario has announced its intention to construct the TTL utilizing submarine HVDC technology and cables linking the east Portlands with Bowmanville and announced a preferred in-service date (2037 or earlier). Our analysis, based on experience in building and operating HVDC submarine assets, suggests that time is of the essence to meet these objectives. Ontario’s electricity forecasts predict an aggressive future demand requirement, with growth in supply and transmission solutions required on an unparalleled scale in the decades ahead.

For these reasons, we strongly recommend that Ontario proceed with the proposed competitive proponent selection process on a fast-tracked basis. As noted below, a critical enabler of success on the TTL is selecting a proponent with experience across the HVDC VSC project lifecycle including planning, development, procurement, construction, financing, commissioning, and operations. This includes ensuring proponents partner with a proven top-tier HVDC Original Equipment Manufacturer (OEM) to deliver a reliable

technology solution. While submarine HVDC VSC technology will be new for Ontario, Emera and NextEra Energy Transmission have experience across the full lifecycle of a submarine HVDC VSC project, understand the critical differences to delivering and operating high-voltage alternating current (HVAC) transmission solutions, and are ready to bring the expertise and discipline necessary for successful project execution.

RECOMMENDATIONS

- 1. Launch the proposed competitive, qualifications-based procurement in a timely manner to enable the selection of a proponent by the end of 2026 to minimize cost escalation and schedule delays. This will allow the proponent to secure supply chain availability, proactively manage inflationary cost increases and set key contractual obligations to deliver the project on time and on budget.**

Recommendation:

The Ministry of Energy and Mines (MEM or the Ministry), proposed to launch “a competitive procurement process and enter into a procurement contract with a transmitter to develop and construct the [TTL] with an in-service date of 2037 or sooner.” The RFP process should begin in 2026, with qualifications-based proponent selection and expeditious award to enable timely OEM commitments and price certainty.

Rationale:

- Submarine HVDC VSC projects face **global supply chain constraints** for converter stations, submarine cables, and marine installation vessels, with multiyear lead times that only begin after detailed engineering is completed.
- Delaying procurement materially increases **cost escalation risk** and reduces competitive tension, ultimately exposing Ontario electricity consumers to higher costs.
- Early selection of a transmitter enables OEM factory slot reservations, vessel bookings, and earlier price lock in—key prerequisites to achieving the targeted **2037 (or earlier) in-service date** and supporting broader system, housing, transportation, and other urban development objectives.

Policy Implication:

Structuring the proposed competitive process with a focus on qualifications will enable government to balance affordability, delivery certainty, and system reliability for this HVDC submarine project in Ontario.

- 2. Require demonstrated Tier1 submarine HVDC VSC capability and early OEM engagement to reduce execution risk**

Recommendation:

Limit eligibility and evaluation preference to proponents with proven experience delivering **Tier-1 submarine HVDC VSC transmission**, supported by committed OEM strategies and realistic, fully resourced schedules. Assess experience across critical factors including planning, development, procurement, construction, financing, commissioning, and operations.

Rationale:

- Submarine HVDC is specialized, high-consequence infrastructure with limited global execution capacity; delivery risk is concentrated in converter design, cable manufacturing, and marine installation – presenting key differences from HVAC delivery.
- Proven Tier 1 OEM partnerships (defined as an OEM with successful HVDC VSC technology deployment) and early joint engineering are essential to managing interface risk, securing manufacturing slots, and ensuring system performance (e.g., blackstart, frequency response, DER integration).
- Strong schedule and OEM criteria directly support provincial priorities for **grid resilience, PEC retirement enabling conditions, and Toronto waterfront redevelopment**.

Policy Implication:

For Ontario’s first competitively procured HVDC submarine line, a “Tier1” standard materially lowers risk to electricity consumers and government while ensuring long-term system value.

3. Embed Ontario/ Canadian Content, Indigenous Partnership and Environmental Accountability into the Procurement Contract

Recommendation:

Structure the procurement and contract to require measurable commitments on **Ontario/Canadian content, Indigenous participation, and environmental compliance**, backed by transparent reporting and enforceable obligations.

Rationale:

- While key HVDC components must be globally sourced, significant opportunities exist for Ontario and Canadian participation across civil works, balance of plant, integration, protection and control, and long-term services. These opportunities are best identified through early joint engineering, procurement, and construction planning.

- Indigenous partnerships should include opportunities for early engagement, capacity funding, equity participation, procurement, employment, training, and long-term operations.
- A structured environmental program (marine surveys, HDD landfalls, route optimization, monitoring) reduces permitting risk and supports public confidence in submarine development.

Policy Implication:

Clear contractual accountability maximizes Ontario economic benefits, aligns the project with reconciliation objectives, and ensures environmental stewardship without compromising cost or schedule discipline.

OVERVIEW & CONSIDERATIONS

We support the Ministry’s proposal to bring forward an order in council and a Minister’s directive, pursuant to section 25.32 of the Electricity Act, 1998, to direct the Independent Electricity System Operator (IESO) to undertake the proposed competitive procurement process and enter into a procurement contract with a transmitter to develop and construct the TTL project that targets an in-service date of 2037 or sooner. We understand that this consultation seeks feedback on the proposed policy framework and procurement requirements, not project proposals.

Our comments focus on cost containment and effectiveness, electric consumer protection, Indigenous engagement, Canadian content, schedule adherence, and environmental compliance. These priorities align with Bill 40 (Protect Ontario by Securing Affordable Energy for Generations Act, 2025), which adds “economic growth” as a core objective for the IESO and the Ontario Energy Board.

We support the IESO’s Toronto Integrated Regional Resource Plan (IRRP) recommendation for an underwater HVDC line connecting downtown Toronto to Bowmanville via Lake Ontario to address forecasted growth, enhance grid resilience, diversify supply, and relieve capacity constraints in the Greater Toronto Area. Submarine HVDC VSC is specialized technology with constrained global supply chains for converter stations, submarine cables, and marine installation vessels.

The proposed competitive procurement emphasizing proven execution capability, early OEM commitments, and transparent cost development will support the Ministry’s objectives for customer protection, schedule adherence, and delivery certainty. In addition, stakeholders have highlighted the importance of enabling the retirement of the Portlands Energy Centre (PEC) to unlock housing and redevelopment on the eastern waterfront. While transmission alone may not fully determine retirement timing under all system conditions, timely delivery of the TTL is a foundational step to support Toronto’s

energy security and creates the conditions necessary for PEC phaseout objectives.

Feedback on timing, costs, lead times, and supply chain availability

We support MEM directing IESO to conduct the proposed competitive procurement and enter a procurement contract with the selected transmitter as soon as possible. We note that the consultation closes February 21, 2026, with a potential government decision in 2026. We encourage the government to issue the competitive RFP in 2026 to allow proponents to finalize costing and keep prices competitive for Ontario. The following are key considerations:

- **Supply chain constraints:** Tier 1 HVDC converter OEMs and submarine cable manufacturers face high global demand; typical lead times are 18–30 months (converters) and 18–24 months (cables), and those timelines start after a detailed engineering and design period working directly with the converter OEMs for approximately 12-18 months. Marine installation vessels often require reservations more than 24 months in advance. Early OEM engagement is essential to secure capacity and maintain schedule.
- **Cost escalation risk:** Recent market experience indicates major electrical infrastructure faces significant year-over-year cost increases (recent information suggests that costs have effectively doubled for key equipment).
- **Early mover advantage:** Earlier procurement and securing an early manufacturing slot help mitigate cost- escalation risk and support better pricing for customers. For example, for proponents to lock-in pricing with preferred converter station OEMs, the successful proponent will typically need to make material deposits (~\$100M+). This will only occur after the RFP is awarded to the successful proponent. Therefore, cost escalation risk is best managed by commencing the competitive RFP and choosing the successful proponent as soon as possible.
- **Ontario/Canadian content:** While HVDC components must be globally sourced, procurement should maximize Ontario/Canadian participation across balance of plant, civil works, integration, protection and control, and long-term services. Early joint engineering helps identify how best to maximize local content opportunities.
- **System benefits:** HVDC VSC can support blackstart capability, frequency response, and integration of distributed energy resources (DERs). Evaluation criteria and contractual provisions can encourage designs aligned with these long-term benefits for Toronto, including improved resilience that underpins PEC retirement planning and eastern waterfront housing.

Proposed restrictions on transmitter eligibility

We support limiting eligibility to applicants that demonstrate:

- Experience in North America developing, constructing, commissioning, operating, and mitigating environmental impacts associated with HVDC VSC infrastructure including submarine transmission lines.
- Experience engaging and working with Indigenous communities in Canada and demonstrated committed outcomes for Indigenous economic participation (e.g., equity, procurement, training, employment).

Proposed requirements on the evaluation criteria for transmitter selection

We support evaluation criteria that consider:

- A well-defined plan for engaging Indigenous communities with concrete, long-term pathways for economic participation (e.g., equity, procurement, training, employment).
- Strategy to maximize Ontario and Canadian business participation through local content strategies.
- Schedule feasibility and an OEM strategy to secure manufacturing and marine installation capacity consistent with the targeted in-service date and broader city priorities, including enabling conditions for PEC retirement and eastern waterfront housing.
- Cost containment and transparency
- A proven submarine HVDC execution/ operations track record.

Proposed requirements regarding the procurement contract

We support including contract terms that:

- Provide accountability mechanisms for Indigenous economic participation and Ontario/Canadian business commitments, with measurable and reportable obligations.
- Incentivize schedule adherence via milestones and liquidated damages and “time is of the essence” clauses tied to the in-service date.
- Incorporate cost containment and change control structured for OEB rate regulation and prudence review.
- Condition contract fulfilment on obtaining all applicable environmental approvals

and permits and fulfilling any delegated procedural aspects of the Government of Ontario's Duty to Consult with Indigenous communities.

- Enable IESO participation in OEM selection and cost validation prior to final price lock-in to protect customers and ensure transparency. Require early preferred supplier agreements to secure OEM factory positions and vessel bookings.

Equity partnership with Indigenous partners and consultation with Indigenous communities on this proposal

We support:

- Indigenous partnerships and involvement in the project that include an equity investment partnership, procurement opportunities, and related economic opportunities that are important to Indigenous communities.
- The Government of Ontario's commitments to consult potentially impacted Indigenous communities on this policy direction and proposed directive.
- Making capacity building funding available to indigenous communities early in the process, which can help support community engagement during the RFP and project development phases.
- Early, well-resourced engagement among the proponent and Indigenous communities, which improves project design, schedule, environmental outcomes, and long-term partnerships.

Environmental Impact

We have deep experience in assessing and mitigating the impacts of HVDC infrastructure in the marine environment. Submarine routing can reduce disruption compared to dense urban routes and may improve resilience. A structured environmental program—including marine surveys, route optimization, horizontal directional drilling (HDD) landfalls, cable protection, construction monitoring, and cable health monitoring—should be part of procurement deliverables, with public reporting aligned with provincial requirement.

CLOSING

We appreciate the Ministry's leadership in advancing a competitive procurement that ensures customer protection, Indigenous partnership, Ontario and broader Canadian procurement measures, schedule adherence, and environmental compliance.

A qualifications-based proponent selection paired with a transparent, timely RFP process commencing in 2026 will help deliver genuine cost competition, secure scarce OEM manufacturing capacity, and provide clear accountability for Indigenous and Ontario/Canadian economic outcomes. Having the TTL in service by 2037 (or earlier) will support Toronto's energy security, enable conditions for PEC retirement, and unlock housing and economic development on the eastern waterfront. We are excited about the opportunity to bring our continental expertise on submarine HVDC to the TTL and welcome continued dialogue with the Ministry and IESO.

Submitted: February 21, 2026

- **Emera Inc** (TSX/NYSE: EMA) is a leading North American provider of energy services headquartered in Halifax, Nova Scotia, with investments in regulated electric and natural gas utilities and related businesses and assets in Canada, the United States and Caribbean. The company collaborates with customers, communities, Indigenous partners, and key stakeholders to deliver safe, reliable energy. From an HVDC perspective, Emera developed, installed and currently operates the Maritime Link, a submarine HVDC VSC system consisting of two ~170-kilometre submarine HVDC cables (500 MW) and HVDC converter stations connecting Newfoundland & Labrador and Nova Scotia. The Maritime Link was built on time and on budget and is the longest submarine cable in the Americas. Commissioned in 2018, it provides exceptional reliability services for both provinces and up to 20 per cent of Nova Scotia's energy.
- Emera-owned Nova Scotia Power is the lead partner in the Wasoqonatl Transmission Line (WTI). The WTI project is a proposed new 160-kilometre 345 kV electric transmission line between Onslow, Nova Scotia, and Salisbury, New Brunswick. The project includes an equity partnership among all 13 Mi'kmaw communities in Nova Scotia as represented by the Wskijinu'k Mtmó'taqtuow Agency (WMA), Mi'kmaq Communities in New Brunswick, the Canadian Infrastructure Bank and Nova Scotia Power. Construction is underway and commissioning is scheduled for 2028.
- **NextEra Energy Transmission, LLC** -- a wholly owned subsidiary of NextEra Energy, Inc. (NEE) – is a leading North American transmission developer operating in all United States regional transmission organizations (RTOs) including Ontario's IESO, with ~\$10

billion in energized/secured transmission projects up to 765kV, and proven submarine HVDC experience (including operating 75% of U.S. HDVC submarine cables). Since 2019 NEET has owned and operated the TransBay Cable, an eighty-five kilometre, 400-megawatt submarine HVDC Voltage Source Converter (VSC) system serving San Francisco. In Ontario, NEET developed the East-West Tie alongside Enbridge and OMERS Infrastructure (now co-owned with Hydro One and the Bamkushwada Limited Partnership, comprised of six First Nations), demonstrating excellence in project delivery and Indigenous partners.

- **NextEra Energy** (NSE: NEE) is one of the largest electric power and energy infrastructure companies in North America. NEE owns Florida Power & Light Company, America's largest electric utility serving more than 12 million people in Florida, as well as NextEra Energy Resources, LLC., the largest energy infrastructure development company operating across 49 states and 4 Canadian provinces. NEE employs over 16,000 people, owns and operates 76 GW of nuclear, natural gas, wind, solar and battery storage projects, and has planned ~\$120 billion in energy infrastructure investments over the next four years.