

Ontario moves ahead on subsea Toronto Third Line

January 29, 2026

On Jan.7, 2026, the Ministry of Energy and Mines [released a proposal](#) (ERO 026-0019) to bring forward an order in council and Minister's directive pursuant to Section 25.32 of the *Electricity Act*, 1998 that would direct the Independent Electricity System Operator's (IESO) to undertake a competitive procurement process and enter into a procurement contract with a transmitter to develop and construct the Toronto Third Line project with an in-service date of 2037 or sooner (the Third Line Project).

This was followed by an [announcement on January 28](#), 2026 declaring the Greenstone Transmission Line as a priority project to unlock the economic potential of the Ring of Fire and designating Hydro One to develop and construct it.

The Third-Line Project is expected to be Ontario's first underwater high voltage direct current (HVDC) project, connecting downtown Toronto to Bowmanville via Lake Ontario consistent with the IESO's Oct. 31, 2025 [Toronto Integrated Regional Resource Plan](#).

As discussed further below, the proposal includes eligibility criteria (experience with underwater transmission lines; experience engaging and working with Indigenous communities); evaluation criteria (an Indigenous engagement plan; opportunities for Indigenous economic participation, and incentives to support Ontario and Canadian businesses in the procurement) and contractual terms (accountability mechanisms for Indigenous economic participation; incentivize schedule adherence to an in-service date; incorporate cost containment mechanisms; conditional on obtaining all applicable environmental approvals).

Feedback on the proposal is due by Feb. 21, 2026.

This proposed Third Line Project is the province's first competitive transmission tender since the Ontario Energy Board's 2011 process for the East-West Tie project.

If it proceeds, the Project will be the first project to be captured by the IESO's newly developed competitive [Transmitter Selection Framework](#) (TSF).

Background: The lead up to Ontario's Transmitter Selection Framework

The first competitive transmission project in the Province of Ontario was the East-West Tie Line, a 450 km new double circuit 230 kV overhead transmission line between Thunder Bay and Wawa, Ontario.

Back in 2012 the Ontario Energy Board initiated a competitive process to select a transmitter to complete the development work for the East-West Tie Line (EB-2011-0140). Unfortunately, the OEB-led process suffered from several failings, including treating competitive proposals like “applications” which gave competitors discovery rights on other proposals, not clearly distinguishing between mandatory versus rated evaluation criteria (all criteria were rated, even though several would have been pass/fail mandatory requirements in most normal procurements), and not disclosing the weighting of the criteria until after the final decision (unlike a normal RFP that clearly discloses this information upfront so bidders can shape their proposals accordingly). Ultimately, the OEB issued its August 2013 Decision and Order designated Upper Canada Transmission Inc. (UCT) as the transmitter to complete the development work for the East-West Tie Line.

Following this experience, in 2016 the Ontario government amended Section 25.32(2)(d) of the *Electricity Act, 1998* to allow the IESO to enter procurement contracts in respect of “transmission systems or any part of such systems, including the development of all or part of such systems.” Interestingly, and unlike other Section 25.32 procurement contracts, transmission will instead be funded through Ontario's uniform transmission rates (rather than through the global adjustment mechanism).

This statutory amendment was followed shortly by the [2017 Long-Term Energy Plan](#), which identified the IESO undertaking a competitive selection process for transmission, and a sequence of subsequent statutory changes. This policy objective made subsequent appearances in the IESO's 2023-2025 Business Plan, a [July 10, 2023 letter of direction](#) which instructs the IESO to “continue work on the development of a transmitter selection framework, including consideration for commercial options [...]”.

This effort has culminated in the Transmitter Selection Framework (the TSF) which features in the [July 18, 2025 Integrated Energy Plan](#) which concludes “once the framework is finalized, the government intends to, subject to approvals, issue a directive to formally launch a competitive procurement, supported by any necessary legislative or regulatory changes.”

The IESO's Transmitter Selection Framework (the TSF) Registry

The IESO launched its [TSF Registry](#) in 2025.

The purpose of the registry is to help identify eligible transmitters to build a pool of experienced and capable proponents. The registry is governed by a set of [TSF Registry Rules Version 1.1](#) (the Registry Rules), which as of the date of this article remain undated pending the issuance of an implementation directive.

Pursuant to the Registry Rules, only those entities have registered with the IESO are eligible to be invited by the IESO to participate in a particular procurement process for a TSF identified project pursuant to the TSF.

Capitalized terms used in this article have the meanings ascribed to those terms in the Registry Rules.

Of note are the qualification requirements and parameters around Indigenous partnerships:¹

The Registry Rules specifically test applicants for two (2) key areas of qualification:

- First, an Applicant must demonstrate sufficient operational experience in one of two ways:
 - demonstrate that the Applicant, or its Designated Affiliate, has substantial experience in Planning, Developing, Financing, Constructing, and owning and Operating for at least five (5) years post Commercial Operation Date at least two (2) New Build transmission lines located in greenfield transmission corridors in Canada, the European Union, the United Kingdom, or the United States of America at significant scale (at least 200kV and at least 30 km long) that achieved the Commercial Operation Date no more than twenty (20) years prior to the application submission; or
 - the Applicant can be an Existing Ontario Transmitter (*i.e.* licensed by the OEB, granted leave to construct, has completed construction of the subject project, and has owned the Transmission Project for at least two (2) years post Commercial Operation Date).
- Second, an Applicant must demonstrate sufficient financial strength in one of two ways:
 - provide audited financial statements of the Applicant, a Designated Affiliate, or a combination of the two, showing a Tangible Net Worth of at least C\$200 million and must not have a recent (*i.e.*, 5 years prior to application submission) history of insolvency or regulatory enforcement actions; or
 - where the applicant is an Existing Ontario Transmitter, they must not have a history in the past five (5) years (prior to the application submission date) of any proceeding under any Insolvency Legislation or regulatory enforcement in which the Ontario Energy Board or an equivalent body (a) ordered it to surrender possession and control of its business or (b) suspended its license.

Pursuant to the Registry Rules, neither a participant in the TSF, nor any of its Affiliates, may bind any Indigenous Community to an exclusivity arrangement with respect to a TSF identified project prior to the selection of a proposal by the IESO. We understand that certain proponents sought out exclusivity arrangements with Indigenous Communities in the East-West Tie Line proceeding that ultimately led to delays and unnecessary transaction costs. To demonstrate the IESO's commitment to enabling broad participation by an Indigenous Community, the IESO may deliver a notice requiring a registered participant to complete a form of statutory declaration confirming the participant nor any of its Affiliates are party to a Prohibited Exclusivity Arrangement with respect to a specific TSF identified project(s).

Planned procurement process

On Jan. 7, 2026, the Ministry of Energy and Mines (the Ministry) published a proposal to direct (the Proposal) the IESO “to undertake a competitive procurement process and enter into a procurement contract with a transmitter to develop and construct the Toronto Third Line project”.

The Ministry is seeking input on several key areas that would be covered in the Directive to the IESO, including:

- Restrictions on Transmitter Eligibility
 - The Ministry’s proposal suggests that the IESO’s RFP should be limited to applicants that can demonstrate prior experience with underwater transmission lines and can develop, construct, operate, and mitigate environmental impacts in addition to having experience in engaging and working with (Canadian) Indigenous communities. The proposal notes that this experience can be demonstrated through partnerships with organizations (*i.e.*, other transmitters) that possess this experience.
- Evaluation Criteria for Transmitter Selection
 - The Ministry is proposing that any evaluation criteria that the IESO establishes consider a few key items, including: (1) an applicant’s plan for how it would engage with Indigenous communities and support their participation in the project; (2) offers for Indigenous economic participation; and (3) measures to maximize the involvement of Ontario and Canadian businesses in the procurement.
- Procurement Contract Requirements
 - The Ministry’s proposal aims to include contract terms that: provide for accountability mechanisms to support Ontario and Canadian businesses as well as with respect to economic participation commitments made to Indigenous Communities by the transmitter, incorporate cost-containment mechanisms that will be integrated with the Ontario Energy Board’s rate regulation process, incentivize meeting a set schedule, and make contract fulfilment conditional on the obtainment of all applicable approvals and permits.

The Ministry’s proposal also discusses its commitment to consult with Indigenous Communities and has indicated that it will be providing information about the Project to Indigenous Communities that are potentially impacted. This information will also outline how these communities can participate in the consultation process. The proposal also notes that “the province expects to delegate the procedural aspects of the Crown’s Duty to Consult to the selected transmitter, as appropriate.”

Feedback on the proposal is due by Feb. 21, 2026.

BLG’s [Energy and Renewables group](#) including its [Indigenous Power group](#) have advised clients seamlessly through multiple IESO competitive procurement processes. BLG has also assisted several transmitters establish operations in Ontario and navigate the unique aspects of Crown delegated consultation to proponents. If you are interested in learning more about the TSF, the proposed underwater transmission line, or how

IESO procurements may affect your organization, please get in touch with any of the authors or the key contacts below.

Footnotes

¹ Please note that capitalized terms not otherwise defined herein have the meaning ascribed to them by the Rules.

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