



Toronto's third transmission line is too important for a procurement experiment

Serious questions include execution risk, timelines, system integration and other factors

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Ontario is planning to build one of its most important power projects in decades: a \$1.5-billion transmission line under Lake Ontario that will deliver 900 MW of electricity directly into downtown Toronto. Known as the Toronto Third Line (TTL), this urgent and system-critical project is crucial to strengthening electricity reliability and supporting the ongoing rapid growth of Canada's largest city. Yet Ontario is now proposing to use it as a pilot project for a new and untested competitive transmission procurement framework.

That would be a mistake. The Toronto Third Line is too important to become a procurement experiment.

The TTL is a large project embedded in Ontario's Hydro One transmission system. It is also technically complex. This project involves roughly 65 km of high-voltage underwater cable



Designating Hydro One as the transmitter would fast-track and simplify project development, further enhancing system reliability and resilience, as well as project accountability. Conversely, a competitive and experimental procurement process would reduce these benefits by delaying and complexifying the project and unnecessarily increasing risks and uncertainty.

connecting the Bowmanville substation to the Port Lands (in Central Toronto) with voltage-source converter stations at each end.

Adding to this complexity, the TTL must connect directly into one of the most complicated and crucial urban electricity systems in Canada. Even though the line will run under Lake Ontario, the project must also integrate with dense municipal infrastructure and a heavily used transmission network serving the GTA and Toronto's downtown core, most of which is owned and operated by Ontario's Hydro One.

The TTL is unsuitable as the inaugural project for a new procurement regime. Instead, the province should seek to minimize project risks – including schedule, cost, reliability and interface risks – by designating Hydro One to develop and operate the line.

Hydro One operates the majority of transmission infrastructure that the Third Line must connect into. Hydro One also has decades of experience building and operating underground transmission and distribution cables in dense urban environments across Ontario, including the GTA. For this complex and system-critical project, Hydro One's local knowledge and experience are essential.

Designating a third-party transmitter would require new

operational interfaces and extensive co-ordination agreements on system integration, power system protection, outage planning and operations. In an emergency, these arrangements could create accountability gaps. Addressing these and other project intricacies and co-ordination requirements would increase the risk of delays, cost escalation and reliability concerns during both construction and operation.

By contrast, designating Hydro One would reduce these risks, while accelerating the project timeline by 18 months – the period assumed by the province for the competitive selection of a transmitter.

At a time of escalating geopolitical and economic uncertainty, designating Hydro One would serve to strengthen Ontario's and the GTA's domestic supply chain and energy security while also maximizing economic development benefits including jobs, taxes and enhanced GDP. Hydro One operates under the oversight of both the provincial government and the Ontario Energy Board. The Ontario government owns approximately 42 per cent of Hydro One, providing significant revenue flows to the province rather than to third-party developers. If Hydro One develops and operates the project, it will be more economically beneficial and

more directly accountable to the people of Ontario over the life of the asset.

Designating Hydro One would also support the goals of the Buy Ontario Act by limiting leakage of economic development benefits outside Ontario and Canada at this pivotal moment in Canadian history.

Ontario's decision to pursue a Third Line is a smart one and long advocated by the Power Workers' Union. This project will bring new and reliable transmission capacity directly into Toronto's downtown core, strengthen grid resilience and support rapid electrification.

Designating Hydro One as the transmitter would fast-track and simplify project development, further enhancing system reliability and resilience, as well as project accountability. Conversely, a competitive and experimental procurement process would reduce these benefits by delaying and complexifying the project and unnecessarily increasing risks and uncertainty.

Ontario should not gamble with Toronto's electricity grid by using the system-critical TTL as the inaugural project for an untested procurement experiment.

Build the line first. Test new rules on less critical projects.

More information at pwu.ca.



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