

2007-2009 Business Plan Proposed Priorities & Initiatives

IESO Stakeholder Advisory Committee
May 24, 2006



- Review stakeholder feedback & IESO response with respect to:
 - Future view and role
 - Strategic priorities for business planning
 - Identified initiatives/programs for 2007-09
- Opportunity for further “early” stakeholder advice into IESO business planning
- Outline next steps

- In addition to verbal response recorded in minutes of March 22 SAC, we received written submissions from:
 - J Girvan (*residential consumers*)
 - BOMA (*C Stradling – commercial customers*)
 - Embedded Industrial Consumers (*M Humphries*)
 - B Bentz (*Distributor*)
 - OPG (*B Green*)

- Many players have a role in ensuring reliability
- Alignment of SAC views not yet known
- Appearance of significant differences between Government (actions), IESO and OPA.
- Concern over notion of “competitive” price
- IESO may be going beyond mandate with vision of competitive electricity market
- Current market not “competitive”
- Ensure clarity of roles responsibilities between IESO and OPA

- Agree that “ensuring” is beyond the scope of the IESO alone in regards to reliability role
- IESO Board has adopted a version of the statements as our new vision and mission statements
- Roles and responsibilities between IESO and OPA are and continue to be clarified and managed as necessary

Vision

*The future we want
to create*

Our vision is...

**A vibrant Ontario economy supported by a
reliable and competitive electricity market**

What it means:

We continue to believe that an electricity market is the most fair and efficient way to manage electricity's benefits and risks for both the public and market participants. We envision a mature electricity market in Ontario and believe we have a role in evolving the sector towards that vision. But experience has taught us all that this is a complex challenge that must be approached pragmatically.

Mission

*Our purpose as an
Organization*

Our mission is ...

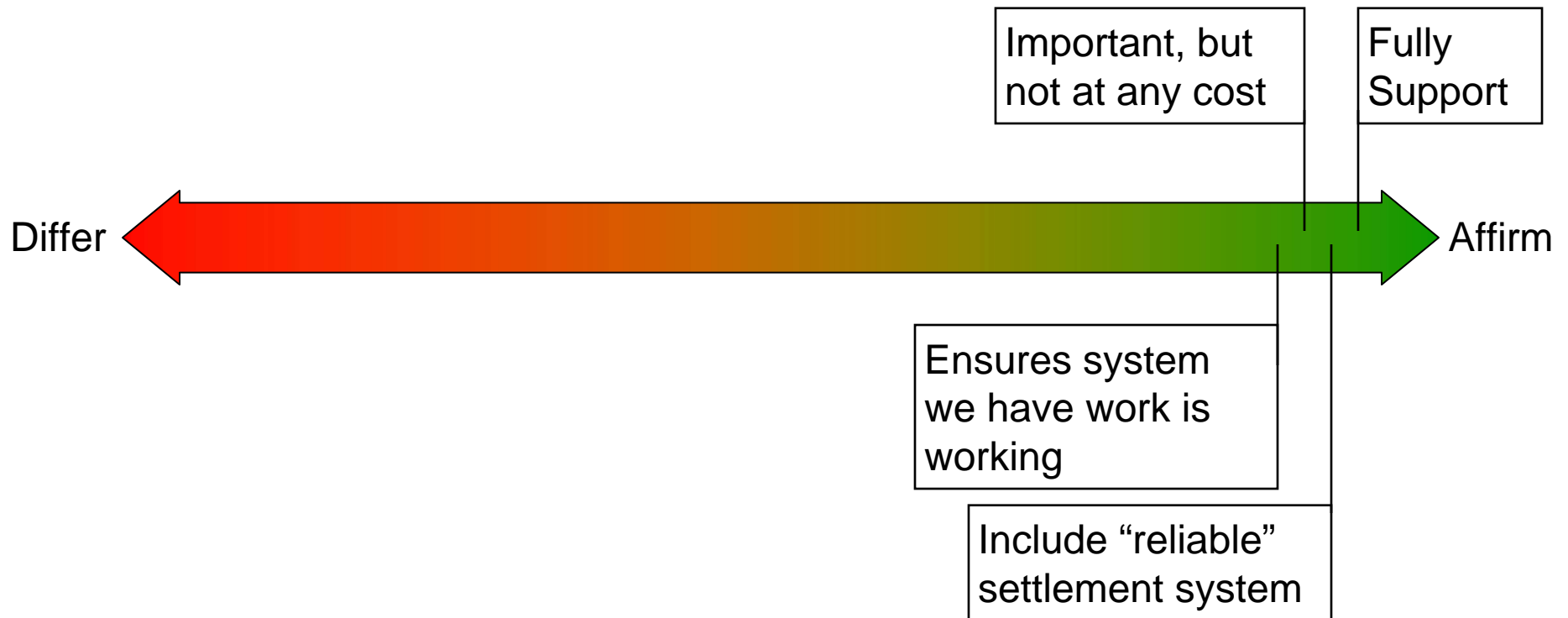
To act in the interests of the people of Ontario to provide reliable, competitively-priced and sustainable electricity service

What it means:

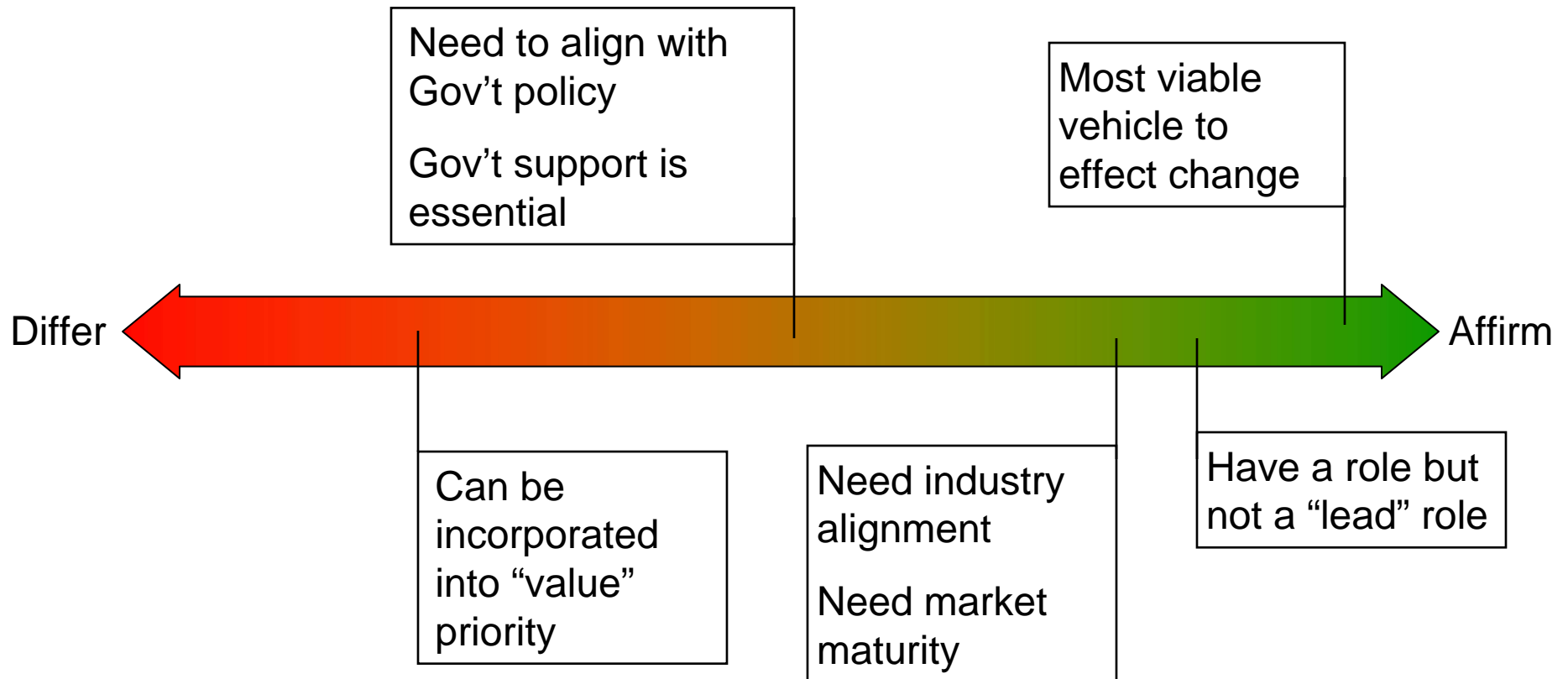
Our principal interest is the public good. We will work broadly in the electricity sector as an operator, a leader and an influencer to see that electricity works for Ontario, right now, and into the future. We will stay focussed on reliability, price and environmental responsibility of electricity service as we work with our participants and stakeholders to realize a market vision.

- **Delivering reliable electricity supply on demand.**
- **Developing Ontario's electricity market through evolution of the IESO-administered markets.**
- **Providing value in all our services and products.**
- **Responding to the needs and concerns of our stakeholders.**
- **Earning the trust of all stakeholders as a just administrator and capable advisor.**

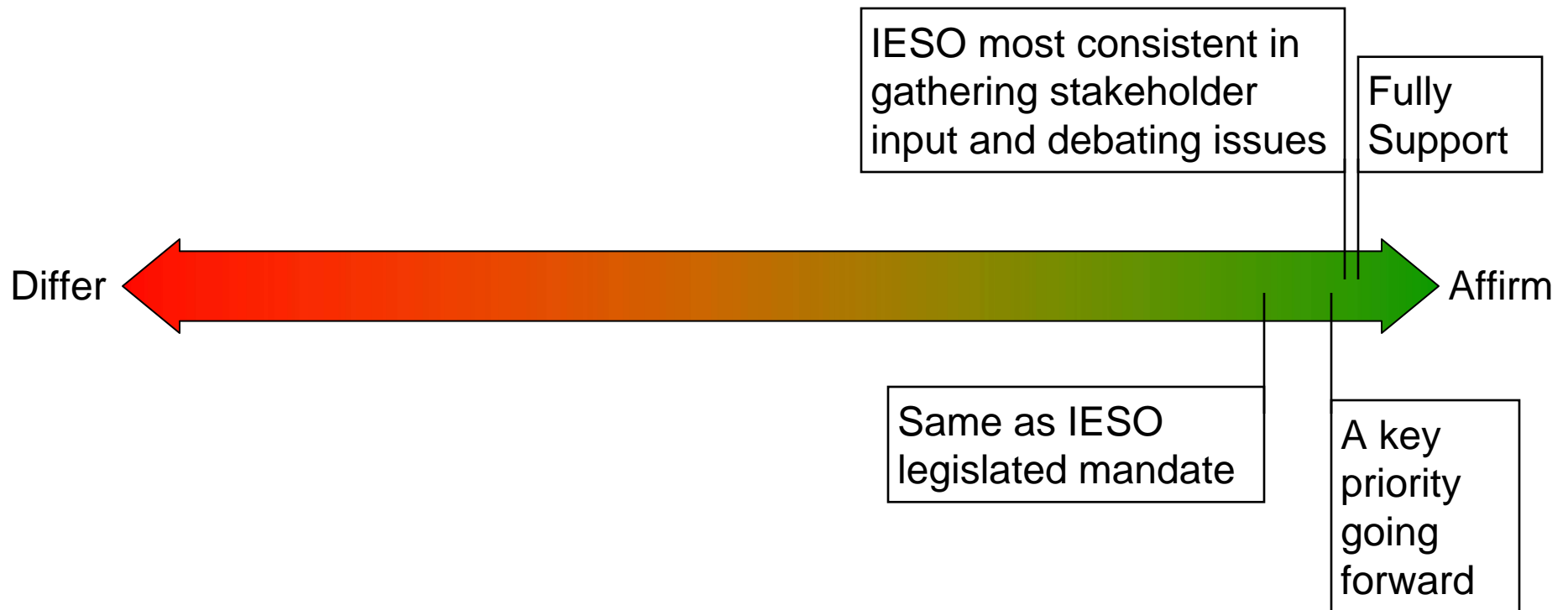
Stakeholder Advice - Reliable Supply Priority



Stakeholder Advice - Market Evolution Priority

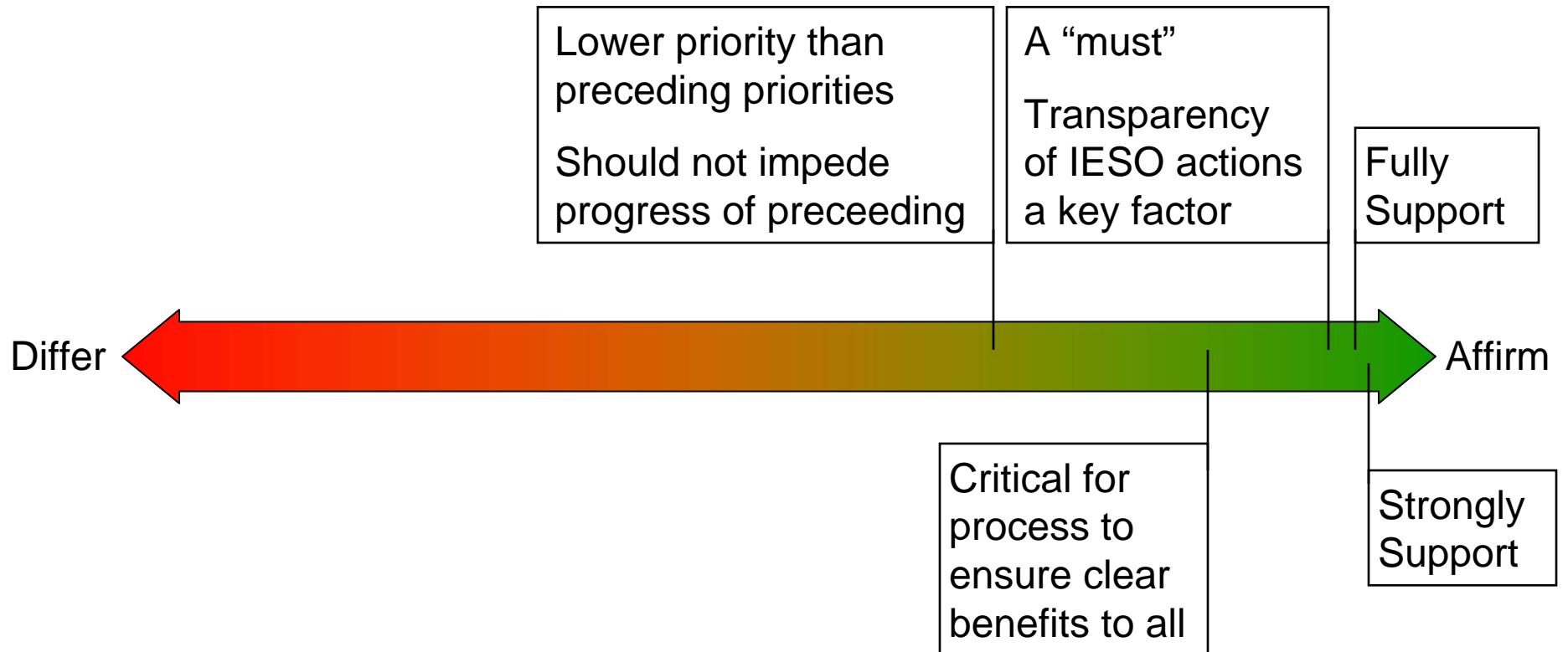


Stakeholder Advice - Providing Value Priority

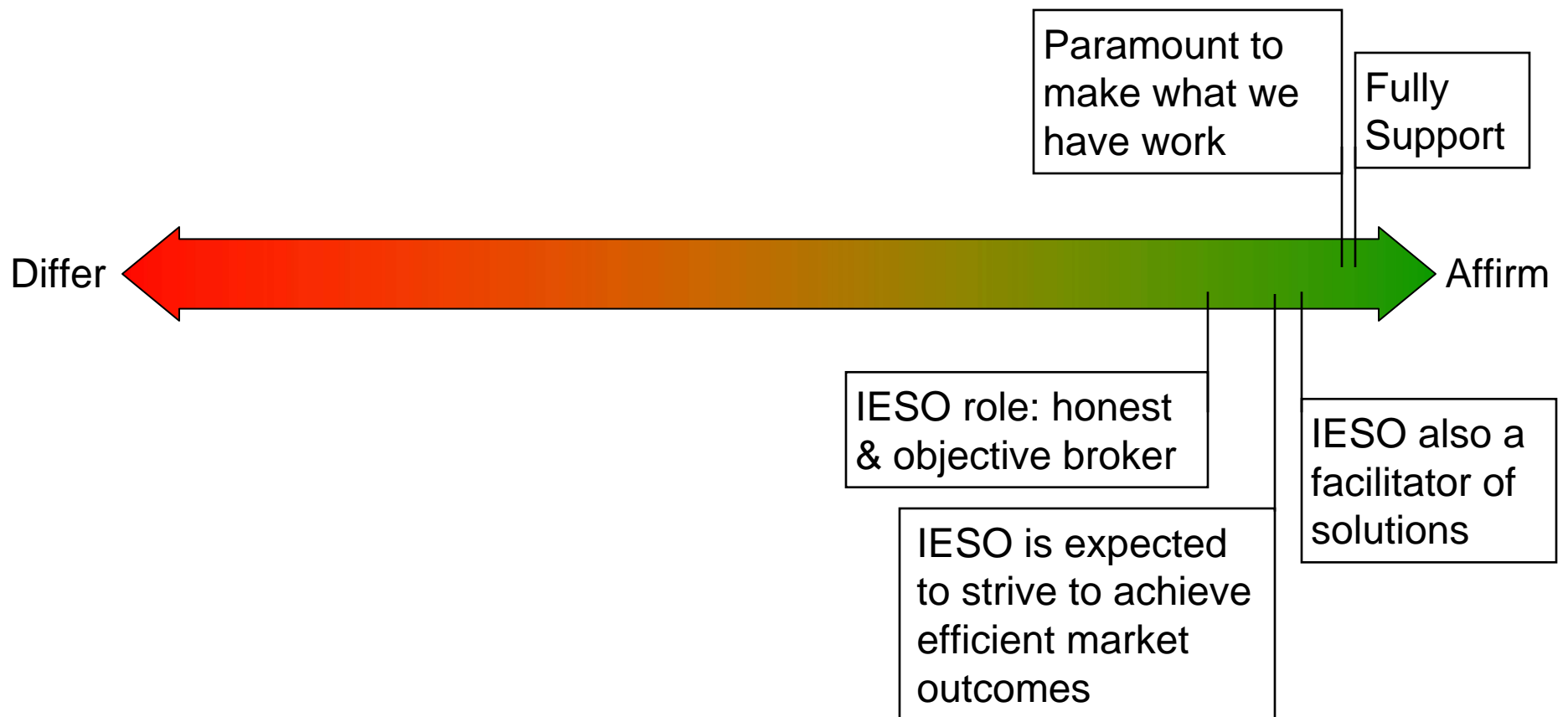


Stakeholder Advice

- Responding to Stakeholders Priority



Stakeholder Advice - Earning Trust Priority



- Written submissions appear to be generally supportive of priorities (with some clarification)
- These priorities will provide focus in our business planning
- Stakeholder advice will be factored into our descriptions of the priorities and in specifying associated initiatives

- Limited input received on programs/initiatives
- Some preference to respond to a list of IESO identified programs and initiatives
- Some strongly support a Day-Ahead Market
- All infrastructure enhancements need supporting business case methodology
- Some questioning of resource adequacy mechanism
- Suggest using information to drive public discussions
- Benefit to consumers an important consideration

- Encourage further stakeholder advice on IESO identified programs and initiatives
- Capital projects are reviewed internally via business case methodology before being committed and dollars spent
- Consideration of strategic priorities will aid in assessing appropriate programs and initiatives (e.g. providing value) and their timing

Identified Programs & Initiatives For 2007 and Beyond

Program/Initiative Name	Description
Day-Ahead Market	An IESO-administered Day-Ahead Market to facilitate integration between forward contracting and real-time operations.
Integrated Resolution of Real-Time Market Pricing Issues	Resolution of outstanding real-time pricing issues in coordination with a Day-Ahead Market
Reliability/Resource Adequacy Mechanism	Only if required. Structure would need to be determined.
Load Serving Entity (LSE)	Support [OPA] in defining and establishing structures for executing Load Serving Entity (LSE) functions

Identified Programs & Initiatives For 2007 and Beyond

Program/Initiative Name	Description
Outbound Report Management System Upgrade	Deliver an upgrade of the functionality of outbound reports to the public and to market participants
Customer Information System	Customer information, issue and activity tracking system to enable integrated high quality customer support
Application Changes/VCR's	A funding envelope, to support minor changes to IESO applications.
Infrastructure Enhancements/Replacement	Orderly upgrade and/or replacement of software and hardware supporting IESO operations

Identified Programs & Initiatives For 2007 and Beyond

- Maintain and enhance IESO technical capabilities needed to address Ontario's supply mix and demand profile changes
- Ensure sufficient capability to conduct the connection and reliability assessments required for expected changes to the Ontario power system over the next 10 yr
- Enable demand response by ensuring that the right information is provided to the right consumers at the right times to facilitate their effective use of the IESO-administered markets
- Participate in an industry-wide benchmarking of ISO/RTO costs

Identified Programs/Initiatives

- Partner with local distribution companies and trade associations to provide customers paying the wholesale price for electricity with the information and tools they need to better manage their electricity costs
- Intervene in all “leave to construct” applications submitted by market participants to the OEB in providing impartial reliability and market impact assessments of proposed projects
- Make more accessible the vast amount of data and market and system information available on our website

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|----------------|---|
| May 24/06 | Receive verbal advice at meeting
<i>[including further written advice]</i> |
| September 5/06 | Presentation of Draft Business Plan to
SAC |

Your Advice and Input Is Requested

May submit written advice to stakeholder.engagement@ieso.ca