

## Generator Comments on the draft IESO Vision

We believe that the IESO should be focusing all of its efforts on three key objectives:

1. Maintaining the reliability of the IESO-controlled grid;
2. Improving the cost effectiveness of its processes and making them more market participant-oriented; and,
3. Improving the economic efficiency of prices in the IESO-administered market.

The proposed IESO Vision rests on the assumption that the current Hybrid Model will be replaced by a more fully competitive market. However, given what we know today, it is clear that the number one priority for policy makers is stabilizing the current system. As a result, the Hybrid Model could be with us for a significant period of time.

The IESO Vision should reflect this reality. The broader public policy questions surrounding the future of the Ontario electricity system should be left to market participants and to the policy makers in Government. The IESO should not take on the additional burden of advocating for a particular end state for the industry when it is unclear what the time frame for market evolution may be. This will only be a distraction from these key objectives noted above.

Given this uncertainty, the IESO can best meet the interests of market participants by focusing on the above mentioned objectives. For example, there are significant threats to the reliability of the Ontario electrical system. We need the IESO to champion reliability in its operations. Given the time and financial pressures faced by all market participants, we need the IESO to make its activities more customer-oriented. Just by narrowing the scope of its activities to the three key objectives, the IESO can reduce the "transaction" burden on market participants associated with being engaged in this market. In addition, it is widely acknowledged that there are significant flaws in the current market that undermine its economic efficiency (e.g. 12 times ramp, excessive dispatch instructions, interties not allowed to set prices, etc). Fixing these problems, while introducing an appropriate and cost-effective DAM, will create a firm foundation for further market evolution when it is practicable.

Generators want a fair opportunity to earn a fair return on their investments but they are also adaptable and can operate successfully within a hybrid market or a fully competitive market. The IESO plays a vital role in Ontario's electricity sector and can best serve the interests of market participants by providing the best value that it can in the current context while remaining flexible enough to respond to future changes in Government policy.