

ONTARIO MARKET VISION

Summary of the SAC's Current Thinking

The IESO's Stakeholder Advisory Committee has had a number of discussions on its vision for the Ontario market. The purpose of this paper is to document these discussions as background to the advice that the SAC will provide to the IESO Board.

In summary, at a high level, the following represent elements of consensus from these discussions:

- The Ontario market is a hybrid market where substantial quantities of generation receive contracted revenue streams disconnected from spot market prices.
- Given that this hybrid market is expected to have a considerable lifespan, enhancements which improve the efficiency of this hybrid market should be a priority for the IESO.
- Changes to this hybrid market will usually be accomplished incrementally.
- Any significant changes to the market of a more substantive or integrated nature will reflect a clearly articulated vision or statement of purpose, which is shared by the Ministry of Energy, the IESO, the OPA and generally shared by market participants.
- Any changes to be made to the market must be supported by a sound Business Case which has been shared with stakeholders with extensive opportunity for comment.
- Additional generation and transmission infrastructure is urgently needed and changes being contemplated to the market should facilitate such infrastructure enhancements in a cost effective manner.

Within the context provided by these points of consensus, the SAC discussed six themes at represent areas of potential enhancement to the market. These themes are:

1. Demand Management
2. Day Ahead Market
3. Locational Marginal Pricing
4. Establishment of Load Serving Entities
5. Developing the Business Case for market evolution
6. Evolving the Market - integration of themes

[Report can continue to discuss current status or actions for these themes.]