

Distributors, Rosemarie Leclair, Todd Wilcox

To: Charlie Macaluso, President & CEO

From: Teresa Sarkesian, Vice President, Policy & Government Affairs

Re: LDC sector's priorities for 2012-2014 for SAC meeting

Date: February 15, 2011

Members of the Stakeholder Advisory Committee (SAC) have been asked to provide, at their next meeting on March 2, their sector's priorities for 2012-2014 of greatest importance to evolving the electricity market in Ontario, and within the mandate and control of the IESO and SAC.

Members have been asked to explain why these priorities are important, what they hope to achieve, how the sector would like the IESO to advance the priorities, and how the Stakeholder Advisory Committee can assist in advancing. Each sector has been asked to provide a short presentation less than 5 minutes and share the presentation before the meeting on February 25.

The LDC representatives on the SAC, Rosemarie Leclair, Hydro Ottawa and Todd Wilcox, North Bay Hydro have asked for a discussion and endorsement of the potential priorities at the February 24 EDA Board meeting.

The EDA has a number of priorities over the next few years but only a few directly involve the IESO.

The first priority for the LDC sector directly involving the IESO is finalizing the MDM/R and completing the processes for MDM/R integration and TOU billing. This will be occurring over the next several months and needs to work smoothly to meet the timelines required by the government.

The second priority is implementing the smart grid. The IESO established the Ontario Smart Grid Forum to coordinate the development and integration efforts across the electricity supply and demand chain. The OEB has now established a Smart Grid Working Group. These efforts will increase over the next few years as the industry begins to make significant investments in the smart grid. We want to ensure that the efforts by agencies and regulators are coordinated, and avoid duplication to reduce the burden on LDCs

The LDC sector also has two more key priorities that impact the overall industry and thus may also impact the IESO.

The EDA has been working on a regulatory streamlining initiative involving a review of all the industry agencies. One issue raised in this review has been the need to reduce the overlap and duplication between agencies through more co-ordination of activities between agencies particularly regarding compliance, reporting and auditing of LDCs. This issue could be further addressed by the SAC committee.

For 2011 the EDA is also working to develop proposals for the appropriate future for Ontario's transmission and distribution sectors and the industry agencies. This initiative involves documenting the challenges that exist in the T&D sector today and those anticipated over the next several years, and identify the range of possible policy solutions to these challenges through a change to the structure and role of the T&D sector and the electricity industry agencies. These new challenges also include new business opportunities for LDCs such as delivering CDM programs, connecting and integrating renewable distributed generation in distribution systems, and implementing a smart grid. With each of these new business opportunities there is an increasing call for regional and/or co-operative solutions by external stakeholders. We plan to propose an appropriate role and structure of the T&D sector and agencies by the fall and look forward to bring these proposals forward to external stakeholders by year end.