

IESO 2009-2011 Business Plan (SE-62) Response to Stakeholder Comments



In advance of the June 18th joint IESO Board of Director – SAC Committee Member meeting the IESO published materials pertaining to the IESO's 2009 – 2011 Business Plan. Stakeholders were asked to offer directional advice on the IESO's business planning goals.

The IESO received three written submissions. The written submissions and the IESO responses to those submissions can be found below.

Comment by John Witjes, representing Public Service Consumers

I have read the IESO 2009 - 2011 Business Plan outline and have the following comments.

We support the Business Plan outline and find it to be comprehensive and complete.

The Public Service Consumer sector is particularly supportive of the Reliability Goal which would enable demand response by ensuring the right information is provided to the right consumers at the right times to facilitate their effective use of the IESO-administered markets. We are also keenly supportive of the Customer and Stakeholder Goal which would continue the step by step approach to improving the market, including the implementation of a Day-Ahead mechanism.

We see the incorporation of Sustainability in the plan as a very positive, timely and necessary initiative that reflects well on the IESO.

A number of references to 'sustainability' are made in the business plan and we suggest that caution be used when defining sustainability and relative benefits. Consideration of the economic, environmental and social impacts would be appropriate as the IESO moves to include sustainable initiatives in operational activities. It should also be noted that 'green' and 'sustainable' are not always synonymous and care should be taken when interchanging these terms and applying them to corporate goals. In the Public Service Consumers Sector in Ontario, much work has been done to accommodate increasing interest in sustainability and sustainable initiatives. Some university campuses have set up sustainability offices as a focal point for these initiatives and these offices could be a valuable information resource to the IESO as they move to incorporate sustainability into this business plan.

IESO Response

We are pleased that the public consumer service sector is supportive of our goals to enable demand response to facilitate consumer's effective use of the IESO-administered markets, our step-by-step approach to improving the market, and the implementation of a Day-Ahead mechanism.

We appreciate your recommendation on sustainability, including the appropriateness of considering economic, environmental and social considerations for IESO initiatives or operational activities. Your comments have been incorporated into our Business Plan.

The IESO has also built upon your comments made in the context of SE-36 where you had recommended that the IESO adopt the most widely accepted definition of sustainability that was put forward to the United Nations by the Brundtland Commission in a report called *Our Common Future 1989*. We will use a definition consistent with the Brundtland definition, such that enabling sustainable electricity service will mean “embracing business activities and initiatives that meet the needs of the present without compromising the ability of future generations to meet their own needs.” Over the course of the business planning period the IESO plans to demonstrate its support for sustainable electricity service through its support of government policies and initiatives in the area. In addition, the IESO will work toward reducing the environmental footprint of its own operations.

We appreciate your recommendation relating to university sustainability offices as a valuable information resource to the IESO.

Comment by Julie Girvan, representing Residential Consumers

I am generally supportive of the outline for the business plan set out in the June 10 document.

Of particular interest to my constituency is the smart meter initiative. I note that the IESO has identified the need to "Partner with local distribution companies and trade associations to provide smart metered customers with the information and tools they need to better manage their electricity costs." I would suggest that the IESO partnering should go beyond simply working with LDCs and trade associations. From our perspective it will be critical to have meaningful and consistent information communicated to customers. This information will likely be delivered in part by the LDCs, but there will be a role for the Ministry, the OEB and the OPA. To the extent that communication effort is coordinated across the Province customers will be better informed. I believe the credibility of the smart meter initiative will depend to a large degree on effective communication and that the IESO has the capacity to help facilitate those efforts.

I also note that one of the "Enduring Achievements" is to "Implement and manage Ontario's Smart Meter data Repository (MDM/R) in support of Ontario's smart metering initiative." I would suggest that the words "cost-effectively" be inserted here. From the consumer perspective simply implementing and managing the MDM/R is not enough. It is critical that this be done cost-effectively.

With respect to the Reliability Goals, I suggest that not only should the IESO "enable" demand response, but they should be promoting demand response as well.

I hope these comments are helpful.

IESO Response

Thank you for your comments. We appreciate the importance of the smart meter initiative to your constituency. We agree that it is important that Ontario's Smart Meter Data Repository be managed in a cost-effective manner.

Your comments relating to the critical role the IESO can play in providing consumers with meaningful and consistent information is well taken. We have been working with local distribution companies, the Ministry of Energy and Infrastructure and others to provide meaningful and consistent communications in respect of smart metering, with additional outreach efforts in support of the MDM/R. The IESO is a source for information on the benefits of the smart meter and these communication efforts will continue.

With respect to demand response, we will continue to collaborate with local distribution companies and others to promote broader demand response efforts, supporting a more reliable and efficient electrical service.

In addition, we recently implemented a day-ahead price forecast. A reliable forecast of the next day's hourly electricity prices will help consumers better manage their electricity consumption and costs. Large-volume electricity consumers, who are charged hourly electricity prices, can use this information to avoid higher-priced periods by planning to shift or reduce some of their electricity use.

Comment by Doug Reeves, representing Distributors

With reference to the presentation, slide 6 refers to corporate Mission and I suggest that the first Mission statement should include a reference to being "cost effective" or similar i.e. Reliable, Cost Effective, Electricity Service----- . Slide 14, Financial Goals, refers to "enhancing efficiencies" and "managing costs prudently" and perhaps this should be reflected in the Mission statement.

The second Mission statement is not clear to me [competitively priced electricity service]. Is the commodity being referred to? If so, perhaps the heading should be Competitively Priced Electricity. The fourth bullet on slide 13, ["Partner with local distribution companies and trade associations to provide Smart Metered consumers with the information and tools they need to better manage their electricity costs."]:

- Could be expanded upon to include consumer education and promotion of the environmental advantages of shifting load to off peak. Average consumers will not be able to reduce their electricity costs enough to offset the cost of providing the Smart Meter. Consumers may need a more important reason for managing their electricity consumption (saving the environment).

IESO Response

Thank you for your comments.

The second component of our Mission: “enabling competitively-priced electricity service” refers to the commodity price of electricity and other costs associated with the electricity service, including our own costs. With respect to the commodity price of electricity the IESO continues to believe that Ontarians benefit from a competitive market. In support of affordable and fair priced electricity service, Management remains focused on effectively managing and controlling our own costs. It is within this context that we aim to capture the efficient management of our own resources and to contribute to competitively-priced electricity service.

We appreciate your advice relating to the potential environmental benefits offered by smart meters and how these benefits in addition to economic benefits can motivate consumers. The IESO has been working with the Ministry of Energy and local distributions companies on communications relating to time-of-use pricing. These communications have and will continue to include references to potential environmental benefits and motivators.