

# **Electricity Restructuring Act 2004 – Bill 100**

---

Presentation to Market Advisory Council  
June 23, 2004

# New Institutional Framework

## **IESO/OPA Governance and Accountability**

- Board of 10 independent directors appointed by Minister the government; directors appoint the Chair
- Terms: 2 years initial, up to 5 years thereafter – serve at pleasure
- First CEOs and Chief Energy Conservation Officer (CECO) appointed by the Minister
- Governance and Structure by-law approved by Minister – includes salary and remuneration
- Advisory Committee appointed by Minister
- Minister approves Business Plan, including budget
- Independent Annual Report by CECO to Minister and Board
- Proposed expenditures and fees/revenue requirements reviewed and approved by OEB
- Accounts/transactions audited by Provincial Auditor
- Narrow FIPPA exemption only for “commercial confidentiality”

## **IESO Mandate:**

- Short-term forecasts & assessments
- Power system operations / reliability
- Wholesale market operations
- Grid connection assessments
- Rule amendments
- Compliance monitoring, dispute resolution
- Wholesale metering
- Settlements & billing

## **OPA Mandate:**

- Medium to long-term forecasts & assessments
- Integrated power system planning
- Promoting/contracting for new supply, capacity, renewable energy, conservation / demand management
- Settlement agent for contracts
- Financing annual rate plan (variances)
- Promoting conservation - Conservation Bureau

# New Institutional Framework

## Ontario Energy Board

- **Objects** – streamlined to 2 key functions: consumer protection and economic efficiency/cost effectiveness/financial viability
- **Market Surveillance** - existing Market Surveillance Panel – and current members and expertise – continued under the Board with regulation-making authority to dissolve at a future date
- **Market Rules** - Board reviews and approves amendments
- **Procurement** – review OPA's proposed process within timeframe specified by Minister – for certainty contracts deemed compliant
- **Integrated Plan** – review and approve within timeframe specified by Minister

## OEB Licensing

- License OPA – Minister may issue directives on conditions
- Can require transmission licensees to implement transmission requirements from Integrated plan
- Deemed license conditions to provide OPA and IESO with information

## Rate Regulation

### Setting Annual Rate Plan

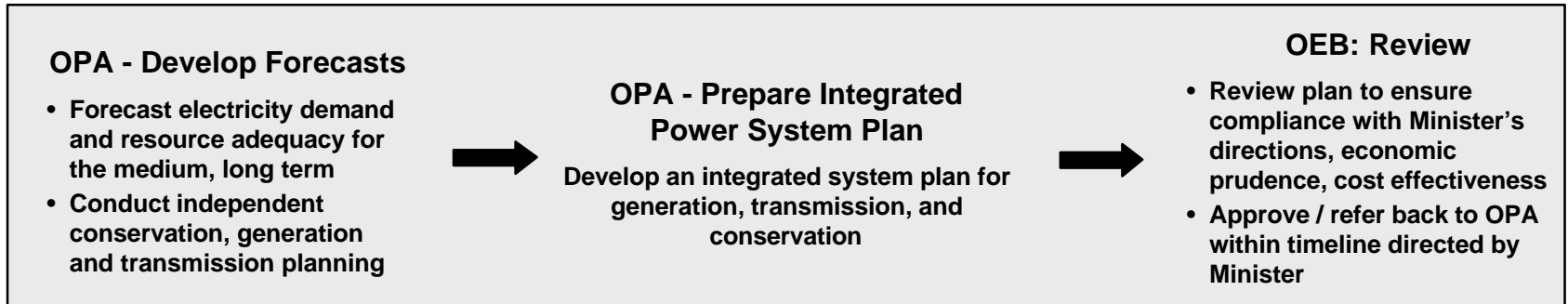
- Price-regulated generation – regulation(LGIC)
- NUG contracts – direct contract and indirect costs
- Procurement contracts – capacity and supply
- OPA variance accounts
- Wholesale market price forecast

Provision for block/TOU rate structures and flexibility on customer classes

# Ensuring Reliability

## Minister: Issue Directives

- Capacity from alternatives, renewable and other energy sources
- Combinations of energy sources and generation technologies
- The phasing-out of coal-fired generation facilities
- Development and implementation of conservation measures, programs, targets on a system-wide basis or in particular service areas



## OPA - Ensure Resource Adequacy, Reliability

- Develop and contract for new resources through a competitive procurement process
- OEB approves process – Minister directs timelines – contract costs recoverable
- Take steps to facilitate the provision of services relating to conservation, efficiency, load management, the use of cleaner energy sources (including alternatives and renewables)
- Take steps to ensure there is adequate transmission capacity

# Interaction Between IESO and OPA

## IESO Mandate:

Short-term forecasts & assessments (<18 mo)

Power system operations / reliability

Grid connection assessments

Rule amendments

Compliance monitoring, dispute resolution

Wholesale market operations

Wholesale metering

Settlements & billing in wholesale market

## OPA Mandate:

Medium to long-term forecasts & assessments (18 mo +)

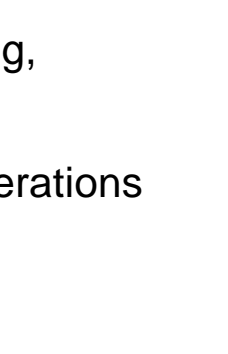
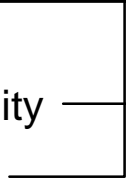
Integrated system planning

Contracting for new supply, renewable energy, conservation / demand management

Settlement agent

Financing / administering the regulated rate plan / variance accounts

Conservation Secretariat



# Hybrid Model – Pricing

