

BRIEFING NOTE

To: OEA Board of Directors

From: Bob Huggard

Date: January 21, 2016

Subject: OEA BOARD OF DIRECTORS COMMENTS FOR DISCUSSION WITH BRUCE CAMPBELL

BACKGROUND

Bruce Campbell will be attending the February 18 OEA board meeting in order to have a roundtable discussion with the Board of Directors. Mr. Campbell last attended an OEA board meeting in April 2015, shortly after the merger of the IESO and OPA. At the time, the main discussion items were the independence and transparency of the new IESO; the separation of the IESO's procurement and market operation functions; the IESO's stakeholder engagement process; and imports/exports of electricity. To facilitate next month's meeting with Mr. Campbell, OEA board members were again asked for their top three asks/discussion points, which are compiled below.

1. PLANNING

Board members are keenly interested in the IESO's plans to implement the LTEP, with a focus on the following issues: the status of DR, storage, and large renewable procurement; how the IESO intends to address climate change initiatives within the context of the LTEP; and how the IESO will work with gas utilities on integrated regional resource planning and in recognizing the role of CHP in reducing GHG emissions.

In addition, it has been a long-standing ask of the SAC that the IESO set objectives and better define a "roadmap" for market development initiatives so market participants can see where the IESO is heading. Is the IESO working on such a roadmap to share with the public? Is the capacity market still a priority for the IESO, and can any status updates/timelines be shared? Similarly, directors wanted to know if there was any progress in evolving the LDC load serving model and what the key factors would be for this concept to become a reality.

2. STAKEHOLDER ENGAGEMENT

OEA board members are appreciative of the IESO's stakeholder engagement efforts. In particular, it was felt that continued meetings and collaboration with IESO and distributor operations staff would be very beneficial; board members also wanted to know how

consultations on the implementation for the LTEP and IESO's implementation plans will be carried out. The OEA has worked with the IESO through its Smart Grid Forum to ensure that the ideas of stakeholders are taken into account; are there areas in which the OEA can provide further assistance?

On the gas side, it was requested that the IESO involve the province's gas utilities as co-facilitators having direct involvement in regional planning sessions, and that the IESO consider a working group with the gas utilities to help create a combined approach and framework to address the province's conservation and climate change goals and place clear accountability for objectives.

Lastly, it was emphasized that IESO consultations are conducted well – but that there needs to be a way to ensure these processes are not simply seen as window dressing and overridden by government directives.

3. IESO INDEPENDENCE

Prior to January 2015, the IESO had a reputation for independence from government direction while the OPA was subject to continuous government direction. It is important for the IESO to have independence from political direction in its ongoing role as the manager/operator of the province's electricity system, and so directors would like to know what direction has the IESO received from the Minister of Energy over the past year? What additional processes and governance initiatives will the IESO implement to ensure its role as an independent agency?