

MEMO

To: Terry Young

From: Tina Arvanitis, Avi Lipsitz

Date: March 8, 2016

CC: Jason Chee-Aloy, Chuck Farmer,
Alexandra Campbell, Bob Huggard

Subject: OEA Recommendations Regarding IESO Changes to Technical Panel Process

BACKGROUND

The IESO's Technical Panel (TP) is a stakeholder committee that proposes and reviews amendments to the IESO market rules. The TP and the market rule amendment process were designed prior to the 2002 opening of Ontario's wholesale electricity market, and since then the TP and market rule amendment processes have proceeded separately from the IESO's general stakeholder engagement process.

As a result of requests from stakeholders to review the TP process and because of the disconnect between the TP process and the general stakeholder engagement process (including the IESO's Stakeholder Advisory Committee (SAC)), in 2014 the IESO commissioned Power Advisory and C2C to conduct a review of the TP, the market rule amendment process, and how these interact with the IESO's present stakeholder engagement process. The IESO subsequently engaged RCI Consulting to:

- review the 2014 TP report and the stakeholder feedback on that review, and to
- "help identify issues and make recommendations to better align the TP with the IESO engagement principles and process for the IESO's new mandate".

The RCI report identified a number of issues with the structure and mandate of the TP, and suggested creating new terms of reference that would resolve those perceived problems. Based on RCI's recommendations, the IESO drafted new terms of reference for the TP (modelled on the SAC) which were presented to TP members for comment in December 2015.

STAKEHOLDER CONCERNS

The proposed changes to the TP (introduced via new terms of reference) elicited a number of concerns from stakeholders to both the IESO and OEA, including:

- **Lack of transparency and consultation from the IESO on the need for a second consultant's review** (given that the IESO had already received a report from Power Advisory/C2C).

The IESO informed the TP in August 2015 that RCI Communications would be reviewing the Power Advisory recommendations within the context of the merged organization. At

the October 2015 SAC meeting Terry Young advised the SAC that RCI had recommendations for aligning the TP with the stakeholder engagement process, and that new terms of reference would be developed and submitted for feedback.

- **Clarity around timelines** for implementing changes to the TP. Feedback from TP members was addressed at the February 2, 2016 TP meeting, and draft TP Terms of Reference were put forward as an input item on the February 10, 2016 SAC agenda. The IESO responded to concerns from SAC participants by saying that they were open to further feedback and did not set a timeline for the terms of reference to go to the IESO Board of Directors but instead agreed to meet with concerned stakeholders. The IESO has posted the Terms of Reference for a comment period based on the feedback at the SAC meeting.
- **Concern with removing TP governance from the IESO's Governance & Structure (G&S) By-Law** and instead instituting terms of reference. IESO proposes to include the need for the TP and its relevance in the G&S By-Law, but to remove the detail about how it functions to the separate terms of reference. The TP process also exists in the Market Rules.
- Less clarity in defining the **composition and number of TP members**, in that the IESO will be able to unilaterally change the composition of the TP.
- **Less input from stakeholders who are not TP members**, as non-members will now only be given the option of observing meetings via teleconference (and not in-person).

OEA RECOMMENDATIONS

1. Meeting participation

Stakeholders that are non-TP members should be able to attend TP meetings in person, and these stakeholders should be permitted to reasonably participate in TP meetings as appropriate. The chair of the TP should allocate time at each meeting for non-member attendees to speak given that not every segment of Ontario's electricity market is directly represented on the TP.

2. Clearly set out TP membership

The composition and number of TP members should be defined within the terms of reference and not be changeable by the IESO in an ad hoc manner. The membership of the TP must reflect today's and tomorrow's electricity sector in Ontario through fair representation of market participants in particular (e.g. generators, transmitters, distributors, DR market participants, marketers/traders etc.), as well as technology providers and others. In the event that the IESO maintains its present position of a less strictly-defined TP composition, the ability of non-TP members to participate in meetings (recommendation 1) becomes all the more important in order to avoid the possibility of excluding valuable stakeholder feedback from parts of Ontario's electricity market that may not have direct representation on the TP.