

**IESO Stakeholder Advisory Committee
Minutes of Meeting
February 6, 2008, 9:30 am
Metro Toronto Convention Centre**

Advisory Committee Members in Attendance:

Mr. Brian Bentz, Chair (representing Distributors)
Mr. Bruce Campbell (representing IESO)
Mr. Steve Dorey (representing Transmitters)
Ms. Julie Girvan (representing Residential Consumers)
Mr. Richard Horrobin (representing Generators)
Mr. Mike Humphries (representing Embedded Industrial Consumers)
Mr. Doug Reeves (representing Distributors)
Mr. Chuck Stradling (representing Commercial Consumers)
Mr. Adam White (representing Wholesale Consumer Market Participants)
Mr. Gary Wight (representing Marketers/Brokers)
Mr. John Witjes (representing Public Service Consumers)
Mr. Daniel Whyte (representing Generators)

Advisory Committee Members Absent:

Mr. Bruce Lourie (representing Environmental)
Mr. Paul McMillan (representing Marketers/Brokers)

Presenters:

Mr. Brian Bentz
Mr. Neil Campbell
Mr. Sheldon Fulton
Mr. Paul Shervill
Mr. Will Stewart
Ms. Sarah Thorne

IESO Board Members in Attendance:

Ms. Roberta Brown
Mr. Dave Cassivi
Mr. Robert Chiarelli
Ms. Angela Ferrante
Mr. James Hinds
Mr. Paul Murphy
Mr. Howard Shearer

Introduction – Brian Bentz

Mr. Bentz welcomed everyone, called the meeting to order and reviewed the agenda. In reference to Item 8 (load serving entity) on the agenda, Mr. Bentz disclosed that PowerStream has worked with the OPA over the last year on a proof of concept for the load-serving entity model in terms of providing load profile data for procuring power for default supply load. He thanked the OPA and EPCOR for their assistance.

He acknowledged the attendance of the Board of Directors, thanking them for their support and level of engagement in the consultative process.

Agenda Item No. 2: Feedback from December 12, 2007 IESO Board Meeting

Mr. Bentz noted that at the last Stakeholder Advisory Committee meeting on December 5, at which the Committee considered and discussed the day-ahead market (“DAM”), there had been good Board representation. In December, there was a general consensus that the plan being proposed by the IESO be endorsed by the Committee Members and that the work on DAM would continue. As a result, written comments were provided by the Committee to the Board on the DAM proposal in lieu of members attending the Board meeting. This written advice to the Board can be found at: http://www.ieso.ca/imoweb/pubs/consult/dam-opt3/consult_dam-opt3-20071211-Update_Board_Memo_DAM.pdf

Agenda Item No. 3: Senior Management update – Bruce Campbell

(a) Review of Action Items from December 5, 2007 Stakeholder Advisory Committee meeting

All outstanding action items from the December 5th meeting have been closed. The list can be found at:

<http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20080206-Action-items.pdf>

(b) Agency Review Panel

Mr. Bruce Campbell commented that the IESO and Hydro One are working together to develop a uniform approach to connection assessments.

The briefing note on this can be found at: <http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20080206-Item3-ARP.pdf>

(c) Day-Ahead Market

Mr. Bruce Campbell noted that the stakeholder engagement plan was reissued to reflect what was discussed at the last Committee meeting and was accepted by the IESO Board as the basis on which to move forward.

The briefing note on this can be found at: http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20080206-Item3_DAM.pdf

(d) Price Forecast Model

Mr Bruce Campbell commented that a stakeholder plan has been posted and that this work was initiated as part of the discussion on the day-ahead market.

The briefing note on this can be found at: http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20080206-Item-price_forecast.pdf

Mr. Horrobin asked for an update on the meeting that was held yesterday (February 5, 2008) about the day-ahead price forecast tool? Mr. Bruce Campbell said that there was general support for proceeding; though pursuing it should not be at the expense of other work now underway. The IESO will be doing a pilot and publishing results, so people can see how this would actually work out.

Mr. Horrobin noted that there have been prior discussions about whether ISOs should actually be involved directly in producing a forecast. He asked if there was an ongoing discussion or decision to be made on this, notwithstanding the fact that there is ongoing consultation.

Mr. Bruce Campbell answered that this was one of the questions that the IESO took to yesterday's meeting for discussion with stakeholders. The sense of the meeting was that there was support for going ahead with this. This will be captured in the meeting notes and posted shortly. (The notes from this meeting can be found at: http://www.ieso.ca/imoweb/consult/consult_se58.asp)

(e) Smart Meter Initiative

Mr. Bruce Campbell stated that the meter data management & repository (MDMR) will be operational shortly and the first wave of local distribution companies (LDCs) is starting to enrol meters. The IESO's interim licence has been extended to June 1st, 2008. The proceeding before the OEB contemplates that an agreement will be put in place to address operational arrangements with the LDCs and the IESO is having discussions with the LDCs on this. As well, the Ministry is working with stakeholders on long-term governance issues.

The briefing note on this can be found at: <http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20080206-Smart-meter-initiative.pdf>

Mr. Adam White asked why Toronto Hydro or Hydro One were not included in the status update as these utilities have many meters. Mr. Bruce Campbell replied that the IESO is working with Toronto Hydro on their plan and that they are a little later in the schedule.

Mr. Adam White asked a question about the Association of Major Power Consumers in Ontario (AMPCO) submissions to the OEB in respect of the licensing process related to consumer's access to their own meter data and protocols for third-party access to meter data. He asked if the IESO could comment on the status of this. Mr. Bruce Campbell responded that this is something that is being worked on and there are significant issues that need to be worked through to make sure that all of the privacy aspects are covered off. The IESO's position is that this information should be accessible under appropriate rules. Mr. White commented that this data should be available from the outset, so that we can all learn as we go, rather than wait until the end. He added that for operational testing, it would serve all interests if there is transparency on the data.

Ms. Girvan asked if the IESO could elaborate on what processes the OEB will follow to review and approve the MDMR smart metering charge once the Ministry has established its structure. Mr. Bruce Campbell replied that policy parameters will be established by the Government following which the IESO will make a rate application to the OEB.

(f) Summer Reliability Outlook & Preparations

Mr. Bruce Campbell commented that the outlook for this summer is reasonable.

The briefing note on this can be found at: <http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20080206-Summer-Reliability-Outlook.pdf>

(g) IESO Response to the Market Surveillance Panel Report

Mr. Bruce Campbell mentioned that it may be more appropriate to answer questions on this after the Market Surveillance Panel presentation.

The briefing note on this can be found at: <http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20080206-MSP-response.pdf>

Agenda Item No. 4: Market Surveillance Panel Report

Mr. Neil Campbell presented the Market Surveillance Panel Report. The thirteen recommendations in the report were presented, many of them focused on the IESO given its role in the operation of the market and on opportunities for efficiency improvements in the market. He mentioned the report did not uncover any gaming or abuse of market power which were encouraging findings. The Panel continues to find opportunities to address efficiency issues.

The complete report which can be found at:

http://www.oeb.gov.on.ca/documents/msp/msp_report_20080115.pdf

Mr. Neil Campbell's presentation can be found at:

<http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20080206-MSP-presentation.pdf>

Mr. Bentz enquired about the disaggregation of the global adjustment and how this would be disseminated to larger customers of LDCs. Mr. Neil Campbell responded that the mechanics of are not addressed in the report, but he offered some general observations that as a market monitor, the Panel would be attentive to any level of transparency that was excessive and had the potential to harm market behaviour. He mentioned it is expected that there may be some sensitivities around confidentiality of individual contracts of individual market participants however the disaggregation would not need to go that far.

Mr. Daniel Whyte asked if the Panel agrees with the widely held view that this market is fundamentally a contracted market. Mr. Neil Campbell replied that the Panel has not been asked this particular question so his reply was from his own perspective. He mentioned that contracts are becoming a very important component of the market and that is likely to increase for a period of time. It is expected the Panel will do another phase of work on contract issues. He said that there are a number of initiatives to evolve contracts in the primary sense of contracted procurement and in the secondary sense of enabling more financial trading around contracts in a secondary market. He added that the market could see load-serving entities as another species of contracting practices.

Mr. Gary Wight asked if the forecasting of the global adjustment into the future has been studied by the Panel as it is not a hedgeable piece for loads. His constituency is doing a lot of analysis and questioning whether the actual prices do reflect the current structure. Mr. Neil Campbell said that the Panel looks at the units that are market price-setters in particular intervals. He added that this would leave a number of inframarginal generators who, in a particular hour, are being compensated a rate above their cost and which is how the market was designed. He said that that it should be easier to forecast the global adjustment if a level of disaggregated information about the components is provided. As you get disaggregation down to the level of types of contributors to global adjustment, market participants will be in a better position where they can make a better attempt at forecasting in the future.

Mr. Adam White enquired about the IESO response to the Market Surveillance Panel Report (Item 3g). He would like a much more concrete timetable regarding the issue that occurs which is an artefact of the artificial parameters of the dispatch algorithm. The second question was in regard to the issue about self-induced congestion management settlement credit (CMSC) payments to generators. It is not clear why seven months are needed for this to get tabled, and to determine even it warrants discussion at the Technical Panel. The Panel has already put forward an argument to suggest that it warrants consideration and this should be enough to make it go forward. A third question was on the OPG rebate amounts - If the IESO already publishes information that allows the rebate to be calculated, then why does IESO not calculate it?

Mr. Bruce Campbell responded that the priority is a question of where resources are, the committed work, and the amounts of dollars that are actually involved. The response document produced is an initial response, and he assured the Committee that the IESO would take these comments under consideration.

Mr. Neil Campbell noted that the Panel appreciates the opportunity to present to and discuss with the Committee the report and recommendations.

Subsequently, Mr. Gary Wight passed on two suggestions from Direct Energy and Hydro Quebec. First, the Panel should prioritize its recommendations on the basis of degree of impact and level of priority. Second it should undertake a high-level dollar impact assessment of the particular changes associated with recommendations, recognizing that the dollar impact is difficult, but it would add value to individuals looking at the report.

Agenda Item No. 5: Stakeholder Engagement Process Review

Ms. Sarah Thorne gave an overview of the objectives of the research for the review of the stakeholder engagement process, the focus of the research, the actual research, and the key recommendations. The review was to determine whether the current principles and processes are appropriate and effective, to look for opportunities for improvement, and identify what could be enhanced. The focus of the review was on continuous improvement opportunities. There is a spectrum of stakeholder engagement processes with different roles and responsibility for the IESO and stakeholders, ranging from more social policy considerations to more technical aspects. Key findings were that the overall quality of stakeholder engagement was very good and has improved over the past two years. The review also identified some improvements that can be made.

The presentation on this can be found at: <http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20080206-se-review.pdf>

Mr. Bentz commented that as a Committee, they have deliberated over what is effective stakeholdering and how do you measure it, from the perspective of providing advice. A public body like the IESO not only needs to have a good stakeholdering process, but has to be seen by the public and all of the stakeholders as having an efficient and fair process. Mr. Bentz thought there have been strides, over the last while, to having an efficient and fair process

Mr. Bruce Campbell added that the IESO senior management has spent a fair amount of time going through the report and is encouraged that the fundamentals are there. The opportunities for improvement will definitely be addressed. A key finding he took from the report is the need to be clear in managing transitions between various phases of the stakeholder initiative, both with the communication and decision-making steps. More confidence needs to be built into the decision making process and increased senior management presence as issues are coming to fruition.

Mr. Reeves asked if there was any attempt to measure what percentage of stakeholders were actually engaged in participating in the process and perhaps, on the other end of the spectrum, what percentage of stakeholders are not participating in any way. Ms. Thorne answered that all of the people that were interviewed are very engaged in multiple things and that all of the respondents to the web survey are engaged as well.

Mr. Gary Wight questioned if there was any attempt to do any benchmarking on what a high-performing organization standard should look like? Ms. Thorne replied that the study did not benchmark against other studies. They did look at the results of the Stakeholder Engagement Review that was done two years ago, and they found there has been significant progress.

Mr. Humphries commented that, for the IESO, there are two types of stakeholders. There are process stakeholders and outcome stakeholders. The group of outcome stakeholders is much bigger than the process stakeholders. Some of the frustration of the outcome stakeholders is the outcomes of these processes are not clear, or the anticipated outcome is not clear. People do not know where things are going. The process people are interested in the process because that's their day-to-day business and it is important that the process meets their needs. The majority of the consumers, who do not feel that they are adequately represented, are more interested in the outcome; they do not care how you get there. If you say 'We're putting this process in place and this is the outcome,' then people would understand better.

Ms. Thorne added that a suggestion was made to simplify documents by putting a one-page brief containing what the topic is, why is it important, what's in it for you as a generator, as a consumer. Signposts are needed for stakeholders to see where things are going.

Mr. Humphries confirmed that this would be helpful.

Mr. Dorey asked what the word 'integrity' means in the context of the review. Ms. Thorne replied it really boils down to intent and commitment.

Mr. Horrobin commented that the issue of transparency and openness of decision-making stood out in the report along with the ability of stakeholders to influence the outcome of that decision-making process. He asked if the IESO was planning to provide a formal response to this review in the same way that the IESO responds to the Market Surveillance Panel Report by issuing some commentary on each of the points that it's made. He also supported the need for benchmarking or best practice in the stakeholdering process.

Mr. Bruce Campbell responded that though the IESO will not do a comprehensive response to the report, he was proposing to produce a plan to address the realities in the report, setting out the very straightforward things that can be done to help people, help ourselves, and to help make the process better.

Mr. Witjes asked for the distribution of the different stakeholders in the surveys. Mr. Springgay responded that the 350 mentioned in the report were taken from the last two-and-a-half years of stakeholder sessions including anyone that has attended any stakeholder meeting. There was approximately equal representation between consumers, generators, and traders, and a little light on the distributor side.

Mr. Dorey asked if the opportunities that were identified by IESO were similar to those that were identified by external stakeholders. Ms. Thorne replied that they were essentially the same. IESO staff identified a need to reach out to non-engaged stakeholders, and they felt there was a lot of time burden on the stakeholders. There was also a concern expressed by some IESO staff about inconsistency in terms of meetings and meeting facilitation.

Mr. Daniel Whyte added that if the IESO is going to develop a plan, then metrics need to be developed along with that plan as this goes to the confidence issue; it is not enough to say it, it has to be demonstrable.

Mr. Bentz closed by stating this is an item the Stakeholder Advisory Committee will see again and that Mr. Bruce Campbell will follow-up and respond to the plan.

Agenda Item No. 6: Customer Survey Results & Recommendations

Mr. Will Stewart presented the findings from the 2007 customer satisfaction survey. He mentioned this is the second year in a row that Navigator has conducted the survey and that the results were similar to last year with some areas going up. Mr. Stewart presented a brief summary of the results, explained what was done differently this year and presented a summary of the findings and recommendations.

The presentation on this can be found at: <http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20080206-Survey-results.pdf>

Mr. Bentz commented that leadership and market development was one area he thought that was interesting and should there be advocacy around this.

Mr. Adam White asked if most of the complaints come from the distribution company customers. Mr. Stewart answered that this is not the case. Each different customer type has its own issues that that it would like to see addressed. There is a high degree of homogeneity within each of the customer groups, but there is significant difference between the different types of customers. The distributors are concerned about smart meters and about administrative process. The distributors are very complimentary around the account managers at the IESO as they receive a lot of value from their interaction with the IESO and questions are responded to quickly and accurately.

Mr. Adam White questioned the suggestion that the rollout of the MDMR was the IESO's greatest risk. He noted that the only customers concerned about this would be the distributors, and they only represent 84 of the 300 IESO customers. Mr. Stewart responded that distributors do make up close to a third of the IESO's customers and as such it is a big risk. Overall, distributors are not the group that would complain the most about the IESO, but the near majority of distributors who raise this as a concern make this a significant risk. He added that this affects each household in the Province as well.

Mr. Adam White mentioned that one route would be to try to ease the LDCs concern, and another route would be to speak to the benefits to consumers and others of the IESO playing this role. Industrial consumers are indifferent to it but from a consumer interest perspective a strong case could be made for a centralized single point of contact.

Mr. Bentz added from the LDC perspective, some LDCs felt there should not be one centralized MDMR. He felt this issue has passed and that there is an acceptance by the majority of LDCs that we should have one MDMR. In addition, he added that the relationship at the operational level in the control room, those who deal with the IESO every day, is good.

Mr. Humphries made the observation of inconsistency in comments about this survey and the previous Stakeholder Engagement Process review (Item 5). The Stakeholder Engagement Process review indicated leadership, credibility and integrity issues. This survey did not indicate any on the same issues.

Mr. Daniel Whyte agreed with the observation from Mr. Humphries and asked how the IESO would reconcile these two inconsistent findings.

Mr. Bruce Campbell responded that IESO did not see the same level of inconsistency as the visibility of senior levels of management in the IESO was also identified this year. Though the language and populations of the surveys are different, thematically there are similarities.

Mr. Daniel Whyte questioned the thematic issue. The first presentation (Stakeholder Engagement Process review - Item 5) said that the IESO has a credibility problem and then in the second presentation it is seen as the leader in the sector. He questioned how the IESO could be a leader in one survey and the IESO have no credibility in another, both done at the same time.

Mr. Bruce Campbell responded that this presentation was more quantitative whereas the report on the Stakeholder Engagement Process review is more a report card with a focus on items that need improving. There is a common emphasis on the importance of getting out to meet with stakeholders on issues. This is a focus area and in this regard, the two reports are aligned.

Mr. Dorey remarked that on the point of differentiated and visible leadership, over the course of last year, Hydro One saw less visible and differentiated leadership, however their satisfaction went up.

Agenda Item No. 8: Load Serving Entity update from OPA

Mr. Bentz explained that PowerStream was involved in the proof of concept for the load-serving entity (LSE)/ Customer Entitlement Agency (CEA) model. This was to look at ways to try and improve the response and engage the demand side in the marketplace. Another reason for PowerStream's involvement was to gain the ability to look at load data of certain customer segments for certain areas. This helped identify that more aggressive conservation, peaksaver-type programs during those peak demand conditions apply differently based on service area locations. EPCOR and Mr. Paul McMillan were involved in the project as well.

Mr. Paul Shervill and Mr. Sheldon Fulton delivered the presentation. LSE name has been changed to CEA. The LSE term had a lot of baggage associated with it and a lot of misunderstandings so a fresh start was needed with the new name.

They provided an overview of three technical papers which were the product of the work that the OPA has done with the industry over the past year-and-a-half. They also presented a recommended implementation plan and discussed how this initiative integrates with other important initiatives such as the IESO's day-ahead market.

At the conclusion of the presentation, Mr. Bentz added that a similar presentation was made yesterday to the Electricity Distributors Association Board. In the interests of representing his constituents, some feedback from the meeting indicated concerns with respect to the customer interface. The concern was a compromised relationship that the LDC could have with its customer if you have a CEA procuring load on behalf of default supplied customers. There was a concern around the ability to deliver conservation as the LDCs have been in the forefront of delivering conservation programs in conjunction with the OPA. Another concern was the cost/benefit to the consumer.

The presentation on this can be found at: <http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20080206-LSE-update.pdf>

Ms. Girvan asked who would be interested in being a CEA and second, why an LDC or an affiliate would be in this kind of business given they have no expertise in procuring power and risk management. Mr. Fulton commented that companies interested in becoming a CEA are large energy-savvy, financially solvent companies and generally with some relationship to generation assets to help manage the portfolio risk that could exist. Mr. Shervill added that it was not the OPA's position to tell somebody what they can not do. The concern may be whether municipalities are prepared to take on the risk as well as the LDC involvement with generation assets.

Mr. Humphries asked how the CEA's make their money; through a service charge and a risk premium or just a service charge. Mr. Fulton said that if the CEA procured 100 per cent of the portfolio from the market to set the rate, with that rate being the rate that is charged to the regulated price plan (RPP), then the CEA makes its money as a fee for service. Your success in getting that territory is bidding a low fee for service. Within the structure proposed, a CEA can have up to 25 per cent of the portfolio self-supplied and on that 25 per cent, the CEA can earn a return for managing risk.

Mr. Humphries asked if this would encourage whoever is doing it to take a less risky approach to the portfolio which could result in higher costs. Mr. Fulton replied that this is not necessarily the case. In buying a portfolio it creates an incentive to push the rate down, rather than up. The portion that can be supplied is going to be fixed at that rate. It is now in the CEA's interest is to get the cost below the fixed rate by managing the portfolio effectively. It puts competitive price pressure to drive the risk margin down.

Mr. Humphries asked if the service fee would be regulated. Mr. Fulton answered that it could be a fee that's set by the regulator or it could be competitively set as part of your offer process to an LDC. This would run it like an auction and whoever had the lowest service fee would win the contract.

Mr. Humphries asked if the process allows the flow-through to stay. Do they have to know who stays and who doesn't? Mr. Fulton replied that the CEA would need to be able to understand the load to be able to accurately forecast it. Not just the RPP portion, not just the default flow-through portion, but anybody that's directly connected with time-of-use meter, or anybody that has a retail contract. The CEA needs to manage the overall load in order to meet day-ahead forecasting requirements.

Mr. Horrobin asked for an explanation on how a reduction in the global adjustment would occur. Mr. Fulton explained that the CEA is not going to get rid of global adjustment. All four initiatives together would take pressure off the current global adjustment. The OPA-contracted energy is a major growth factor within global adjustment; conservation programs, and demand response programs go into global adjustment. CEA's buying conservation or demand response are being reflected back in the rates that the CEA is charging, but the consumer doesn't pick up an extra cost as a result of that. This results in a lower global adjustment and potentially a higher price. Analysis says the net effect is the same or an improvement.

Mr. Horrobin asked for elaboration on the critical decisions that have to be made prior to implementation and when they need to be made? Mr. Fulton responded that the critical aspect is fundamentally a decision by the OEB to initiate the displacement process. There's no regulatory change needed, only a change to the RPP manual. To start with 10 per cent procurement in Ontario, you would have to be capable of announcing an auction by no later than July 1. Running the auctions would have to occur some time in September.

Mr. Shervill added that bigger risk is the volume of work the Board has on its plate this year with the Integrated Power System Plan (IPSP) review, the Bruce to Milton line, OPG's prescribed assets, cost-of-service, and resetting the base rates for a third of the LDCs.

Mr. Dorey asked if the cost-of-service for OPG assets would be auctioned off to a CEA. Mr. Fulton replied they would not be.

Mr. Dorey asked if the CEA could take 70 per cent of their supply from OPG power priced at cost-of-service and then the other 30% would be OPA contracted power that is auctioned off. Mr. Fulton agreed this could be the case.

Additional other possible scenarios were discussed.

Mr. Gary Wight commented that this is a key enabler to moving the market forward. He indicated this should be done in a market-friendly way for retailers.

Agenda Item No. 9: Stakeholder Advisory Committee – direction for 2008

Mr. Bentz explained the Committee has been in existence for almost three years now and has done a good job of maturing and helping the Board of Directors by providing them with advice on issues that are relevant to the IESO's mandate.

Mr. Bentz reviewed the presentation on the Committee's direction for 2008.

The presentation on this can be found at: <http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20080206-Direction-2008.pdf>

Mr. Bentz posed questions to members on what the Committee should do in 2008:

1. The first question was in terms of the visioning. Is there a role for the Committee to affirm a vision in terms of the market? This was discussed over the past few years and the Committee accepted that there is a hybrid market now, that the hybrid market will likely have a considerable life span, and that changes to this hybrid market will likely be accomplished on an incremental basis.

There is not a big appetite by policymakers at the moment for massive structural change, especially given some of the priorities of the OPA - supply adequacy, supply mix, conservation. Any changes that were brought forward on a case-by-case basis would have to have the endorsement of policymakers, including the Ministry of Energy, the IESO and the OPA, as an incremental approach.

A related issue is whether the Committee needed a framework for decision-making in terms of reliability, pricing impacts, market efficiency, and environmental issues.

2. The second question was with respect to what specific initiatives would the Committee like to look at in 2008? Some suggestions were LSE development, the stakeholder engagement process review, day-ahead market initiative, the measured and pragmatic approach to market evolution to ensure the market facilitates the business of the IESO and stakeholders, and the whole notion of supply adequacy and reliability. Other issues are the alignment with the IPSP - what is the role of the IESO in relation to the IPSP, the role that the IESO has in the project management of the MDMR and the risks and benefits associated with that, inter-tie transactions and market efficiencies, the agency review report recommendation, and the satisfaction survey recommendation.

3. The third question is how does the Committee become more effective as a committee? Furthermore, how does the Committee provide value to the Board, the Management, and also to the constituents?

Mr. Bentz then requested comments from the members.

Mr. Humphries provided feedback on question 2 - things to look at this year. He stated the Consumer Forum should be highlighted as an entity in and of itself.

Mr. Reeves provided feedback on the comments with respect to decision-making and that he was under the understanding that this was not the role of the Committee to make decisions. He stated the role is to represent our stakeholders.

Ms. Girvan remarked that the Committee should ask the question of the IESO Board - to ask them to consider to what extent the Committee might be able to provide them with advice, better advice, different advice, in what form, on what basis. This would be useful to bring forward for our next meeting.

Mr. Adam White appreciates and supports the effort to have this topic on the agenda. He responded that LSE's should not be on any list of priority for the IESO and that his advocacy with the IESO, setting aside its system reliability obligations, has been that the IESO should focus on the pursuit of efficiencies in the markets it administers. There is a lot of work to be done as highlighted in present and past Market Surveillance Panel reports. There is a catalogue of issues that the IESO has assembled through the Market Pricing Working Group and elsewhere. There's a lot of work to be done there without policy adventures and the Committee would not be at odds if it was on a path to greater efficiency, a more cost-effective administration of the markets.

Mr. Gary Wight said that a visioning process would be helpful. A road map and an end state would assist in identifying the incremental steps that are required to get there.

Mr. Adam White objected to visioning being a useful exercise; the focus should be on greater efficiency within the existing framework.

Mr. Daniel Whyte commented on the hybrid market. Not all members necessarily agree that the hybrid market is here to stay and there is a lack of consensus on what is meant by a hybrid market. He suggested that the Committee needs a common understanding if it is to be accepted. Mr. Whyte also rejected the suggestion by Mr. Adam White that everyone wants an efficient market as significant players have traded efficiency for reliability and not everyone has the same understanding of the market. He supported the suggestion the Committee needs to hear from the Board as to what the Board wants advice on.

Mr. Bentz responded by stating that he did not mean there is agreement that the hybrid market is the end state. His suggestion was that elements of a hybrid market, in terms of regulated price and contract pricing, exist today and this is what he was suggesting be accepted. Does the Committee see any fundamental change going forward?

In summary, Mr. Bentz said it was a good discussion to identify the divergence of views of the members. He said that coalescing around a vision would be a challenge for the Committee and he did not sense this was something the Committee should be doing. The Committee is here to represent their constituents and provide the Board with good advice and information based on input from constituents. He undertook to ask the Board what they want from the Committee to improve its effectiveness as a body.

Agenda Item No. 10: Other Business

No additional business was raised.

Wrap up

The next meeting is tentatively scheduled for the 15th of April for the same location. This will be confirmed in the next few days. (Subsequent to the meeting, the date for the next meeting has been scheduled for April 9, 2008; the original date.)

The meeting was adjourned.