

IESO Stakeholder Advisory Committee

TO: IESO BOARD OF DIRECTORS

DATE: November 11, 2010

FROM: STAKEHOLDER ADVISORY COMMITTEE

SUBJECT: BRIEFING NOTE

The purpose of this memorandum is to update the IESO Board of Directors on the highlights of the discussion from the October 26, 2010 Stakeholder Advisory Committee meeting. All members of the Stakeholder Advisory Committee were in attendance at the session with the exception of Mr. John Williams who participated remotely on the phone.

The IESO Board Members in attendance were:

Mr. James D. Hinds – Chair

Ms. Roberta S. Brown

Mr. David Cassivi

Ms. Angela Ferrante

Mr. Paul Murphy

Mr. Tim O'Neill

Ms. Helen Polatajko

Mr. Rudy G. Riedl

Mr. John Wiersma

Agenda Item #2: Welcome – Mr. John Witjes

Mr. Witjes, Chair of the Committee mentioned the Committee had a short in camera session prior to the meeting and provided feedback on the Board meeting he attended in September.

Agenda Item #3: IESO Senior Management Update – Mr. Bruce Campbell

Mr. B. Campbell explained that the IESO received a letter from the Minister indicating that he was not prepared to approve the IESO Business Plan. Mr. Witjes added the Stakeholder Advisory Committee put a fair bit of work into providing input to the business plan and could offer a letter of support from the Stakeholder Advisory Committee to the Minister.

Mr. B. Campbell provided updates and briefing notes on a number of items that are posted. An update on the MDMR/Smart metering was requested by the Committee and Mr. B. Campbell highlighted the IESO interim licence has been extended to March. The IESO provided an update on asset backed paper and the Maximum Adjustment Period for settlement statements. The Committee asked for an update on the Control Action Operating Reserve and Mr. B. Campbell advised members a stakeholder plan has been posted and that the IESO will be scheduling a discussion based on the comments received. In addition, the IESO response to Market Surveillance Panel Report was requested by the Committee.

Item 4 Market Surveillance Panel Report

Dr. Neil Campbell presented on the Market Surveillance Panel Report as a request from the IESO.

Mr. D. Whyte asked a question how the 23% of transmission rights held by financial participants compare with other markets to which Dr. N. Campbell replied that the MSP has not studied other TR markets in detail.

Ms. Malo asked if the MSP is considering altering its reporting metrics in light of the large amount of renewable generation. Dr. N. Campbell's replied that that in recent reports the MSP has increasingly focused on the concept of "effective price", which is composed of Global Adjustment and uplift charges in addition to HOEP.

Ms. Serafini asked if the MSP would comment on how the work of the MSP could fit into the market road map and any role the MSP would have in the road map. Dr. N. Campbell replied that the MSP mandate is market power, gaming, and a broader mandate to make observations and recommendations about efficiency of the market.

Mr. Randy Heaton from TransCanada whether the MSP regarded the TR market as self-funding upon which Dr. N. Campbell responded that the TR market was self-funded

Agenda Item No. 5: Communication plans on Global Adjustment Allocation

This item was requested by the Committee.

Mr. Young stated the communication plan is to work closely with partners including LDCs, large customers and associations to help ensure they understand the changes.

Mr. Williams stated (via phone) the urgency with his constituents on the Global Adjustment Allocation and would appreciate anything that can be done quickly to get information out and Mr. Young responded that the IESO has set dates aside and booked facilities for customer meetings.

Mr. Schembri asked if the one month lag through the Provincial Benefit will be corrected to make the LDCs charge Global Adjustment to retail customers to which Mr. Young replied the he believed this was looked at.

Mr. Schembri stated the IESO should focus education on the large retail consumers who would not benefit from the initiative so to help them better understand how to manage the cost of the Global Adjustment. Mr. Young responded that market education has been done in this area and that the IESO is aware of the need to continue to address it.

Mr. Young responded to Ms. Girvan's question that education and impacts to residential consumers will be via time-of-use rates education, the IESO website, and local LDC's. Ms. Girvan added that there will be a cost shift with Global Adjustment Allocation and the cost impacts needed to be understood.

Mr. Young replied to Mr. Wilcox he was not aware of anyone other than the IESO taking a lead on communications.

Mr. Witjes requested the IESO comment on the implementation date and if there was any flexibility on the date changing and Mr. Young responded the implementation date is January 1, 2011 and any change request would be best directed to the Ministry.

Ms. Malo stated the concern from her sector was the cost shift to a large number of consumers and questioned the IESO spending resources educating those who would be benefiting and supported Ms. Girvan and Mr. Schembri that education is provided to the general public.

Agenda Item No. 6: Renewable Integration

This item was requested by the Committee.

Mr. B. Campbell advised planning is based on 6,600 megawatts of new renewable resources in 2013. Discussion will move forward with stakeholders under three areas related to wind generation and solar which are: forecasting through a centralized service, active dispatching, and ensuring visibility of output. On active dispatch Mr. B. Campbell stated FIT contract, operating reserve market, CMSC payments, and dispatch order would be included.

With respect to consultation, Mr. B. Campbell stated this will be done under a new renewables integration stakeholder plan and the existing SE-57 stakeholder engagement on Embedded and Renewable Generation will be closed and any outstanding issues transferred to the new plan. Consultation will occur over the next few months to implementation details that would flow from the IESO design principles. To prepare for this, Mr. B. Campbell added that a white paper outlining the principles will be published in the next few weeks for a comment period followed by meetings to discuss the issues in the white paper.

Ms. Serafini asked what the key challenges and hot issues were for successful integration of the projects. Mr. B. Campbell responded that the funding model in the centralized forecasting and the baseload generation dispatch order are getting some discussion. He added that the forecasting and the visibility of getting information to the control room will be important to the IESO in the future.

Mr. B. Campbell responded to Mr. G. Wight's question on 15 minute integration into the forecasting tool. He said the IESO was looking at a forecast tool that will give information to support five-minute dispatch.

Mr. B. Campbell stated the IESO was not looking for visibility at the micro-FIT level in a reply to Mr. Wilcox's question. Mr. B. Campbell added that processes will be in place if sufficient micro-FIT projects affect the load of an LDC.

Mr. Horrobin asked for a timeline for the stakeholder engagement, along with the end date. Mr. B. Campbell responded that the paper with the proposed principles will be mid-November with a comment period and meetings following. He further explained that mid 2012 is when all the renewables need to be incorporated into the systems. Mr. B. Campbell replied to Mr. Horrobin's concern that curtailment for SBG will be part of the paper and those discussions of the principles are high priority. Mr. Horrobin then asked if the OPA be involved in those discussions to which Mr. B. Campbell answered yes.

Agenda Item No. 7: Market Road Map

This item was requested by the Committee.

Mr. B. Campbell stated the Market Road Map will deal with the fundamentals to market operations, the change in asset mix, and the complexities of current market issues. A draft term of reference (ToR) for the Market Road Map has been shared with the Stakeholder Advisory Committee members for members to consult with their constituencies. Timing would be completion in one year. Mr. B. Campbell added that the timing of this initiative will be looked at in light of the Minister's letter on the IESO Business Plan and welcomed feedback from Committee members.

Mr. Witjes responded that it was the Committee's intention to providing a letter of support for the revisited business plan as well as comments on the market road map ToR.

Ms. Serafini reiterated support for the market road map as essential for the Committee and for the IESO. She added that the market road map will define what the market looks like with the vision of a future under the Green Energy and Economy Act.

Agenda Item No. 8: Other Business

Mr. Witjes recognized the departing members, for their years of valuable and dedicated contributions to the success of the IESO stakeholder engagement process and Mr. B. Campbell, on behalf of the IESO Board and the Senior Management Team thanked the departing members for integrating Stakeholder Advisory Committee input into the IESO business.

The departing members, Mr. G. Wight, Mr. Bentz, Ms. Girvan and Mr. D. Whyte all said a few words and were very appreciative for the opportunity to serve on the Committee and to work with the IESO Executive and the IESO Board Members

Agenda Item No. 9: Wrap Up and Adjourn

Mr. Witjes advised members that the next meeting is tentatively scheduled for December 8.