

## IESO SENIOR MANAGEMENT UPDATE

To: Stakeholder Advisory Committee

Date: November 1, 2006

**Subject: Demand Forecast Deviations Working Group**

Information Item

The Stakeholder Advisory Committee, at the September 5, 2006 meeting, passed a motion to establish a working group to review the demand forecast methodologies used in the various time frame and assess the deviations which have resulted using this forecast methodology. The Stakeholder Advisory Committee also charged the group to report back with its findings and recommendations.

To address this motion, the IESO has created a stakeholder engagement plan with the following objectives:

1. Review the current methodology used to prepare Ontario primary demand and market demand forecasts.
2. Examine ways to narrow the range of forecasting deviations including forecast bias.
3. Provide recommendations relating to forecast accuracy improvements to the Stakeholder Advisory Committee including a cost benefit analysis associated with the recommendations.

The stakeholder engagement approach proposed involves the formation of a working group as well as stakeholder feedback from web based postings. The working group will afford the opportunity for stakeholders to provide the IESO with timely advice on the resolution of short term issues that can be addressed and provide input on longer term solutions.

The schedule associated with this stakeholder engagement plan is shown below:

<b>Stakeholder Engagement Schedule</b>	
<b>Activity</b>	<b>Target Date</b>
1. Post and Communicate Demand Forecast stakeholder plan and terms of reference for the working group.	Mid October
2. Closing date for stakeholder written submissions on stakeholder plan and submission of names for the working group.	Early November
3. Posting of stakeholder working group and written comments on stakeholder plan.	Early November
4. Meetings of working group to review and discuss alternatives.	November 2006 – January 2007
5. Present working group results to the Stakeholder Advisory Committee.	January 2007
6. Present results to the IESO Board of Directors.	February 2007
7. Post Board decision.	February 2007