

2010-2012 Business Plan

Presentation by Ted Leonard (CFO, IESO)
Stakeholder Advisory Committee
August 26, 2009



- To provide stakeholders with:
 - A high-level overview of the IESO's Business Plan for 2010-2012
 - An understanding of the challenges and opportunities facing the industry and the IESO as a result of the Green Energy and Green Economy Act, 2009 and the current economic conditions
 - Financial projections for 2010 to 2012
 - An opportunity to comment

- Direct the operation and maintain the reliability of the IESO-controlled grid;
- Operate and adapt the IESO-administered markets to promote the purposes of the Green Energy and Green Economy Act;
- Contribute to the development and efficient implementation of Government policy in the electricity sector; and
- Continue to efficiently manage our business.

- Ontario's electricity industry undergoing an unprecedented volume of change
- Government policy driving much of the change and placing new responsibilities on those in the sector including the IESO
- Lower energy demand (through which IESO derives revenues) due to:
 - conservation and demand management programs,
 - increased distributed generation, and
 - continuing weak economic conditions.

For the IESO, This Change Means

- More distributed operation and less IESO visibility of the generation fleet
- More operating decisions influenced by factors other than the power system needs (e.g. wind conditions, industrial host needs, contractual drivers)
- Increased uncertainty of some work volumes (e.g. assessments of new facilities, registration)
- More volatility in operations and price
- Less direct control over supply/demand balance

- IESO recognizes impact of declining economic conditions on customers and stakeholders
- No increase in fees in 2010
- IESO budgeted staff levels will be reduced with resources reallocated to areas of increasing focus reflecting changes in the electricity sector
- A recent organizational realignment paves the way for this new approach

- Addressing increased outage activity and integration of new facilities, including large quantities of variable generation
- Building a critical mass of integrated system and market analytical capability to work with stakeholders to facilitate the GEGEA and evolve the industry
- Contributing to electricity sector-related policy development and implementation
- Continuing to seek and enhance efficiencies within IESO operations throughout the company

- Enhanced Day-Ahead Commitment Process (EDAC)
- On Line Limits Development (OLLD)
- Enrolment Automation
- Outage Management Replacement
- NERC Standards Compliance Monitoring Tool
- Enhanced Forecasting for the GEGEA Initiatives

- Total operating costs for 2009 are projected to be \$124.8 million, \$5.5 million (4.2%) below the approved budget of \$130.3 million.
- No requested increase for 2010 in operating cost budget or usage fee:
 - operating cost budget of \$124.8 million for 2010; and
 - usage fee of \$0.822/MWh.
- Determine impacts of extending flat fee into 2011 and total operating cost increases in line with inflation in 2012.

Milestone	Date
Business Plan Presentation to Stakeholders	August 26, 2009
IESO Board Review/Approval of Business Plan	September 11, 2009
File Business Plan with Minister, Energy & Infrastructure	by October 2, 2009
Submit 2010 Rate Application to Ontario Energy Board	by November 2, 2009

- We plan to:
 - Deliver on our core responsibility of managing Ontario's power system and wholesale market.
 - Operate and adapt the market to promote the purposes of the Green Energy and Green Economy Act;
 - Contribute to the development and efficient implementation of Government policy in the electricity sector; and
 - Continue to efficiently manage our business.