

# Distributors, Todd Wilcox & Paul Ferguson

---

June 24, 2011

Independent Electricity System Operator  
Station A, Box 4474  
Toronto, ON  
M5W4E5

Attention: Terry Young  
Vice President, Corporate Relations

## **Re: SAC Member Feedback on Business Planning**

The IESO has requested feedback on its business planning process. LDC's offer the following comments:

### *1. Revised IESO Vision Statement*

The IESO is proposing to change its vision statement to “*A reliable, efficient and innovative electricity marketplace that empowers consumers in a changing environment*”.

A suggestion would be to change “consumers” to “customers” and drop the reference “in a changing environment” as this is redundant. The term marketplace is broad enough to be inclusive of generators, transmitters, retailers, LDC's etc therefore no one party should interpret they do not play an active role in a healthy market. The heritage of the IESO has been to provide objective non-partisan market based information. This role should not change and be included in the Vision or Mission Statements. In general evolving the Vision Statement is encouraged as Ontario's electricity market must change or customer participation will become increasingly marginalized.

### *2. Does your sector support the overall direction and intent of the IESO's strategic objectives?*

LDC's are supportive of the IESO's strategic objectives.

The IESO plays a critical role operating Ontario's electricity market and grid in an increasingly complicated world. The IESO should be able to pursue innovation and change to keep Ontario's system reliable and relevant. The IESO should be sensitive to the fact that regulatory costs from the OPA, IESO, OEB, and LDC's are increasing annually at a double digit rate. The IESO should play a lead role and be free to find the most cost effective means of providing necessary services and insuring no duplication of effort with the OPA and other provincial agencies.

## Distributors, Todd Wilcox & Paul Ferguson

---

*3. Does your sector continue to support initiatives identified as the IESO's primary focus for the next three years? a) Renewable Integration b) Market Roadmap and c) Energy Modeling.*

LDC's agree that these are important priorities.

As part of integrating renewable generation, there may be a need to examine the aggregate embedded generation of this type in each LDC as it may ultimately impact on the IESO's dispatch planning. It may also be necessary for the IESO to play a role in providing knowledge to LDCs regarding local dispatch of these facilities.

The Market Roadmap process is an especially critical task. The current market structure has served the province well and the IESO has achieved every potential especially factoring in the burdens of the many changes introduced by the provincial government. The structure was conceived in the late 1990's and next year will mark its 10<sup>th</sup> anniversary. With the amount of contracted capacity, convergence of peak and off peak prices and the rise in global adjustment, customers are confused by what actions to take to control and reduce costs. Electricity pricing has been made very complex to the point where customers are unable to see results of their efforts to reduce costs. The business case for a customer to shift load or reduce/shift demand no longer exists. Besides energy efficiency projects, what actions would we recommend customers take to materially reduce electricity costs?

The Market Roadmap is an important undertaking to create an electricity marketplace where customers can fully participate and see cause and effect from their direct actions. The market exists to serve customers and customers need to be re-engaged as they own and pay for the market.

*4. Is there a strategy or initiative the IESO has identified that your sector would not consider a priority?*

No the initiatives are important for our market to operate efficiently and effectively.

*5. Is there something substantial that is not being addressed by the IESO?*

No, the IESO is aware of or working on major issues.

*6. The IESO will be expanding its strategic objectives to include an increased focus on the consumer. From the SAC's perspective, what should this include? How would each of the sectors recommend the IESO accomplish this?*

Before implementing a consumer engagement process, the IESO should complete its market roadmap process and ensure the proper pricing signals exist to achieve market objectives. The current signals do not provide justification for significant consumer engagement at this time.

## Distributors, Todd Wilcox & Paul Ferguson

---

While this work is underway the IESO could profile how investments and strategic initiatives are serving the market today and in the future in terms of ensuring reliable electricity supply.

Once proper pricing signals exist or under development, the IESO will need to think about what market sectors should be engaged. Once priority sectors have been identified the IESO can then think about how to best approach that individual sector. The IESO must leverage its connections with other agencies such as the Ministry of Energy, OEB, OPA, LDCs and Electrical Safety Authority to determine if existing resources or communication channels can be effectively utilized. Consumers are presently faced with messaging from all of these agencies as well as the government in different forms and sometimes with conflicting information and objectives. The IESO should work with LDC's to develop simple but effective messaging.

Sincerely,

Todd Wilcox  
North Bay Hydro

Paul Ferguson  
Newmarket Hydro