

Proposed 2012-2014 IESO Business Plan

Presentation to Stakeholder Advisory Committee

Ted Leonard
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- 2011-2013 Business Plan initiatives underway:
 - Renewable Integration Initiative
 - Electricity Market Forum
 - Energy Modeling – RFP underway
 - Series of initiatives to address increasing complexity of operations
 - increased control room staffing ramping up
 - developing a simulator for training Operations staff
 - enhancements to compliance program underway

- 2011-2013 Business Plan initiatives underway:
 - Enhanced Day-Ahead Commitment Project – to be completed in 2011
 - Replace/upgrade IT infrastructure
 - Market Participant registration systems
 - user access system and requirements for market participants
 - tool used to submit bids and offers
 - new on-line forms and tools for market participants
 - IESO internet and external information publishing systems
 - revenue metering, market settlement, and market finance systems
 - on-line limits program for deriving system limits
 - upgraded network infrastructure

- Transformation of power system continues at a rapid pace with solar coming on faster than expected
- Impact on distribution and transmission systems is becoming more clear as the renewable fleet is advancing
- Role of the consumer becoming more important
- All indications suggest that the initiatives we are planning or have underway are still needed

- IESO considered stakeholder priorities identified by each sector at the March 2 SAC meeting when drafting 2012-2014 business plan
- Two subsequent meetings were held with SAC members to discuss priorities and provide initial thoughts on approach to Business Planning and IESO initiatives
- IESO used feedback from these meetings to refine proposed business plan

- In 2011, the IESO heard that priorities are similar to those identified in 2010, and include the following:
 - integrating renewable generation into IESO processes
 - developing a market roadmap with stakeholders
 - addressing Surplus Baseload Generation
 - continuing implementation of Time-of-Use billing and the MDM/R
 - concern with rising costs for consumers

- Some newer themes also emerged, including:
 - expanding the Global Adjustment allocation beyond Class A customers
 - providing information to help consumers make informed decisions
 - providing leadership on the development of a smart grid
 - concern with potential agency overlap

- The IESO's current strategic objectives:
 - ❖ Maintaining reliability
 - ❖ Preparing for future operations
 - ❖ Efficiently managing our business
 - ❖ Effectively contributing to the development and implementation of government policy

- IESO's proposed 2012-2014 Business Plan includes:
 - Continuing with multi-year initiatives undertaken in 2011
 - Significant amount of work to replace and upgrade major IT systems
 - Support for increased audit and compliance requirements related to reliability and cyber security
 - Support to address needed improvements to the market including Market Surveillance Panel recommendations
- Also proposing to expand strategic objectives to facilitate increased consumer engagement
 - begin consultation next year to determine what consumers need and to define specific initiatives to achieve greater engagement

- In last year's plan we maintained a flat fee of \$0.822/MWh for 2011 and estimated the need to increase our fee in 2012
- Savings have been realized and projected energy volumes have increased for 2012
- We are now planning a flat fee in 2012, 4% increase in 2013, 5% increase in 2014
- Total operating costs for 2012 are budgeted to be \$132.7 million, an increase of 3.4% from the 2011 budget