

LEADERSHIP SPEAKS

EDA 4th Annual Executive Symposium

Notes for Remarks by

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I AM INDEED HONOURED TO BE INCLUDED IN SUCH A DISTINGUISHED GROUP OF SPEAKERS THAT WILL BE APPEARING BEFORE YOU TODAY. WHEN I RECEIVED THE INVITATION TO SPEAK, MY FIRST THOUGHTS WERE THAT I WOULD BE A BETTER CANDIDATE TO SPEAK ON THE TOPIC OF SURVIVAL RATHER THAN LEADERSHIP. INDEED, IN MY YOUTH, I HAD THOUGHT THAT I HAD BEEN ELECTED CAPTAIN OF THE SOCCER, CHESS AND TABLE TENNIS TEAMS BASED NOT ON ANY LEADERSHIP CAPABILITIES BUT ON MY OUTSTANDING GOOD LOOKS, HOWEVER THIS VIEW WAS SOON SHATTERED BY THE OPPOSITE SEX IN A SERIES OF FAILED ATTEMPTS AT GETTING DATES.

ON REFLECTION, IF LEADERSHIP IS AN ABILITY TO MOVE AHEAD AND THRIVE THROUGH CHANGE, UNCERTAINTY AND SETBACKS PERHAPS THE IESO AND MYSELF CAN CLAIM TO HAVE DEMONSTRATED LEADERSHIP AND HOPEFULLY WILL CONTINUE TO DO SO.

CONSIDER, IN THE PAST THREE YEARS, WE HAVE SEEN AN OPENING OF THE WHOLESALE AND RETAIL ELECTRICITY MARKETS, RECORD DEMANDS, INADEQUATE SUPPLY, PRICE VOLATILITY, AN EFFECTIVE SHUT DOWN OF THE RETAIL MARKET AND INVESTMENT, A MAJOR BLACKOUT OF THE PROVINCE, A SERIES OF POLICY CHANGES AND LEGISLATION CHANGES, TENSION BETWEEN SUPPLY AND ENVIRONMENT AND THE PROMISE THAT CHANGE WILL CONTINUE FOR THE FORSEEABLE FUTURE. I HAVE FELT LIKE CHARLIE BROWN AND THE FOOTBALL. DESPITE ALL THE UPS AND DOWNS, STAFF AT

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THE IESO ARE STILL FULLY ENGAGED, PROUD OF OUR INDUSTRY LEADING OPERATIONS AND EXCITED THAT WE HAVE THE OPPORTUNITY TO MOVE THE INDUSTRY AHEAD TO ENSURE A RELIABLE, COMPETITIVE, MARKET-BASED FUTURE.

SO, HOW HAS THE IESO MAINTAINED THIS POSITIVE ATTITUDE AND DESIRE TO CONTINUE TO EVOLVE THE COMPETITIVE DOMAIN?

I WOULD LIKE TO APPROACH THIS FROM BOTH A PERSONAL AND AN IESO PERSPECTIVE.

FIRST I THINK THAT ANY LEADER HAS TO HAVE A VISION AND THE ABILITY TO INSTILL A BELIEF IN THAT VISION. MY VISION OF THE LONGER TERM STRUCTURE OF THE INDUSTRY HAS NOT CHANGED OVER THE PAST EIGHT YEARS OR SO SINCE I WAS A SENIOR VICE PRESIDENT IN ONTARIO HYDRO CHARGED WITH THE DEVELOPMENT OF THE CENTRAL MARKET OPERATOR OR CMO WHICH BECAME THE IMO IN APRIL 1999 AND IS NOW THE IESO. TRUE, THERE HAVE BEEN HURDLES, IN FACT THERE ARE MANY MORE TO FACE, AND THE TIMELINE TO AN END STATE (IF THERE BE SUCH A THING) IS UNCERTAIN BUT I HAVE ALWAYS BEEN ABLE TO REASSURE STAFF OF THE NEED FOR THE IESO TO KEEP PUSHING AHEAD AND LEVERAGE OFF OUR EXCELLENT REPUTATION FOR OPERATIONS, EVEN AT THE TIME OF THE 4.3 CENT DISASTER.

SO, I BELIEVE THAT HAVING AND HOLDING A VISION IS AN ESSENTIAL, BUT OF ITSELF INSUFFICIENT, REQUIREMENT FOR LEADERSHIP.

LET ME BRIEFLY TOUCH ON THE ELEMENTS THAT I BELIEVE HAVE HELPED CREATE AND MAINTAIN A COMMITTED AND PROUD IESO, AND BY THE WAY I'M NOT TALKING THEORY HERE, ONE HAS TO WALK THE TALK ELSE YOU WILL CONVINC NO ONE AND YOU WILL FAIL.

YOU MUST "READ THE WORLD" BY WHICH I MEAN LOOK AT THE BIG PICTURE BEYOND YOUR IMMEDIATE ROLE, ASSESS THE PRESSURES AND

POSSIBLE OUTCOMES, SOME OF WHICH MAY BE OUTSIDE YOUR DIRECT CONTROL, AND THEN PLAN TO MEET THE CHALLENGES AND TAKE THE OPPORTUNITIES THAT ARISE. BY THE WAY, PLANS CAN AND WILL AND OFTEN SHOULD CHANGE; THIS DOES NOT MEAN YOU GIVE UP ON YOUR VISION, YOU ADJUST THE ROUTE.

LET'S TURN TO INTEGRITY. INTEGRITY IS ESSENTIAL, DELIVER BOTH GOOD AND BAD NEWS AND BE TRUE TO YOUR WORD. I HAVE FOUND THAT ADDRESSING STAFF, FACE-TO-FACE HAS BEEN AN EXCELLENT MEDIUM FOR REINFORCING THE CONSISTENCY OF PAST PROMISES AND THE BELIEF THAT FUTURE PROMISES WILL BE BROUGHT TO FRUITION. NO LEADER WILL SUCCEED WITHOUT A STRONG AND ALIGNED TEAM WHO THEMSELVES ARE FULLY COMMITTED AND BOTH SPEAK AND ACT IN A MANNER THAT REINFORCE BOTH INTERNALLY AND EXTERNALLY THE DIRECTION OF THE LEADERSHIP. DISPARATE VIEWS MAY BE PUT FORWARD AND DEBATED BUT ULTIMATELY, WE HAVE TO MARCH FORWARD TOGETHER AND IN STEP. THIS ALSO DEMONSTRATES THE NEED FOR PERSISTENCE OR STAYING THE COURSE. WE ALL HAVE OUR DARK DAYS WHEN CAPITULATION SEEMS LIKE THE EASIER OPTION. THE LEADER HAS TO RISE ABOVE THIS IN ORDER TO HELP OTHERS SEE BEYOND THE LATEST APPARENTLY INSURMOUNTABLE OBSTACLE. I HAVE FOUND THAT IMMEDIATE COMMUNICATIONS, PREFERABLY FACE-TO-FACE, WITH ALL STAFF HAS BEEN THE WAY TO TAKE CARE OF CONCERNS AND RE-INFORCE THEIR COMMITMENT BY ASSERTING YOURS.

IT IS AT TIMES SUCH AS THIS THAT ANOTHER ESSENTIAL QUALITY COMES TO THE FORE AND THAT IS "BELIEF". IF THE LEADER DOES NOT TRULY BELIEVE IN THE VISION OR THE PROSPECT OF SUCCESS THEN THE SEEDS OF FAILURE HAVE BEEN SOWN AND THE OUTCOME IS LIKELY INEVITABLE.

BEING AN INHERENTLY LAZY INDIVIDUAL, I HAVE VESTED MUCH OF THE LEADERSHIP OF THE IESO IN STAFF AND PARTICULARLY MY DIRECT REPORTS, THE MANAGEMENT TEAM. THIS CAN BE VERY EFFECTIVE AND LEAVE THE CEO WITH THE FREEDOM TO REFLECT, GO OUTSIDE THE BOX, FOCUS ON THE COURSE AND ADJUST THE

DIRECTION AS NEEDED. HOWEVER, TO HAVE THIS FREEDOM IT IS NECESSARY TO BUILD A TEAM WHICH IS NOT ONLY CAPABLE BUT WHERE INDIVIDUAL AMBITIONS ARE PUT ASIDE AND MUTUAL TRUST AND SUPPORT ARE PREVALENT.

THIS DOES NOT HAPPEN OVERNIGHT AND I HAVE MADE MISTAKES IN SELECTIONS. THE LEADER MUST ACT, AND QUICKLY, TO CORRECT

THOSE MISTAKES ELSE THE TEAM WILL NOT SUCCEED. I AM PLEASED TO SAY THAT THE TEAM THAT I HAVE NOW ASSEMBLED ARE AS STRONG AS ANY IN THIS BUSINESS, DETERMINED TO DO WHAT IS NECESSARY TO ENSURE THE SUCCESS OF THE ELECTRICITY SEGMENT AND TO THE EXTENT POSSIBLE THE SUCCESS OF THE PROVINCE.

OF COURSE LEADERSHIP CANNOT FLOURISH WITHOUT ONE OTHER VITAL ELEMENT. LISTENING. THIS SOUNDS LIKE ONE OF THE EASIER TRAITS TO DEVELOP BUT IN FACT POOR OR NON-EXISTENT LISTENING HAS BEEN THE CAUSE OF MANY OF THE SETBACKS BOTH AT THE IESO AND TO THE ELECTRICITY SECTOR AS A WHOLE.

PRIOR TO EMBARKING UPON A COMPETITIVE WHOLESALE AND RETAIL MARKET FOR ELECTRICITY THE VAST MAJORITY OF CUSTOMERS WERE NOT EVEN ENGAGED IN THE PROCESS AND THUS ANY LISTENING BY THOSE OF US CHARGED WITH DRIVING FORWARD WAS DEMINIMUS.

CUSTOMERS WERE CLEARLY UNPREPARED FOR THE OPENING OF THE MARKET. THEY HAD NO IDEA HOW TO RESPOND TO PRICE SIGNALS AFTER ALMOST 100 YEARS OF AN ONTARIO HYDRO MONOPOLY WHERE CUSTOMERS PAID ONE PRICE REGARDLESS OF THE TIME OF DAY OR YEAR OR WHETHER SUPPLY CONDITIONS WERE TIGHT OR IN SURPLUS.

AND NO ONE WAS HELPING THEM EITHER. COMMUNICATIONS OR CUSTOMER EDUCATION WAS ALWAYS SOME OTHER ORGANIZATION'S RESPONSIBILITY. THERE WAS NO LEADERSHIP.

FROM THE IESO'S PERSPECTIVE, AS THE MARKET OPERATOR WE FELT THAT OUR RESPONSIBILITY WAS TO OUR MARKET PARTICIPANTS. LDCS WERE BILLING AGENTS, PASSING ON THE COSTS THEY WERE BILLED AND THEREFORE TOOK NO OWNERSHIP OF THE COMMODITY PRICE. GENERATORS HAD NO DIRECT RELATIONSHIP WITH THE MILLIONS OF RESIDENTIAL CUSTOMERS SO WHY WOULD IT BE THEIR RESPONSIBILITY TO EDUCATE THEM?

THE PROVINCIAL GOVERNMENT AT THE TIME TRIED TO PROVIDE SOME EDUCATION BUT IT WAS AN EFFORT THAT WAS NOT SUSTAINED, WAS TOO LITTLE AND CERTAINLY TOO LATE.

GIVEN ALL OF THAT, IT WAS NOT SURPRISING THAT THE CUSTOMERS – OR PERHAPS MORE APPROPRIATE – VOTERS -- EXPRESSED THEIR CONCERNS TO THE GOVERNMENT ABOUT THE ELECTRICITY MARKET AND THE NEGATIVE IMPACT IT WAS HAVING ON THEIR HOUSEHOLD EXPENSES.

AND WHILE WE HAVE MISSED THE BOAT ON CUSTOMER EDUCATION WHEN THE MARKET WAS OPENED, THE NEED IS STILL AS STRONG AS EVER. THE WHOLESALE MARKET CONTINUES TO OPERATE AND AFFECTS ALL CUSTOMERS IN ONTARIO IN ONE WAY OR ANOTHER REGARDLESS OF THEIR SIZE. WE HAVE HEARD THE CUSTOMERS AND ARE DETERMINED TO DO OUR PART IN HELPING THEM ADAPT AND SUCCEED.

OVER THE PAST 12 MONTHS, THE IESO HAS TAKEN THE LEAD ON DEVELOPING A CUSTOMER EDUCATION PROGRAM AIMED AT THE APPROXIMATELY 50,000 CUSTOMERS WHO ARE EXPOSED TO THE MARKET PRICE. THESE ARE CUSTOMERS WHO USE MORE THAN 250,000 KWH A YEAR AND ARE NOT ELIGIBLE TO BE BILLED UNDER THE REGULATED RATE PLAN.

ALTHOUGH RELATIVELY SMALL IN NUMBER, THESE CUSTOMERS CONSUME ALMOST 40 PER CENT OF THE ELECTRICITY IN ONTARIO. ANY EFFICIENCIES THAT CAN BE ACHIEVED THROUGH THESE CUSTOMERS CAN HAVE A SIGNIFICANT IMPACT ON THE OVERALL DEMAND-SUPPLY SITUATION IN ONTARIO.

PARTNERING WITH LDCS, WE DISTRIBUTED MORE THAN 40,000 COPIES OF THE REPORT "THE BOTTOM LINE ON ENERGY MANAGEMENT". THIS BROCHURE PROVIDES CUSTOMERS WITH HIGH LEVEL INFORMATION ABOUT HOW THE MARKET WORKS AND MORE IMPORTANTLY HOW THEY CAN MAKE THE MARKET WORK FOR THEM. THIS IS NOT THEORY, THESE ARE REAL LIFE EXAMPLES.

OUR NEXT STEPS ARE TO WORK WITH LDCS, ASSOCIATIONS AND OTHERS TO PROVIDE MORE IN DEPTH EDUCATION THAT ADDRESSES SPECIFIC CUSTOMER NEEDS FOR BETTER MANAGING ELECTRICITY COSTS.

WE BELIEVE THAT A BETTER EDUCATED AND ENGAGED GROUP OF WHOLESALE CUSTOMERS WILL TRIGGER A HIGHER LEVEL OF DEMAND RESPONSE, IMPROVING OUR RELIABILITY OUTLOOK, DELIVER ENVIRONMENTAL BENEFITS AND INCREASE ONTARIO'S ECONOMIC COMPETITIVENESS.

ANOTHER CHALLENGE FOR LEADERSHIP AND ONE WHERE WE AT THE IESO ARE DETERMINED TO SUCCEED IS IN STAKEHOLDER ENGAGEMENT.

THERE IS AN OLD AFRICAN PROVERB THAT SAYS: "WHEN ELEPHANTS FIGHT IT IS THE GRASS THAT SUFFERS."

THAT SAYING HAS SOME RELEVANCE FOR THE PARTICIPANTS IN ONTARIO'S ELECTRICITY SECTOR. IN OUR MARKET, WE HAVE PARTICIPANTS WHO CAN OFTEN BE AT DIFFERENT ENDS OF THE SPECTRUM ON ANY GIVEN ISSUE.

ON ONE HAND WE HAVE THE LOAD CUSTOMERS WHO ARE INTERESTED IN KEEPING ALL OF THEIR COSTS DOWN, INCLUDING ELECTRICITY COSTS. ON THE OTHER END, WE HAVE GENERATORS WHO OBVIOUSLY NEED A PRICE THAT REFLECTS A REASONABLE RATE OF RETURN ON THEIR INVESTMENT

IN THE MIDDLE IS THE IESO ... BUT TO SOME WE ARE SEEN AS BEING ON THE SIDE OF THE LOAD AND OTHERS SEE US AS BEING ON THE SIDE OF THE GENERATORS ... SOMETIMES THOSE CONTRASTING VIEWS ABOUT THE IESO OCCUR ON THE SAME ISSUE.

BUT IT'S IMPORTANT FOR ALL SIDES TO WORK TOGETHER WITH THE IESO TO TRY AND RESOLVE THE ISSUE AND TO INTRODUCE ENHANCEMENTS TO THE MARKET TO IMPROVE ITS EFFECTIVENESS.

IF WE CONTINUE "TO FIGHT" ... IT WILL BE THE GRASS OR IN THIS CASE, THE ELECTRICITY CUSTOMERS OF THE PROVINCE, THAT WILL SUFFER. IF ELECTRICITY COSTS ARE TOO HIGH, IT CAN SEVERELY AFFECT THE CUSTOMERS' FINANCIAL BOTTOM LINE. ON THE FLIP SIDE, IF ELECTRICITY PRICES ARE ARTIFICIALLY LOW, IT COULD STALL THE NEEDED INVESTMENT IN ONTARIO'S GENERATING SECTOR AND CREATE FUTURE POTENTIAL RELIABILITY CONCERNS. WE NEED TO DEVELOP SOLUTIONS THAT RECOGNIZE THE NEEDS OF ALL PARTICIPANTS.

STAKEHOLDER ENGAGEMENT HAS AND CONTINUES TO BE INTEGRAL TO IESO DECISION MAKING. BUT OVER THE PAST FEW YEARS, IT HAS BECOME INCREASINGLY CLEAR TO US THAT WE NEED TO MAKE CHANGES TO OUR STAKEHOLDER ENGAGEMENT PROCESS. IF WE ARE

TO RETAIN A LEADERSHIP ROLE, THERE WERE A NUMBER OF ISSUES THAT WE RECENTLY IDENTIFIED INCLUDING THE NEED FOR INCREASED TRANSPARENCY IN DECISION MAKING, THE NEED TO COMMUNICATE DECISIONS WITH RATIONALE INCLUDING HOW STAKEHOLDER INPUT WAS UTILIZED, AND THE NEED FOR MORE BALANCED REPRESENTATION FROM STAKEHOLDER SECTORS.

BILL 100 ALSO CHANGED THE COMPOSITION OF THE IESO BOARD, REMOVING STAKEHOLDER REPRESENTATION TO THE BOARD AND CREATING AN INDEPENDENT BOARD.

AS A RESULT OF THE ABOVE, WE HIRED AN INDEPENDENT CONSULTANT TO CONDUCT AN INDEPENDENT REVIEW OF THE IESO'S STAKEHOLDER ENGAGEMENT PROCESS AND TO MAKE RECOMMENDATIONS FOR A NEW STAKEHOLDER ENGAGEMENT PROCESS.

THROUGHOUT THIS PROCESS, WE HEARD A LOT OF CONSTRUCTIVE CRITICISM ABOUT THE WAY THAT THE IESO CARRIES OUT ITS STAKEHOLDER ENGAGEMENT. THE CONSULTANT'S REPORT HAS BEEN POSTED ON OUR WEBSITE FOR COMMENT ... BOTH FROM THE IESO AND FROM STAKEHOLDERS. I ENCOURAGE YOU TO READ THE REPORT AND PROVIDE YOUR COMMENTS.

ONE OF THE RECOMMENDATIONS IN THE REPORT CALLS FOR THE CREATION OF A STAKEHOLDER ADVISORY COMMITTEE TO THE IESO BOARD AND EXECUTIVE. I AM HOPEFUL THAT THIS COMMITTEE WILL BE MADE UP OF LEADERS IN ONTARIO'S ELECTRICITY SECTOR, BECAUSE I BELIEVE THAT THE IESO AND THE MARKET WILL BENEFIT FROM THEIR EXPERTISE.

OVER THE NEXT FEW MONTHS, WE WILL BE FINALIZING OUR APPROACH TO A NEW STAKEHOLDER ENGAGEMENT PROCESS AND PRESENTING A RECOMMENDATION TO OUR BOARD OF DIRECTORS.

AS I SAID, STAKEHOLDER ENGAGEMENT IS AN INTEGRAL PART OF OUR DECISION MAKING PROCESS. I BELIEVE THAT OUR NEW STAKEHOLDER ENGAGEMENT PROCESS WILL ENHANCE STAKEHOLDERS' EFFECTIVENESS IN CONTRIBUTING TO OUR DECISION MAKING.

I HAVE PREVIOUSLY SPOKEN OF THE NEED FOR A VISION AND STATED THAT MY VISION IS STILL INTACT.

BILL 100 HAS INTRODUCED SOME STABILITY AND SOME CHALLENGES BUT DOES PROVIDE A FRAMEWORK WHICH CAN BE EVOLVED INTO A MORE APPROPRIATE COMPETITIVE FUTURE. HAVING PROVIDED THIS

SHORT TERM STABILITY, I THINK THE GOVERNMENT CAN NOW LOOK TO OTHERS TO CREATE A PATH FORWARD. IN THAT CONTEXT, I AM WORKING WITH HOWARD WETSTON, CHAIR OF THE OEB AND JAN CARR, CEO OF THE OPA TO IDENTIFY WHAT NEEDS TO BE DONE TO MOVE THE INDUSTRY FORWARD AND IN FACT TO THEN HELP DRIVE THE NECESSARY INITIATIVES. IF THE THREE OF US CAN GET ALIGNED, WE CAN PROVIDE STRONG LEADERSHIP TO THE SECTOR.

MY OWN APPROACH IS ONE THAT I AM CALLING "THREE PILLARS OF EVOLUTION". THE FIRST PILLAR IS TO MOVE FORWARD STEP BY STEP IN A MEASURED WAY. NO BIG BANG THIS TIME! THE SECOND PILLAR IS TO PROVIDE ASSURANCE AGAINST SURPRISES.

ELECTRICITY SYSTEMS ARE LIKE AIRPLANES THAT CAN NEVER LAND. UNLIKE THE AIRPLANE, AN ELECTRICITY SYSTEM CAN'T BE GROUNDED AND RETOOLED IN PREPARATION FOR THE NEXT JOURNEY. CHANGE MUST BE ACCOMMODATED WHILE REAL-TIME DECISIONS ARE BEING MADE AND ACTIONS TAKEN; AND RELIABILITY CAN NOT BE ALLOWED TO SUFFER. THIS CAN ONLY BE ACCOMMODATED THROUGH A COMMITMENT TO A TIGHTLY DEFINED AND COORDINATED SET OF SAFEGUARDS.

THE THIRD STEP IS TO PROVIDE OFF-RAMPS. BOLD FORWARD STEPS ARE VERY COMPLEX TO DESIGN, DIFFICULT TO IMPLEMENT, AND TAKE A LOT OF TIME. THIS IS ESPECIALLY TRUE FOR AN INDUSTRY-WIDE PARADIGM CHANGE AS SIGNIFICANT AS THE MOVE TO LIQUID, COMPETITIVE ELECTRICITY MARKETS WITH TRUE CUSTOMER CHOICE.

THE PACE OF CHANGE MUST BE WELL COORDINATED WITH THE CAPACITY TO ABSORB CHANGE. ONTARIO'S EXPERIENCE OF OPENING ITS RETAIL AND WHOLESALE MARKETS SIMULTANEOUSLY WAS AN EXAMPLE OF MANDATED CHANGE THAT EXCEEDED READINESS FOR CHANGE. MEASURED AND WELL-DESIGNED OFF RAMPS MUST BE AVAILABLE TO ENABLE THE INDUSTRY TO LEAVE BEHIND THE PAST PRACTICES AND EMBRACE THE NEW, WITH THE CONFIDENCE THAT RELIABILITY WILL NOT BE JEOPARDIZED.

ONE OF THE SHORTER TERM INITIATIVES IN THE STEP-BY-STEP APPROACH TO LEADING THE INDUSTRY FORWARD IS THE NEED FOR A MECHANISM TO ADDRESS THE NEED FOR DAY-AHEAD ARRANGEMENTS. THERE ARE A NUMBER OF KEY RELIABILITY AND OPERATIONAL ISSUES DRIVING THE NEED FOR AN INITIATIVE IN ADVANCE OF THE REAL TIME MARKET.

THE FIRST IS THE NEED FOR COORDINATION WITH THE GAS MARKETS THAT TYPICALLY MAKE THEIR TRADING ARRANGEMENTS A DAY AHEAD. WITH THE INCREASED RELIANCE ON GAS-FIRED GENERATION IN THE NEAR FUTURE, PARTICULARLY AS WE MOVE OFF COAL, THIS BECOMES MORE OF A PRIORITY TO ENSURE THAT GAS IS AVAILABLE WHEN IT IS NEEDED FOR ELECTRICITY GENERATION. PARTICULARLY ON THOSE COLD WINTER DAYS WHEN DEMAND FOR BOTH GAS AND ELECTRICITY PEAK.

THERE IS ALSO A NEED TO ALIGN THE ONTARIO MARKET WITH THE U.S. MARKETS AROUND US, ALL OF WHICH OPERATE DAY-AHEAD MARKETS. WITHOUT A DAY AHEAD MECHANISM WE RUN THE RISK THAT MARKET-TO-MARKET TRADING AND TRANSMISSION RESERVATION ARRANGEMENTS WILL BE COMMITTED THROUGH THE OTHER DAY-AHEAD MARKETS AND OUR ABILITY TO IMPORT POWER MAY BE COMPROMISED.

SOME LARGE LOAD ALSO NEED MORE TIME TO REACT TO PRICES THAN THE REAL TIME MARKET OFFERS AND GENERATORS NEED GREATER START-UP CERTAINTY.

IN INTRODUCING THESE NEW MECHANISMS, WE MUST UNDERSTAND THAT NOT EVERY STAKEHOLDER IS GOING TO BE ON SIDE 100 PER CENT OF THE TIME. BUT THAT DOES NOT MEAN THAT WE SHOULD SHY AWAY FROM THOSE DIFFICULT DECISIONS. THIS IS A TEST OF LEADERSHIP AFTER ALL, AS COLIN POWELL ONCE SAID: "BEING RESPONSIBLE SOMETIMES MEANS PISSING PEOPLE OFF."

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ACCORDING TO THE CANADIAN MILITARY, LEADERSHIP INCLUDES NOT MERELY THE AUTHORITY, BUT THE ABILITY TO LEAD OTHERS. COMMANDERS WILL NOT BE LEADERS IF THEY DO LITTLE TO INFLUENCE AND INSPIRE THEIR SUBORDINATES. AS THE ARMY HAS LEARNED, TRADITIONAL COMMAND-AND CONTROL APPROACHES TO LEADERSHIP ARE NO LONGER EFFECTIVE. AUTHORITARIAN AND HIGHLY STRUCTURED MODES OF INFLUENCE HAVE BEEN TOO RESTRICTIVE TO ELICIT MOTIVATION AND HIGH PERFORMANCE.

THE CONFERENCE BOARD OF CANADA SAYS LEADERSHIP IS ALL ABOUT GETTING ORDINARY PEOPLE TO DO EXTRAORDINARY THINGS.

MOTIVATION, INSPIRATION THESE WORDS INDICATE THAT LEADERSHIP IS OFTEN MORE EFFECTIVE FROM BEHIND THE SCENE.

MY ROLE AND THAT OF THE IESO IS NOT TO DICTATE WHAT TYPE OF MARKET STRUCTURE IS BEST FOR ONTARIO. OUR JOB IS TO INFLUENCE AND INSPIRE. WE NEED TO WORK WITH MARKET PARTICIPANTS AND STAKEHOLDERS TO ESTABLISH A UNIFYING MISSION. ONTARIO NEEDS AN EFFICIENT ELECTRICITY MARKET THAT CAN PROVIDE A RELIABLE AND ECONOMIC SUPPLY OF ELECTRICITY. WITH THAT IN MIND, WE NEED TO LEAD THE INDUSTRY TO DEVELOP A MARKET STRUCTURE THAT WILL BEST MEET THE NEEDS OF ONTARIO NOW AND IN THE FUTURE.

THANK YOU VERY MUCH. I LOOK FORWARD TO YOUR QUESTIONS.