

**Ministry of Energy**

Office of the Minister

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MC-994-2023-793

November 27, 2023

Ms Lesley Gallinger  
President and Chief Executive Officer  
Independent Electricity System Operator  
1600–120 Adelaide Street West  
Toronto ON M5H 1T1

Dear Ms Gallinger:

As you know, Ontario benefits from our world-class clean electricity grid. This grid is powering our growing economy, the new homes we are building and the electrification of transportation and industry. To ensure this growth can continue we are focused on ensuring we have the reliable, affordable and clean power we need to meet demand.

That's why on July 10, 2023, the Ministry of Energy (ENERGY) released *Powering Ontario's Growth: Ontario's Plan for a Clean Energy Future*. The plan outlines the actions the government is taking to meet the province's growing demand for electricity in the 2030s and beyond while maintaining and building our clean electricity advantage.

I would like to thank the team at the Independent Electricity System Operator (IESO) for your support in the work required on the initiatives proposed in our plan, and for the ongoing work in ensuring the province has a reliable, affordable and clean electricity system.

On August 19, 2023, the Government of Canada published the draft Clean Electricity Regulations (CER) in the *Canada Gazette, Part I*, as part of its stated goal of achieving net-zero emissions in the electricity system by 2035.

The Ontario government, through ENERGY, with the support of your team at the IESO, has actively engaged with the federal government in the development of these regulations. It is my intention that we will continue to engage productively with the federal government regarding the draft CER.

To support Ontario with its ongoing engagement, I am asking the IESO to undertake analysis with respect to various considerations that are of key interest to the province.

The report back should assess the impacts of the draft CER on achieving Ontario's goals of ensuring continued access to reliable, affordable and clean electricity, and include the following:

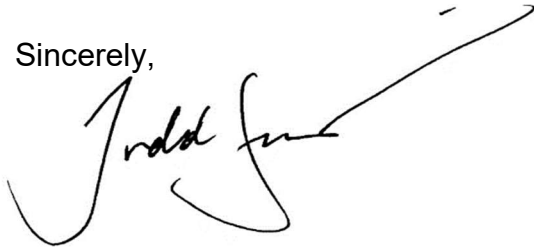
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- Building on the IESO November 2023 submission to the federal government, provide further detail on the reliability risks to the people and businesses of Ontario caused by the draft CER.
- Estimate the potential cost of implementing the draft CER as proposed in the version released on August 19, 2023, compared against a more orderly phase out of natural gas generation. For example, comparing against the 30-year prescribed life recommended by the IESO in its response to the draft CER, allowing them to continue to operate on the margin in the short-term to ensure a reliable and cost-effective electricity supply.
- Identify any new risks to electrification or achieving Ontario's emission reduction targets due to the increased cost of electricity to consumers caused by the draft CER.
- Outline any impacts the draft CER would have on delivering the government's initiatives identified in the *Powering Ontario's Growth* plan and whether reliability is best served by the plan or the resources required to meet the draft CER.

I look forward to receiving the IESO's report back by **February 28, 2024**.

Thank you and please accept my best wishes.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Smith", with a long, sweeping horizontal stroke extending to the right.

Todd Smith  
Minister

c: William Sheffield, Board Chair, IESO  
David Donovan, Chief of Staff to the Minister of Energy  
Jason Fitzsimmons, Deputy Minister of Energy