

**Ministry of Energy,
Northern Development
and Mines**

Office of the Minister

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**Ministère de l'Énergie,
du Développement du Nord
et des Mines**

Bureau du ministre

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MC-994-2021-379

May 31, 2021

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

Dear Ms Gallinger:

The Independent Electricity System Operator (IESO) has forecasted an emerging capacity need that grows through the latter part of the decade. Fulfilling this forecasted capacity need will require IESO to procure resources, including those that are coming off contract, as well as new resources to meet this need.

As you know, our government is committed to procuring electricity resources in a competitive, transparent and cost-effective manner that ensures the long-term viability of the system while minimizing the impact on ratepayers' electricity bills. I understand that through the IESO's Resource Adequacy Engagement it has put forward a framework with competitive mechanisms to acquire resources in the short, medium and long term.

In addition, stakeholders have been asking for greater certainty on the timing, frequency and design of those acquisition mechanisms as well as transparency on the amount of capacity that will need to be acquired. In response to those questions, I am asking the IESO to begin setting out and engaging stakeholders on its plans for resource acquisition. In undertaking this work, I would expect the IESO to continue to adhere to its underlying principles of reliability, affordability, transparency, innovation and competitiveness.

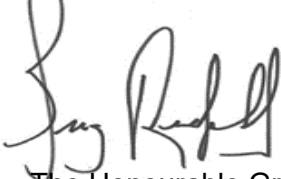
In terms of next steps, I would ask the IESO to report back to Energy, Northern Development and Mines (ENDM) on the following:

1. Outline steps to grow and enhance transparency with respect to the capacity auction to meet short-term needs;
2. Provide an update on the timing and design of competitive procurement mechanisms for existing and new resources to meet mid-term and long-term needs where cost-competitive; and
3. Consider the strategic resources that are essential to meeting the reliability needs of the system that were previously identified, as required.

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I would ask also the IESO to consider aligning the design of these competitive procurement mechanisms, in particular the commitment periods and local reliability needs, to facilitate a move to greater competition of all resource types in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Rickford". The signature is fluid and cursive, with a large initial "G" and "R".

The Honourable Greg Rickford
Minister of Energy, Northern Development and Mines

- c: Aaron Silver, Chief of Staff to the Hon. Greg Rickford, Minister of Energy, Northern Development and Mines
Stephen Rhodes, Deputy Minister of Energy, Northern Development and Mines
Leonard Kula, Vice President, Planning, Acquisitions and Operations, and Chief Operating Officer, IESO
Michael Lyle, Vice President, Legal Resources and Corporate Governance, IESO