

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

Office of the Minister

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**Ministère de l'Énergie,
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et des Mines**

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MC-994-2021-320

April 28, 2021

Mr. Terry Young
Interim President and CEO
Independent Electricity System Operator
1600—120 Adelaide Street West
Toronto ON M5H 1T1

Dear Mr. Young:

I would like to thank the Independent Electricity System Operator (IESO) for its leadership in co-ordinating the electricity sector's emergency response during the COVID-19 pandemic. This work has been instrumental in ensuring that Ontarians can depend on a reliable electricity system. I expect the IESO will continue to provide a safe operating environment for its employees and follow guidelines from public health officials to keep the electricity system operating effectively for the duration of the pandemic.

I am writing to provide my concurrence of the 2020-2022 consolidated business plan ("Consolidated Business Plan"), resubmitted on December 9, 2020, and to outline my expectations for the IESO's next business plan.

The IESO has an important role in reducing electricity system costs for electricity customers in Ontario. This aligns with our government's focus on providing value for energy consumers and putting Ontario families and businesses first. The Province supports IESO's role in facilitating a well-functioning electricity sector in Ontario.

I am pleased that the business plan reflects a reasonable revenue requirement without compromising the IESO's ability to deliver on its mandate to ensure the reliability of Ontario's electricity system. I know that the IESO will work hard to implement the strategic initiatives outlined in the business plan.

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Government Expectations for the IESO's Next Business Plan

I expect the IESO will submit its next business plan in September 2021 and will work with the ministry during its ongoing development.

The IESO should always act in the best interests of Ontarians by being efficient, effective and providing value for money to electricity customers. I expect the next business plan will elaborate on how it meets these government priorities:

- a) Competitiveness, Sustainability and Expenditure Management
- b) Transparency and Accountability
- c) Risk Management
- d) Workforce Management
- e) Data Collection
- f) Digital Delivery and Customer Service

Ministry staff will provide details of the expectations in this regard.

In addition to these government-wide priorities, I expect the IESO business plan to provide updates on:

1. Progress with market renewal, electricity planning, the development of a competitive framework for resource procurement and the development of a competitive transmission procurement process.
2. Progress on addressing barriers to the full participation of energy storage and enabling greater resource participation in the IESO-administered markets.
3. Implementation and mid-term review of the 2021-2024 energy efficiency program framework that helps to reduce system costs and realize savings for consumers.
4. Cybersecurity, climate resilience and the integrity of the grid.
5. Mitigation plan for identified risks to meet objectives of the Plan, including consideration of potential reforms to market oversight requirements.
6. Collective bargaining and alignment with broader government priorities on broader public sector compensation.

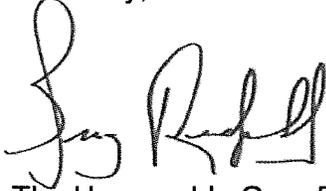
I am supportive of the IESO's proposal to develop a new approval process for future business plans. I understand this would amend the current business plan and fees application approval process from an annual approvals approach to a three-year concurrent approvals approach, and that this would potentially be implemented for the IESO's next business plan. Please work with my staff and the Ontario Energy Board on further exploring implementation of this process.

This letter constitutes my approval of the Consolidated Business Plan and the budgets for each of the 2020 and 2021 in accordance with my authority under subsection 24(2) of the *Electricity Act, 1998* and as provided under the current MOU between the IESO and the Ministry dated May 15, 2017.

.../cont'd

Thank you for the Consolidated Business Plan and for the good work of the IESO and its staff. Please accept my best wishes.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Rickford". The signature is fluid and cursive, with the first name "Greg" and last name "Rickford" clearly distinguishable.

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

- c: Joe Oliver, Chair of the Board of Directors, Independent Electricity System Operator
- Hon. Bill Walker, Associate Minister of Energy, Ministry of Energy, Northern Development and Mines
- Stephen Rhodes, Deputy Minister, Ministry of Energy, Northern Development and Mines
- Aaron Silver, Chief of Staff, Minister's Office, Ministry of Energy, Northern Development and Mines
- Dominic Roszak, Chief of Staff, Associate Minister's Office, Ministry of Energy, Northern Development and Mines
- Steen Hume, Assistant Deputy Minister, Ministry of Energy, Northern Development and Mines