

**Ministry of Energy**

Office of the Minister

77 Grenville Street, 10<sup>th</sup> Floor  
Toronto ON M7A 2C1  
Tel.: 416-327-6758



MC-994-2023-885

November 28, 2023

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

Dear Ms Gallinger:

I am writing to provide my concurrent approval of the Independent Electricity System Operator's (IESO) updated Business Plans for each of 2024 and 2025 as part of its Amendment to its 2023-2025 Business Plan ("Amendment"). I am also writing to acknowledge that, in accordance with our Memorandum of Understanding, the IESO's Interim Year Business Outlook 2023-2026 ("Outlook"), submitted to me on September 1, 2023, was deemed to be approved as of October 31, 2023.

I want to thank you and the team at the IESO for the work involved in preparing and sending the Amendment, which reflects incremental changes (for fiscal years 2024 and 2025) to the 2023-2025 Business Plan, which I previously approved and remains otherwise unchanged.

I want to congratulate you on the progress the IESO has made on key initiatives such as the Market Renewal Program; advancing the Resource Adequacy Framework, including concluding the medium term and expedited long-term requests for proposals; launching the Hydrogen Innovation Fund; your work to protect the electricity system against cyber-attacks; and more, as outlined in the Outlook. I further appreciate that the IESO's planned expenses are tracking to budget within \$1 million of what was outlined in the 2023-2025 Business Plan.

I understand that the IESO's Society of United Professionals employees were recently awarded salary and benefit increases that were higher than anticipated in the 2023-2025 Business Plan, and that the IESO is estimating an incremental expense of \$34.5 million over the three-year business plan cycle. Further, it is understood that the IESO will make best efforts to manage this amount within the IESO's approved funding, inclusive of operating reserve.

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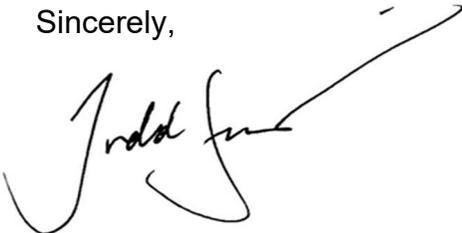
I also understand that the IESO is seeking my approval for an incremental \$9.9 million over 2024 and 2025 to ensure the IESO has the resources needed to carry out specific initiatives outlined in my letter dated July 10, 2023, in support of the *Powering Ontario's Growth* plan. I appreciate the IESO taking on this important work, and believe the plan as outlined in the Amendment is reasonable. I also appreciate that IESO is able to absorb \$1 million of additional costs within the already approved funding for 2023 to carry out this work.

I understand that the IESO's incremental revenue requirements for 2024 and 2025, together with those that I already approved for 2024 and 2025, as part of the 2023-2025 Business Plan, will allow the IESO to continue to deliver on critical initiatives outlined and government priorities, while balancing affordability for consumers.

This letter constitutes my concurrent approval of the IESO's updated Business Plans for 2024 and 2025 and acknowledgement of the deemed approval of the Interim Year Business Outlook 2023-2026.

Thank you for your submission and the continued support of IESO and its staff. 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: Bill Sheffield, Chair, Board of Directors, IESO
- Jason Fitzsimmons, Deputy Minister of Energy
- David Donovan, Chief of Staff to the Minister of Energy
- Karen Moore, Assistant Deputy Minister, Ministry of Energy
- Steen Hume, Assistant Deputy Minister, Ministry of Energy