

**Ministry of Energy and  
Mines**

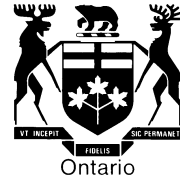
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**Ministère de l'Énergie et des  
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MC-994-2026-443

March 27, 2026

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) Business Plan for the years 2026, 2027 and 2028 ("Business Plan"), submitted to me on September 1, 2025, and to outline my expectations for the IESO's next Interim-Year Business Outlook.

I want to thank you and the team at the IESO for managing Ontario's electricity system and planning for future supply conditions in a context of technological transformation, enabling further economic growth, and increased electricity demand. With electricity demand set to increase potentially as high as 90 per cent over the next 25-years, Ontario is planning and building for a once in a generation energy transition and appreciate the IESO's continued support.

Last year, the government released *Energy for Generations*, the Province's first integrated energy plan. The IESO is a key partner in implementing our plan. The IESO has made progress on key initiatives such as advancing the Resource Adequacy Framework further, launching the second Long-Term Request for Proposals (LT2) for new capacity and energy from all resource types, supporting the integration of new transmission infrastructure into the system, launching a renewed market, and more, as outlined in the Business Plan.

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The IESO's plan identifies reasonable revenue requirements for 2026-2028. These financials will allow the IESO to fund the organization's core operations and deliver on critical initiatives outlined in the business plan that reflect government priorities. I recognize that IESO's revenue requirements in the Business Plan cover the revenue requirements for the current year, 2026. As such, I am supportive of timely consideration by the Ontario Energy Board, including through approaches such as streamlined review.

### **Expectations for the IESO's Business Outlook**

In accordance with the existing Memorandum of Understanding (MOU) between the Ministry and IESO, I expect the IESO to submit an Interim Year Business Outlook covering the next three years by September 1, 2026.

I expect the IESO Business Outlook to demonstrate progress on the following:

- Advancing implementation of initiatives including planning for growth, more streamlined system planning, enabling distributed energy resources, enhancing the transmission and generation systems, exploring exports, and associated report backs on sector priorities as outlined in the Integrated Energy Plan Implementation Directive.
- Demonstrating progress on enabling resources, electricity planning, the development of competitive procurements for electricity resources (i.e., meeting resource adequacy), and the development of a competitive transmitter selection process.
- Aligning with priorities in the Buy Ontario Act supporting Canadian supply chains.
- Ensuring that electricity sector planning, procurement, and grid operations are ready for electrification and the energy transition and informed by leading approaches.
- Supporting implementation of new streams of the 2025 Hydrogen Innovation Fund (HIF).
- Implementing the 2025-2036 Electricity Demand Side Management Framework (eDSM Framework), which builds on the successes of the previous framework.
- Continuing engagement and leadership on cybersecurity and climate resiliency to ensure the integrity of the grid.
- Aligning with broader government priorities on collective bargaining and broader public sector compensation.

The IESO must always act in the best interests of Ontarians by being efficient, effective, and providing value for money to electricity customers. Given the global disruptions impacting Ontario's economy, it is especially critical that the IESO prioritize energy options with the greatest value-for-money. In short, decisions must be guided by enhancing the competitiveness of our grid and economy with all other considerations subordinate.

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In addition, I expect the IESO Business Outlook to demonstrate the following government-wide priorities:

- Strengthen public service delivery by optimizing organizational capacity and directing existing resources to priority areas.
- Continue to report on outcome-focused performance measures to effectively monitor and measure performance.
- Protect individual, business or organization data by actively managing data and cybersecurity and reporting Artificial Intelligence uses.
- Report all high risks and effective mitigation plans for those risks.
- Work to align in-office policies with the Ontario Public Service and identify and assess office optimization opportunities, finding offsets as appropriate.

This letter constitutes my concurrent approval of the Business Plan and the budgets for 2026, 2027 and 2028 in accordance with my authority under subsection 24(2) of the *Electricity Act, 1998*, and as provided under the MOU between the IESO and the Ministry dated April 27, 2022.

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

Sincerely,



The Honourable Stephen Lecce  
Minister of Energy and Mines

Enclosure

c: Lesley Gallinger, President and CEO, IESO

Ken Hartwick, Board Chair, IESO

Matt Hiraishi, Chief of Staff, Minister's Office, Ministry of Energy and Mines

Susanna Laaksonen-Craig, Deputy Minister of Energy and Mines

Karen Moore, Assistant Deputy Minister, Strategic Network & Agency Policy Division, Ministry of Energy and Mines

Steen Hume, Assistant Deputy Minister, Energy Supply Policy Division, Ministry of Energy and Mines

Tasneem Essaji, A/Assistant Deputy Minister, Distribution, Conservation and Innovation Policy Division, Ministry of Energy and Mines