

IESO received feedback from members of the Technical Panel and the Stakeholder Advisory Committee on a draft Terms of Reference. The paper serves as a summary of the feedback received, how the IESO considered it and the proposed changes as a result of that consideration. The feedback received has been posted verbatim on the [Technical Panel webpage](#).

Theme	Comments	IESO Consideration / Response to Feedback	Proposed Changes
<b>Terms of Reference (ToR)</b>	<ul style="list-style-type: none"> <li>• The ToR appears to be less robust than the current process within the Governance &amp; Structure By-Law (G&amp;S By-law)</li> <li>• Technical Panel (TP) mandate is more clear/prescriptive under the G&amp;S By-law;</li> <li>• ToR is a departure from the current TP operating mode;</li> <li>• ToR provides clarity in the role, function and relationship that the TP has within IESO; supportive of moving away from legislation (natural gas/distributor)</li> <li>• TP presents a vital step in the rule-making process and the proposed ToR does not represent the important job the TP has in that process – a robust set of rules is needed to govern TP activities (generators, industrials)</li> </ul>	<p>The inclusion of the Technical Panel in the G&amp;S By-law was created before the IESO’s stakeholder engagement framework was initiated in 2005. Since that time, the <i>Electricity Act</i> was amended to remove stakeholders from the Board of Directors and replace that input with the establishment of one or more engagement processes to provide advice and recommendations for consideration by the IESO. With the expansion of the engagement framework, under advice from stakeholders and subsequently direction by the IESO Board, the TP process was reviewed in order to align its mandate with other engagement functions. The duties/purpose of the TP maintains the same importance - that is, to advise the Board on technical issues related to the market rules. The IESO agrees that the proposed ToR is less prescriptive in some areas, but believes that the TP’s role is better defined under the ToR and articulates the function of the TP within different engagement functions at the IESO.</p> <p>The IESO agrees that the TP has an important role in the rule making process. The IESO, in particular the Board of Directors, continues to highly value and rely on the TP’s advice in the development and consideration of amendments to the market rules.</p> <p>The important function of the TP is enshrined in Chapter 3, section 4 of the Market Rules and is intended to remain within the G&amp;S By-law noting a dependence on the ToR for broader definition of the TP process.</p>	<p>First introductory paragraph has been updated to include reference to G&amp;S By-law and Market Rules</p>
	<p>Insert protocol to deal with future updates to the Terms of Reference – which should include input from members (distributor/generator)</p>	<p>The IESO agrees with this feedback.</p>	<p>Third introductory paragraph has been updated to include the ability for TP to consult on changes to the ToR</p>

	<ul style="list-style-type: none"> <li>• ToR outlines the scope of the TP's input however, needs to better articulate that the ToR is a more robust way to provide greater transparency and flexibility in the process (SAC)</li> <li>• The flexibility under the proposed ToR is desirable and is important to capture the changing needs of Ontario's electricity sector (natural gas/distributor)</li> <li>• The IESO should be as proactive publicizing the TP's activities as it is for the SAC. The IESO is not very consistent in using the bulletin for TP matters (wholesalers)</li> </ul>	<p>The ToR provides more detail around purpose and duties to which TP members are accountable as well as the administration of meetings that sets expectations over the course of each meeting. The IESO agrees that the ToR can benefit with more explanation and detail in the areas of transparency and flexibility.</p> <p>In order to accommodate a greater audience of observers at TP meetings, observers will be invited to participate via teleconference only.</p>	<ul style="list-style-type: none"> <li>• Section 4.1 has been updated to provide rationale behind the need for flexibility within the composition of the TP.</li> <li>• Section 6.3 has been updated to provide broader outreach, transparency and awareness to TP meetings.</li> <li>• Section 6.1.4 has been updated to note the posting of all materials on the TP webpage</li> </ul>
	<p>Opportunity for input in draft Terms of Reference:</p> <ul style="list-style-type: none"> <li>• No meaningful consultation was performed</li> <li>• IESO did not respond to the comments submitted in November 2014 on PowerAdvisory report – matter was not discussed for some time</li> <li>• The ToR represents a significant change and the IESO needs to slow down the process of this change; launching stakeholder engagement initiative should be considered to seek input and, with consensus, then move to a ToR (generator)</li> <li>• Review to better align TP with new IESO mandate and principles did not involve consultation with TP members nor was the work shared after the fact (generators)</li> </ul>	<p>TP members and other stakeholders made a proposal to the IESO early in 2014 to look at reviewing the role of the TP. The IESO contracted PowerAdvisory LLC and C2C to conduct this review which included input sought from TP members and other stakeholders, including input from the Stakeholder Advisory Committee (SAC). Taking input into account, a report was published with recommendations for improvements to the TP process. This report was presented to the TP and at a public SAC for comment. Subsequent to the IESO merger in Jan 2015, a further report was commissioned by RCI Consultants to align the TP under the new mandate of the IESO taking into consideration the recommendations from PowerAdvisory &amp; C2C and the subsequent feedback received on that report. The draft ToR is a result of the recommendation within the RCI report.</p> <p>Further comment on the draft ToR will be invited at the February 10/16 Public SAC meeting.</p> <p>The IESO did not launch a stakeholder engagement initiative given the amount of consultation that was conducted through targeted and open channels.</p>	<p>Attached report of RCI Consulting as Appendix A</p>

<p><b>Mandate of TP</b></p>	<p>With policy level discussions not part of TP mandate there is no opportunity to question the design which is a grave governance flaw; In one example (General Conduct Rule) the TP forced the issues to better design the new rule and it turned out positive. What happens when design is not dealt with in other forums? Difficult not to comment on design of issues; (generators, industrial, financial)</p>	<p>With emphasis on the rationale or reasoning behind a vote, TP members have the option to provide comment to the IESO Board that the design and policy issues related to a change are of concern. The IESO will demonstrate how it engaged with stakeholders prior to coming to TP for review. It is not the IESO's intention to disallow discussion on policy however the IESO must respect the discussions and development in other forums. Discussion at TP on the introduction of an item can be used to talk through the policy/design to get a better understanding of what they will be deliberating on.</p>	
	<p>Scope of input needs to be set out in order to understand impact on future TP discussions – are issues such as sector fairness, transparency, cost/benefit out of scope when discussing how rule language meets design and/or cohesion with other market rules? (generators, industrial);</p>	<p>The IESO will increase efforts to inform TP of current engagement discussions in order to provide opportunities for members to be more aware of the design/policy discussions in other forums that will be subject to rule amendment through the TP; Members continue to be invited to engage in other engagement processes or to request more information be brought to TP meetings. This is set out in Section 6.1.5</p>	<p>Section 6.1.5 has been updated to reflect this.</p>
	<p>What is the process for a participant-driven amendment submission and the TP's role in warrants consideration in these cases? (wholesalers)</p>	<p>Chapter 3, section 4 of the market rules detail the rule amendment process, which generally apply uniformly to "any person" who proposes a market rule amendment, regardless of whether an amendment is proposed by an external stakeholder versus the IESO. Market rule amendment drafting is performed by IESO staff in all circumstances, regardless of who initiated the amendment request. The external stakeholder who initiated the amendment request may comment on the draft language through the Technical Panel process.</p>	
<p><b>Voting</b></p>	<p>Voting details in G&amp;S by-law not included in ToR (generator)</p>	<p>The purpose of the TP is to provide advice to the IESO Board on proposed rule amendments – it is the IESO Board's responsibility to consider the advice of the TP and make decisions on the rule amendment. The ToR enhances the process outlined in the market rules by providing more emphasis on the advice that accompanies the vote. Chapter 3, section 4 of the market rules provides full details on the rule amendment process in conjunction with the TP duties.</p>	<p>Introductory paragraph and section 3.2 have been updated to include reference to the market rule related to the rule amendment process.</p>

	<ul style="list-style-type: none"> <li>• Outcome of vote no longer significant (Generator)</li> <li>• Strongly support the practice of providing rationale with stated positions – important to ensure that views heard by the Board (distributor/natural gas)</li> </ul>	<p>Feedback received from TP members for the 2014 TP review report put more emphasis on the reasons behind the vote than the actual vote. The IESO Board noted the overall vote is representative of the view of the Panel and equally important is the rationale behind each vote. This has been incorporated in the draft ToR.</p>	
	<ul style="list-style-type: none"> <li>• Discomfort expressed with the voting system in which everyone is required to vote. This leads to the formation of voting alliances in which uninvolved members have to make a judgement based on limited information. Most feel that despite any voting discomfort, most panel members get at least some of what they are seeking for their interest in the sector. (Survey results)</li> <li>• Important for members to provide advice when abstaining from a vote (distributor)</li> </ul>	<p>In instances where TP members do not feel adequately equipped to cast a vote they can rely on two options – to seek more information on the item presented or to exercise their ability to abstain from voting. In cases where a member abstains from voting an explanation/rationale behind the abstention should be provided to IESO Board.</p>	<p>Section 3.2.3 has been updated to clarify the ability to abstain from voting</p>
	<p>The ToR do not cover urgent amendments and/or priority votes. Is there a need for an expedited process for rule amendments? (wholesalers)</p>	<p>The IESO Market Rule Amendment process is outlined in <a href="#">Market Manual 2.3: Market Rule Amendment Procedure</a> which contains the criteria and process to which Urgent Rule Amendments are considered. In addition, the G&amp;S By-law will retain the details around Urgent Rule Amendments as they are an important function of the IESO Board. With respect to an expedited process within the TP, the IESO will bring proposed rule amendments with proposed priority and timelines as outlined in section 3.2 of the ToR.</p>	<p>Section 3.2.1 has been updated to reflect that the TP will be presented with a timeline for the rule amendment at the warrants consideration or introduction phase for of the rule amendment process.</p>
	<p>Warrants consideration is an important part of the process and should remain a function of the TP (generators)</p>	<p>The IESO agrees, in part, that this vote is important but not in all instances. When an issue has been discussed in other stakeholder forums, the warrants consideration vote has been characterized as disingenuous. Further, in their report PowerAdvisory and C2C (August 2014), it was recommended (based on stakeholder input) that the warrants consideration step was “unnecessary and duplicative” with discussions under stakeholder engagement initiatives. Alternatively, the IESO relies on the advice from the TP members in proposed rule amendments that have not undergone</p>	

		stakeholder discussion and are first introduced through TP for consideration. The IESO exercises the same philosophy in managing all engagement forums – for example discussion on market rule language is not brought to other stakeholder discussions.	
<b>Meeting Minutes vs. Meeting Notes</b>	Meeting Minutes should remain, reviewed by Panel members and voted on – “Meeting notes” don’t seem to accurately capture the context of discussions which is needed for future reference (generators)	The IESO appreciates this input and will update the ToR to reflect the need for minutes for all TP meetings.	Section 7
	Not sure that a page-turner is necessary to review and approve minutes during a meeting – this would save time in the meetings (wholesalers)	The IESO agrees. The ToR reflects that the draft minutes will be distributed within two weeks of the meeting for review by Panel members and finalized in advance of the TP meeting. This provides all interested stakeholders the ability to review the final version of the minutes in advance of the next meeting.	
<b>Term (two three year terms vs. three two-year terms)</b>	Term should be 3 years – 2 years is not long enough given the technical nature of the discussion (distributor)	The IESO concurs and has updated the relevant section of the ToR.	Section 4.4
	ToR should have a transitory clause for existing members to ensure that existing terms are not affected (consumers/wholesalers)	The terms of reference has been updated to reflect the transition of current members under the new ToR. The ToR further updates that membership terms will renew at certain times of the year and will be staggered in order to provide continuity among the Panel.	Section 4.4.1
<b>Composition</b>	<ul style="list-style-type: none"> <li>Composition is too vague particularly with the number of businesses that might fall under the energy related businesses and services (wholesalers)</li> <li>Further clarification is required on representation such as “Consumers” to ensure that sufficient market participant representation is met (consumer)</li> <li>Add at least one member representing distributors in the Transmitter/Distributor sector (distributor)</li> </ul>	<ul style="list-style-type: none"> <li>The Composition under the ToR provides guidelines for representation on the TP. It is intentional that representation on the Panel is broad-based in order to maintain a certain amount of flexibility within the appointment guidelines.</li> <li>Rationale for constituency-based representation has been added to reflect the breadth of interest and participation that may be sought for representation on the TP - given the constituency the flexibility to be amended to align with unanticipated changes in the sector</li> <li>While the IESO agrees that representation on TP should not</li> </ul>	<p>Section 4.1 updated to provide rationale for flexibility</p> <p>Section 4.1.3 updated to include at least one distributor</p> <p>Section 4.1.4 updated to include at least one wholesaler</p> <p>Section 4.2 outlines that preference will be given to</p>

	<ul style="list-style-type: none"> <li>• Inaccurate to compare constituencies with those needed for SAC as the purpose of each committee is quite different. Composition should reflect the breadth of interests of market participants. Clarify the purpose in the Terms of what the constituencies mean (wholesalers)</li> <li>• It should be clear that preference for candidates should be given to those with interests in Ontario (wholesalers)</li> <li>• Consideration should be given to appoint distributors to represent the constituency of energy-related business (distributor)</li> <li>• Membership should be prescriptive; proposal for constituency is in contrast to G&amp;S By-law; a clear understanding of who is represented on the Panel is needed to make recommendations and/or vote on issues (generators)</li> <li>• If ToR provides the IESO more flexibility to make changes to the TP process, with less burden, is there an ability to be more prescriptive in the composition (generators)</li> </ul>	<p>compare with the representation needed on the SAC, it is confident that a constituency-based representation will appropriately reflect the representation needed on the Panel while leaving it open to support the needs of the sector at any given time.</p> <ul style="list-style-type: none"> <li>• The IESO agrees that specific representation is needed for representation for Distributors and wholesalers</li> <li>• The IESO recognizes that significant market participant representation on TP is required to fulfill the duties of the Panel.</li> <li>• Energy related business and services represents services provided in the sector and the examples are not intended to be a complete list of potential candidates.</li> <li>• While the IESO believes that the prescriptive composition outlined in the G&amp;S By-law hinders the ability for the IESO Board to be flexible in its appointments on the TP, the composition set out within the constituencies provide room to expand/change representation within the changing needs of the sector without administrative burden. Constituencies provide the ability to consider a wider variety of applicants on the Panel to satisfy the landscape of the sector at the nomination process. Each appointment will specify the constituency they represent</li> </ul>	<p>market participants when appointing new members while providing the flexibility to appoint representatives that work in the sector.</p>
	<p>A minimum of greater than 8 is proposed to ensure appropriate diversity is met (natural gas)</p>	<p>The IESO agrees that the minimum number of members should be increased, and has changed the minimum to 10.</p>	<p>Section 4.1</p>
	<p>The maximum number of members on the Panel should be increased (generators)</p>	<p>The IESO believes that the maximum number will reflect a good representation of the sector. If additional members are required Section 4 provides the ability for the IESO Board to appoint ad hoc members when needed.</p>	

<b>Interaction with stakeholder engagement initiatives</b>	<ul style="list-style-type: none"> <li>Need to better align with TP discussions (industrial)</li> <li>Given that it is proposed that the TP not discuss design/policy, some matters may require a different starting point with TP (industrial and generators)</li> </ul>	<p>Section 6.1.5 outlines that the IESO is committing to make best efforts to notify TP members of relevant engagement initiatives and other discussions that will result in potential rule amendments</p> <p>Also section 3.2.1 outlines that the IESO will provide details reflected in engagement discussion for each initiative brought to the TP.</p>	
	Better define the conditions/characteristics of a formal engagement initiative in order to eliminate warrants consideration vote; is this defined by TP on a case-by-case basis? (wholesalers)	Section 3.2 has been updated to note that in these instances the IESO will present that an open, two-way dialogue was conducted.	Section 3.2.1
<b>Remuneration</b>	Hourly rates for meetings are unfavourable to members outside the GTA as it does not account for travel time to participate in person (consumer)	The IESO agrees with the rationale and has updated the ToR to include a clause that in cases where members are not reimbursed for their time by other means, a TP member can, upon request, apply for a minimum of three hours remuneration for each TP meeting that is attended in person in order to accommodate travel time.	Section 8.1.1
	The reimbursement process for expenses is too long – leaving members out-of-pocket for longer periods than necessary (wholesalers)	The IESO will endeavour to process out-of-pocket expenses upon receipt from members. Remuneration payments will continue to be processed bi-monthly.	Section 8.1.3
<b>Other</b>	Specific advice on language within terms of reference (generator)	<p>The IESO appreciates the suggestions from the generator representative on TP. Suggestions for wording adopted with the following exception:</p> <ul style="list-style-type: none"> <li>Should the IESO consider a quorum based on representation within a constituency? Consideration was given with respect to establishing a quorum and given that the vote is made on an individual basis the IESO believes that a majority of the TP is an appropriate quorum</li> <li>Should a non-IESO TP member be present with the IESO</li> </ul>	Sections updated include – 2.1, 2.2, 4.5.1

		Board when delivering its advice? The IESO believes that the TP process is designed for members to provide detailed advice to the Board through memorandum – this process is unique to the TP and reflects the views of member of the TP.	
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