



Notes for Remarks:

Ontario Energy Association

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Check Against Delivery

## **Introduction**

This is my first public speaking appearance in my new role as the head of the IESO, and I am pleased that it is at the annual OEA conference.

There are a lot of great speakers and important topics being discussed here, and I want to thank Vince for giving me an opportunity to be here and contribute to these discussions.

The OEA continues to be a strong voice in the sector, and I want to congratulate Vince and the Board on the release of their Energy Platform in advance of next year's provincial election.

I have been President and CEO of the IESO for three months now.

Today I want to share with you some of my thoughts from my early days, outline some of my immediate priorities and some of the longer-term priorities and, most importantly, how we can work together in the future to achieve some of the priorities that we have in common.

## **Some early thoughts**

The IESO has a significant mandate in Ontario's electricity sector. When I speak to that mandate, I tend to bundle it up into three areas:

First of all, there is our grid operations, operating and directing the flow of electricity across the province's transmission system in real time and planning from the next five minutes out to the next 20 years. Maintaining a reliable power system is at the core of what we do.

The second area would be markets and procurement. The Ontario electricity market has annual transactions of approximately \$17 billion. Settling those transactions is an important part of what we do. Over the past 13 years, the IESO and OPA have procured tens of thousands of megawatts of refurbished and new supply, including a 50-year deal with Bruce Power. While our procurement activities have slowed significantly, those contracts still need to be managed. At the same time, we want to change our procurement focus going forward and move to a more competitive, market-based

approach. This is behind our market renewal efforts, which I will discuss in more detail shortly.

The third area, policy, speaks to the role that we have as a strategic advisor to government, and also to many of our stakeholders. Working with our stakeholders and government, we not only help to ensure that effective energy policies are developed, but that these policies are implemented as efficiently as possible. As I look out over the next few years, it's clear that there is more policy work we could be enabling. The change that this sector is undergoing will continue to accelerate. Innovation will play a key role in helping us navigate through that change, and to that end, I will be looking to see how the IESO can enable that needed innovation.

### **Internal and External Discussions**

The IESO's mandate -- and how we carry out that mandate -- has been the focus of my discussions with internal and external audiences in my first few months.

Internally, I have been meeting with employees across the organization in groups of 25 to 30. I have had 17 sessions already, involving about 400 employees, with more planned over the next few weeks.

Generally speaking, employees take pride in the work they do and have certainly not been shy about giving me suggestions on the IESO's future strategy and even organizationally what we should look like.

Externally, I have met with a number of stakeholders, both one-on-one and in organized sessions, such as the Stakeholder Advisory Committee or the IESO's Cyber Security Forum.

The stakeholders I have met certainly recognize the value that the IESO provides and, again, have not been shy about telling me how they think that value can be enhanced.

While these are early days for me, I am starting to get my head around some of the challenges and opportunities for the IESO. Market renewal is one of those.

## **Market Renewal**

As you likely know, we have embarked on an initiative to fundamentally redesign Ontario's electricity market -- fix the foundation, as we often describe it. The initiative is supported by a benefits case that estimates \$3.4 billion in cost savings over a 10-year period. The project will address the need to increase flexibility in our system; it will reduce cost and increase efficiency through the implementation of a single-schedule system and the introduction of a day-ahead market. And through an incremental capacity auction, we can reduce our dependence on 20-year contracts.

This initiative is important to me for a number of reasons. A lot has changed since we opened the market 15 years ago. Other system operators have introduced changes to their markets and we need to do the same. The positive supply margins that we find ourselves with makes this an opportune time to undertake this initiative. Through the market renewal working group, we have gathered together a group of stakeholders who are committed to this work. We have established a roundtable comprised of CEOs in many facets of the electricity sector, who are providing senior level advice directly to me. And, of course, we are leaning on our Stakeholder Advisory Committee for advice on this important initiative.

While stakeholders are generally supportive of this initiative, I do hear comments about the size of the project and the speed at which we are attempting to move.

We need to get this right. As I told our SAC recently, getting it right will mean:

- Being clear on the scope and objectives
- Conducting a thorough risk analysis, including political risks
- Having sound project management methodology, and
- Having a strong commitment to execution.

## **Other initiatives**

Getting market renewal right is at the top of my agenda, and it's a topic you can expect me to engage with many of you in this room.

But while it is at the top of my agenda, it is an agenda that is increasingly filling up.

As I look over the next few months, we will continue to support the government's Climate Change Action Plan, working with the Green Ontario Fund to help design and deliver programs aimed at reducing greenhouse gas emissions. The IESO, the LDCs and gas utilities have established infrastructure and expertise that can be tapped in to for the Green On programs.

We are also continuing to support LDCs as they strive to meet their conservation targets. We have seen a few changes in the Conservation First Framework, including a recent direction from the provincial government for the IESO to deliver a province-wide low-income conservation program. But the need for the IESO and the LDCs to work in partnership to deliver conservation to every Ontarian is as strong as ever. Working with Teresa Sarkesian at the EDA, we are trying to establish a forum of LDC CEOs to discuss the conservation program and other initiatives where we need to have a close working relationship.

Perhaps the most pressing immediate priority will be the government's Long-Term Energy Plan (LTEP), which is expected to be released next month. The IESO will be called upon to develop implementation plans associated with a number of the items arising from the LTEP. Again, those plans will be part of our ongoing stakeholder consultation.

### **Further ahead**

Collaboration is essential for the IESO, on the items I have just talked about and more.

When I look at some of the issues facing our sector, one that stands out for me is cyber security. The IESO has developed stringent practices to increase our capability to deal with cyber security threats. But those threats will grow in frequency, sophistication and complexity. And our preparation to these threats will also have to intensify. We will be working closely with industry peers, government agencies and others to share information and work together to develop best practices.

The increasing role of Distributed Energy Resources (DER) is another area that will need increased collaboration and close relationships. Coming from the LDC world, I am very aware of the promise of DERs but now at the IESO, I am also very aware of the need for us to work with LDCs and others to ensure that these distributed resources are effectively integrated into our collective systems.

## Conclusion

I hope that this has given you a sense of some of my priorities, both short- and longer term. Working with members of my executive team, we have begun to review our strategy in light of what I have just talked about. Over the next few months, I will also put in place the organizational structure to support that strategy and effectively carry out the IESO's mandate in this changing environment.

Making sure we have the right culture at the IESO to support our strategy is also a necessary ingredient, making sure that it fits with our path forward.

Culture has been a big part of the discussions I have with employees. It's clear there are still internal challenges associated with the merger of the former two organizations -- there are certainly some lessons here that I can pass on to my former colleagues at Alectra as they continue the merger of four LDCs.

But from what I see, the employees recognize the importance of teamwork and collaboration, and are interested in not just operating today's system but are very much focused on tomorrow, and want to enable the innovation that will be required to effectively meet future challenges.

In my preparation for today, I came across an article entitled "The role of culture in search and succession." The authors conclude that organizations that analyze, understand and emphasize their own culture are better equipped to hire or promote leaders who can help define and deliver a new aspirational culture.

I think the culture that currently exists at the IESO leaves us in a good position to take that necessary next step -- to be innovative, enable innovation, actively address our customer and stakeholder needs today and tomorrow.

In closing, let me again thank Vince and the OEA for the opportunity to be here today. I look forward to working with many of you in this room as we tackle our collective challenges and opportunities.