

IESO 2016 - 2018 BUSINESS PLAN

Presentation to Stakeholder Advisory Committee

Kimberly Marshall
August 13, 2015

2016 – 2018 Business Plan Highlights

- Sustain reduction of FTEs and merger synergies over the planning cycle
- Reduction in combined usage fee charged to all customers
- Further efficiencies found to absorb pension expense increase for represented staff
- Impacts of Society arbitration award under evaluation
- Results-oriented, externally focused and measurable metrics
- Core business - reliability in real time and through planning, conservation, market, and procurement responsibilities
- Business initiatives planned:
 - Complete transition to single Conservation First Framework
 - Continued investment in the Operations business unit framework
 - Demand response and other market related procurements and reforms
 - Centralize corporate website platform – reduction from 6 to 2 websites
- Policy initiatives e.g. Cap and trade

Strategic Objectives

- Promote a culture of conservation through collaborative partnerships that deliver cost-effective programs and solutions
- Ensure supply by securing generation and demand side resources to meet future demand for energy and capacity
- Plan and prepare for Ontario's future electricity needs
- Sustain superior performance in real time while integrating new resources, participants and technologies
- Establish consistent principles and processes to solicit and respond to input from stakeholders, government, and communities to enhance reliability and efficiency across the electricity sector

Key Initiatives

- Support of the Conservation First Framework (CFF), industrial efficiencies and market transformation
- Develop planning advice and analysis to act as a technical and operational grounding for LTEP, contribute to LTEP development, and complete assessment of all 21 planning regions in the province
- Increase efficiencies of the market to lower overall system costs
- Evolution of grid operations system tools and practices to sustain our expected level of performance while meeting the challenges of tomorrow
- Build capability within the IESO - both systems and skills - to meet changing customer needs

Capital Projects to Support Corporate Priorities

Projected capital spending for 2016 is \$28.4M with \$23.4M and \$22.2M expected in 2017 and 2018 respectively. Key projects include:

System Refreshes	Infrastructure	Strategic
Energy Management System	Cyber Security Enhancements	NERC CIP5
Market Information System	Firewall upgrades	Conservation Program Infrastructure
Settlement System	Data Warehouse	DR and Capacity Auctions

2016 Corporate Performance Measures

#	Targets
1	The IESO is 100% compliant with NERC high violation risk factor requirements that are within the IESO's control
2	Conservation portfolio delivered within 4¢/kWh while achieving energy savings from LDCs (800 GWh) and from direct-connect customer (524 GWh) programs
3	Up to 900 MW of renewable supply resources are procured in 2016, as directed
4	Implement a Demand Response (DR) auction that maintains DR capacity at current levels and at competitive market prices while facilitating larger numbers and types of participation
5	Key recommendations arising from provincial and regional plans are initiated and progressing according to their timelines
6	Stakeholders and local communities are satisfied with the engagement process
7	Priority projects are completed on time and budget and meet their business objectives
8	Deliverables are executed within approved budget and headcount while meeting synergy targets and a reduced combined fee

Key 2016 Risks

#	Risk
1	Insufficient support from key stakeholders and Aboriginal communities impacts ability to effectively pursue key initiatives
2	The breadth and pace of change of Ontario's evolving energy environment challenges the IESO's ability to maintain grid reliability and efficiently integrate new entrants and technologies into the grid
3	Slow rate of progress in workforce integration leads to ineffective execution of the IESO's strategic initiatives
4	A significant IESO cyber security event occurs

Timeline of Activities

Activity	Timeline
OPA and IESO SAC identified priorities for 2016 – 2018 planning cycle	March 5
SAC: Feedback on SAC identified priorities	June 11
Engage ministry	Ongoing
Consult SAC on 2016 – 2018 Business Plan	August 13
IESO Board review of 2016 – 2018 Business Plan	August 25/26
Submit 2016-18 Business Plan to Minister	September 2
Engage Intervenors	September/October
Rate Filing	November 2

Questions For SAC to Consider

- *Are there any additional risks that your constituency would like IESO to consider?*
- *Do the corporate performance measures adequately gauge the achievement of the IESO's business plan objectives and initiatives?*
- *The IESO is proposing to charge one fee to all customers beginning January 2016 on the same basis as predecessor IESO. Do you have any feedback?*
- *Does the SAC have any suggestions on the IESO business planning process?*