



FEBRUARY 17, 2021

IESO 2021 Priorities

Terry Young
Interim President and CEO

Overview

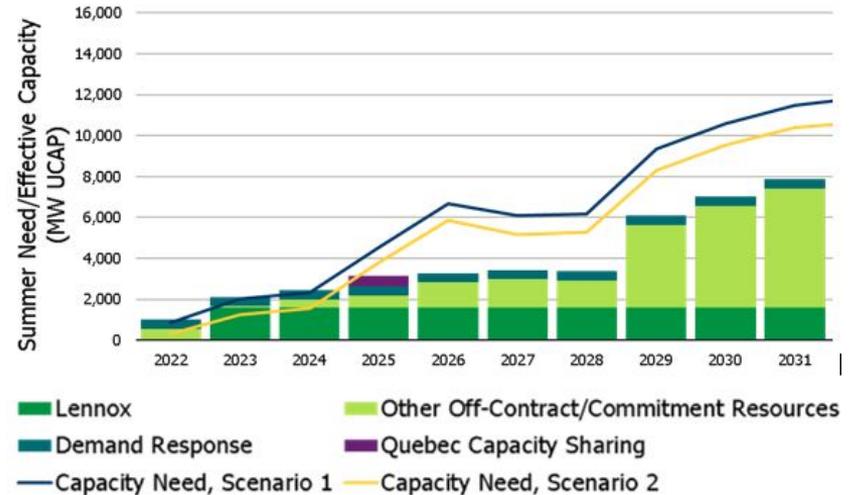
- The IESO enters 2021 with a number of initiatives incremental to its core responsibilities of ensuring the reliability and affordability of Ontario's electricity system
 - Evolving the market and implementing next phase of Market Renewal
 - Preparing Ontario to meet electricity needs that grow through the decade, including implementing a resource acquisition framework and enabling resources
 - Addressing regional electricity needs, most prominently in SW Ontario
 - Promoting a stronger, resilient organizational culture to continue to serve Ontarians

Ontario's System Needs

Focus on preparing to meet the needs that emerge through the decade

Next five years - prepare for Pickering retirement and fully utilize existing and available resources; acquire new ones where needed

Next five - 10 years – utilize resource adequacy framework, enable emerging resources and respond to broader policy direction



The Path Forward – Five to 10 year Plan

- Creating a path forward for the next 5 to 10 years – engaging the sector on how to meet future needs over the next decade
- The IESO's Resource Adequacy Framework details the short, medium, and long-term acquisition tools that the IESO will use; now moving into operationalization
- Develop the Annual Acquisition Report, which together with the Annual Planning Outlook, defines electricity needs and the mechanisms and resources that will be used to address them
- Focus on transition efforts required to facilitate integration into that framework through competitive procurement
- Work with government on its effort to refocus Ontario's energy planning framework

Preparing the Capacity Auction

- Building off the success of the Demand Response Auction, the IESO ran its first Capacity Auction in 2020 which it will continue to run annually – providing a stable mechanism for resources that can meet changing short-term needs
- Over the next five years, the IESO intends to make incremental changes to increase competition and performance
- The annual auction, with two six-month commitment periods, is expected to be a key vehicle for acquiring capacity over the first half of this decade; mechanisms with mid and long-term commitments will meet needs emerging over the latter half

Enabling Resources

- Innovation efforts will be focused on enabling **existing** and **emerging** resources to better participate in the IESO administered markets, ensuring we make the most of these resources
- Existing resources: The IESO will work with stakeholders to develop a work plan to enable existing resource types to participate more fully in the IESO-administered markets
- Emerging resources: To better understand opportunities to integrate emerging resources, the IESO will develop a Distributed Energy Resources roadmap and DER potential study to help prioritize its activities as well as study the potential benefits of hybrid resources
- Continuing to work with the Ontario Energy Board to ensure a coordinated and collaborative effort to enhance innovation within Ontario

Market Renewal and the Evolving Energy Market

- The design phase of the Market Renewal project will be completed in Q1 with the Board approval of the detailed design
- Activities this year will focus on moving fully into the implementation stage, including the development of market rules and manuals along with continued stakeholder engagement
- The IESO will continue to address opportunities to improve efficiencies in the existing market – including issues raised by the Market Surveillance Panel

Engagement as a Platform for Change

- Over the last year, the IESO refined its engagement processes to bring forward a broad range of perspectives to inform its decision-making
- These enhancements include:
 - A new stakeholder engagement framework
 - Expanded community engagement activities and regional networks
- These platforms will be critical as they will provide transparency and inclusiveness, facilitate communication and share outcomes as we work toward specific decisions about the future of our sector

For Example: Meeting Needs in SW Ontario

Growing agricultural demand in SW Ontario provides a case study in the value of integrated approach to meeting local needs

Integrated Regional Plans and robust community engagement allow us to bring forward a variety of solutions.

- Transmission enhancements
- Energy efficiency
- Innovation
- Local generation capacity



IESO Business Transformation

- The IESO is looking at how to transform the business to respond to current realities
- The continued pandemic has changed how we work and interact with each other – working from home will be standard business practice
- Organizations are also examining company culture and actions needed to build a safe, equitable, diverse and inclusive workplace - the IESO is no exception
- We are committed to being an organization with highly-engaged employees, dedicated to providing a reliable and cost-effective energy supply

The View from Here

- This is a pivotal year – one where our current vantage point provides a very different perspective than in years past
- Discussions about meeting future needs will have much more tangible implications for our electricity system
- Our work together will forge a common path forward to ensure reliability over the next decade

