

Memorandum

To: Stakeholder Advisory Committee

From: Barbara Anderson, VP, Corporate Services and Chief Financial Officer
Jeannette Briggs, Director, Corporate Finance

Date: September 21, 2022

Re: IESO 2023-2025 Business Plan Update

The 2023-2025 Business Plan sets out the resources required to maintain the high-level of performance necessary for the IESO to deliver on its core responsibilities, committed to helping drive and guide a transition to ensure a reliable, affordable and sustainable energy future. This year, the IESO moved to a three-year business plan to address long-standing Ontario Energy Board and intervenor concerns with approving the IESO fees well into the year in which they apply. The Business Plan was submitted to the Minister of Energy on September 1, 2022.

Context for the Business Plan

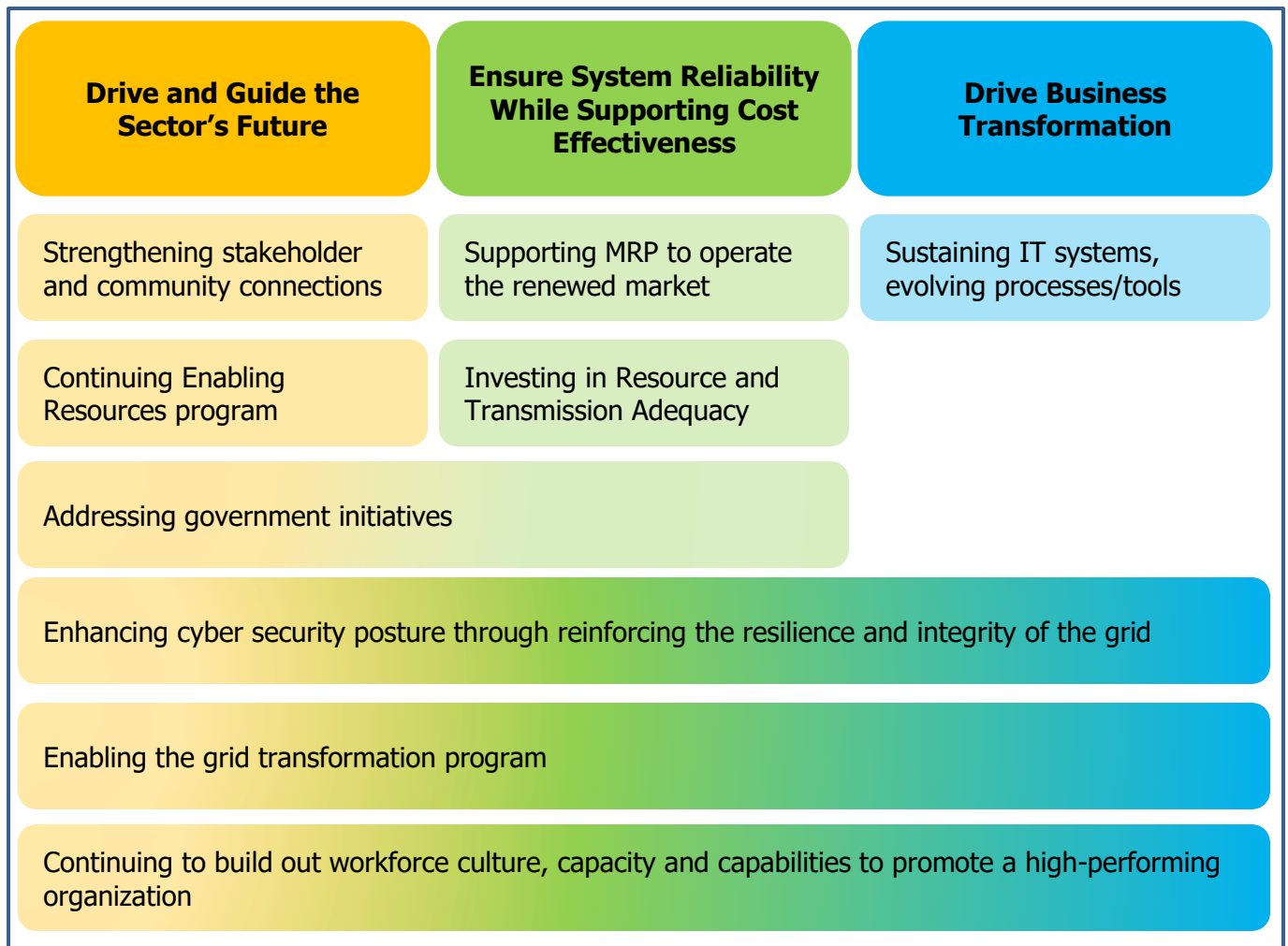
Ontario's electricity system is undergoing unprecedented transformation. This includes demand that is forecast to increase by nearly two per cent per year during the next 10 years, an increase in decarbonization and electrification, technology maturation, changes in consumer preferences, and the need to protect the grid against increasingly sophisticated cyber threats.

As first shared with the Stakeholder Advisory Committee at its July 6, 2022 meeting, the IESO recently refined its corporate strategy to address the scope and speed of change underway in Ontario's electricity sector. The [2022-2027 Corporate Strategy](#) describes how the IESO plans to work with stakeholders and communities to drive and guide the sector's future, ensure system reliability while supporting cost effectiveness, and drive business transformation for the benefit of all Ontarians.

Delivering on the first three years of the refreshed corporate strategy

The refreshed Corporate Strategy outlines the IESO's plan to ensure Ontario is prepared to support Ontario's energy and economic transition. The 2023-2025 Business Plan further builds upon this foundation and outlines the resources required for the IESO to deliver on the first three years of the refreshed strategy, setting out the IESO's priorities in a number of key areas as shown below.

Business Plan Initiatives Alignment with the Refreshed Strategy



In the 2023-2025 Business Plan, the IESO is proposing to:

- Continue work started in 2022 under [Resource Adequacy](#), Transmission Adequacy and [Enabling Resources](#), furthering incremental investments to secure additional supply and expansions needed to address electricity needs emerging and the unprecedented transformation of the electricity system over the next decade
- Deliver on government initiative work related to Class B and [Interruptible Rate Pilots](#), potential program to provide new contracts for [existing small hydroelectric generation facilities](#), enhanced energy efficiency [conservation and demand management programs](#), along with other smaller initiatives
- Complete the \$233 million [Market Renewal Program \(MRP\)](#) investment, at which time the new market will begin to generate significant ratepayer savings building on the benefits that the market has delivered to consumers over the past 20 years
- Strengthen IESO's preparedness to support Ontario's electricity transformation through enhancing [cybersecurity](#) posture, reinforcing the resilience and integrity of the electricity grid, sustaining critical IT systems and enabling the grid transformation program

Engaging on the Corporate Priorities

The refreshed Corporate Strategy and the 2023-2025 Business Plan have a strong focus on strengthening our stakeholder and community connections. In late 2022, the IESO will begin to refresh the [IESO Engagement Framework](#) to align our outreach and engagement activities with the strategy and business plan priorities. This initiative will be informed by the IESO’s annual Stakeholder and Community Engagement Survey, which is currently in progress.

Strategic Risks

At the IESO, risk management is an integrated discipline that supports informed decision-making throughout the organization and plays a pivotal role in balancing strategic planning with business execution and compliance. The strategic planning process is the starting point for managing risk where key risks are identified and assessed from the internal and external environment. Risks and opportunities are identified by observing, analyzing and anticipating trends along with macroeconomic, industry-specific, regional and local developments.

As part of the Business Plan, the IESO identifies strategic risks that may impact on the delivery of the IESO’s mandate. These risks are provided below in relation to the core strategies of the refreshed IESO Corporate Strategy.

Strategic Risks

Drive and Guide the Sector’s Future	Ensure System Reliability While Supporting Cost-Effectiveness	Drive Business Transformation
Material undersupply of energy at the provincial and regional level		
IESO actions to identify and address supply shortfalls not seen as credible by the stakeholder community		
IESO’s information technology systems and data are disrupted by cybersecurity threats		
Cyberattack impacting non-IESO owned assets required for operating the IESO-controlled grid		
Competitive mechanisms not working as intended impairs the IESO’s efficiency mandate		
A regulatory decision or recommendation is made that impedes the ability to advance strategic priorities		
Readiness of our culture, people, processes and tools to rapidly adapt and pivot to address transformation		

Performance Metrics

The IESO’s performance management program provides an important level of oversight for the organization and its stakeholders, and helps to ensure accountability and course correction, as needed. Measures and targets have been revised to align with the IESO’s refreshed strategy and the 2023-2025 Business Plan, as shown below.

Performance Metrics

Strategic Alignment		Measure	Target			Measure Weight
			2023	2024	2025	
Outcomes	Drive and guide the evolution of the system to ensure long-term reliability Maintain affordability via competition and other mechanisms Effectively response to changes in policy and customer choices	1. Market renewal program delivery: total actual schedule key milestones complete percentage is within planned completion	80%	90%	100%	20%
		2. Maintaining resource adequacy: plans in place to ensure resource adequacy reliability standards are met for the next five years	100%	100%	100%	10%
		3. Resource adequacy procurement: number of supply offers in open and competitive mechanisms exceed the target capacity	20%	22%	24%	10%
		4. Enabling resources program delivery: percentage complete according to program plan	33%	44%	65%	10%
Enablers	Evolve the IESO’s culture enabled by people, tools and processes to promote a high-performing organization Effectively tell the IESO’s story to strengthen stakeholder and community connections	5. Employee pulse survey results for a specific annual engagement areas of focus	4% average increase	4% average increase	4% average increase	15%
		6. Effectiveness of stakeholder engagement actions through positive survey results (within -2% tolerance range)	80%	81%	82%	15%
Key Risk	Maintain vigilance on cyber security threats to the IESO and the system, and adapt as required	7. Cyber threat intelligence technology implementation	90%	92%	94%	10%
		8. Phishing metric trends	<5%	<4%	<3%	5%
		9. Determine pathway for assessment of appropriate regulatory instrument for system cyber risk mitigation (measure under development and substantially complete)	---	TBD	TBD	5%

Next Steps

If the 2023-2025 Business Plan is approved by the Minister of Energy, the IESO 2023-2025 Revenue Requirement Submission will be filed with the Ontario Energy Board.