

Report of the IESO Consumer Forum 2008



Power to Ontario. On Demand.

Purpose of the IESO Consumer Forum

The IESO's Consumer Forum is a broad and inclusive framework that comprises all consumer-facing programs, initiatives and activities.

The forum's Terms of Reference were developed with input provided from a cross-section of electricity consumers including representatives from large and small industrial, commercial, agricultural, residential and public service sectors.

Overall objectives of the programs and activities under the Consumer Forum include:

- To promote awareness among electricity consumers in Ontario about electricity sector issues and the IESO's plans and activities to address such issues;
- To create an environment conducive to learning the issues, discussing efforts to address the issues and identifying the potential impacts on consumers;
- To help electricity consumers in Ontario provide feedback and input into the IESO's plans and activities; and
- To provide consumer representatives on the Stakeholder Advisory Committee with a mechanism for more efficiently and effectively gathering consumer input.

The IESO will report on its consumer-focused activities on an annual basis. This first report focuses on activities and initiatives undertaken in 2008 to meet the broad objectives described above. Activities were targeted at three main groups of consumers: large-volume market participants, mid-sized customers that pay the market price and low-volume residential and small business.



Engagement with Large-Volume Customers

Market Participants

Stakeholder Engagement

Stakeholder engagement is an integral part of the IESO decision-making process. The IESO's stakeholder engagement process provides an opportunity for stakeholders – individuals or organizations with an interest in or concern about the IESO's business – to provide input and feedback about a proposed decision or market rule change.

The IESO is committed to open, two-way dialogue with stakeholders to help understand and resolve issues in a way that benefits both stakeholders and the province's electricity system. The building block for this approach is the development of a stakeholder engagement plan that specifies the steps of consultation and the roles and responsibilities of the IESO and affected stakeholders.

The engagement process is organized mainly around two broad decision-making categories: market evolution and major operational change. It is designed to ensure that those affected by a change will be given the opportunity to provide input to the decision before it is made and to ensure that the process is transparent, efficient and consistent.

Large-volume consumers have considerable impact on demand for electricity in Ontario and on the operation of the electricity market. The IESO made a special effort to engage consumers in several stakeholder initiatives in 2008. These initiatives include the following:

- **Day-Ahead Market Evolution**, which gathered input from stakeholders on the design of a Day-Ahead Market (DAM) in Ontario. As part of this consultation, the IESO engaged researchers from a prominent Ontario university to facilitate group meetings with commercial, industrial and public sector consumers to assess the potential for a DAM, and to gauge the price responsiveness of these three different consumer segments in support of a broad-based cost-benefit analysis. Participants included representatives from large retail and grocery chains, municipalities, universities, school boards, and large commercial property owners/managers. Later in the year, the IESO met with a small group of consumers to discuss how dispatchable loads might be affected by the move from the current Day-Ahead Commitment Process (DACP) to the Enhanced Day-Ahead Commitment Process (EDAC).
- **Day-Ahead Forecast of Real-time Prices**, which explored the viability and merits of establishing a day-ahead forecast of real-time prices. As part of this consultation, the IESO involved a number of large-volume electricity consumers whose operations were likely to be affected by the implementation of a price forecast. These consumers played an integral role in the development of a meaningful, effective forecast model, which was launched in July 2008. By providing more accurate price signals, the Day-Ahead Price Forecast enables consumers to better manage their electricity consumption and costs by shifting or reducing some of their electricity use.



On the IESO's market education program:

“The IESO was extremely supportive of our project and provided valuable information regarding the market as well as key contacts at other agencies that could assist with funding and implementation. The IESO provides key electricity information that can be utilized by a novice yet also assist a seasoned engineer. As our energy cooperative progresses through the various stages, the IESO will remain a valued resource and partner.”

Tim Prokopetz, Manager of Purchasing, Timmins and District Hospital



Large-volume consumers including dispatchable loads regularly contribute to IESO planning and decision-making by participating on working groups and standing committees.

The Market Pricing Working Group provides a forum where market participants and other stakeholders can raise and discuss issues related to price determination in the IESO-administered markets. Issues explored in 2008 include peak vs. average pre-dispatch demand forecast, control action operating reserve, intertie transactions setting real-time prices, operational issues such as surplus baseload generation and locational pricing for intertie transactions, among others.

The Revenue Metering Standing Committee works with industry representatives to ensure suitable revenue metering for the IESO-administered market. The team's areas of review include metering hardware, site-specific loss adjustments, validating, estimating and editing (VEE), metering data communications, meter data ownership and security. Issues explored in 2008 include meter seal expiry, rate changes, wholesale metering performance, legislative changes affecting Measurement Canada, and proposed changes to end-to-end testing, among others.

The IESO takes its relationship with market participants very seriously. One of the most important tools to help the IESO gauge its performance on customer-facing initiatives is the annual Customer Satisfaction Survey, which integrates qualitative and quantitative research techniques. According to the 2008 survey, 87 per cent of market participants think the IESO does a good job in ensuring that customers are well informed and receive information when they need it. Furthermore, 75 per cent of respondents consider the IESO's products "must-reads" in the industry.

The IESO continues to enjoy high rankings on the products and services that it provides market participants. On a scale from 1 to 10, with 1 being the lowest (or does not meet needs), and 10 being the highest (or fully meets needs), respondents were asked to rank the IESO's products and services. Respondents ranked their responses at an 8 or higher in the following categories:

- 53 per cent of respondents – managing customer and stakeholder issues and needs
- 67 per cent of respondents – providing easy and timely access to market data
- 62 per cent of respondents – providing timely and informative communications and publications

Engagement with Market Rate Consumers Public Sector, Business and Industry

The IESO's market education program takes a broad-based and sector-specific approach to ensuring electricity users understand the nature of Ontario's electricity system and market. Education efforts have focused on three priority areas:

- Demonstrating how customer actions can contribute to system reliability and benefit the environment
- Creating an understanding of how the wholesale electricity market works
- Empowering customers exposed to the market price to better manage their electricity costs

Public Sector

One of the program's key priorities for 2008 was to work with Ontario's public sector and other designated customers, who will move from paying a fixed rate for electricity under the regulated price plan (RPP) to the market or hourly price on May 1, 2009.

Large groups of consumers are impacted by the shift including municipalities, universities, colleges, schools and hospitals and other publicly funded facilities such as hostels, libraries, seniors centres and retirement homes, registered charities, cultural institutions (i.e., museums, art galleries and other attractions) and long-term healthcare centres.

Research has demonstrated the public sector is already quite sophisticated in its approach to energy management tools and techniques.

The communications strategy underpinning the market education program for 2008 was broad and all-encompassing. It used a variety of approaches and channels to ensure maximum effectiveness, including workshops; conferences, speeches and meetings; research; fact sheets, profiles and case studies; publications; direct correspondence; and advertising.

**THE IESO WORKED CLOSELY WITH PUBLIC
SECTOR ORGANIZATIONS TO HELP THEM
UNDERSTAND THE IMPLICATIONS OF AN
IMPENDING RATE CHANGE.**





THROUGH THE IESO'S MARKET EDUCATION PROGRAM, ELECTRICITY CONSUMERS IN ONTARIO RECEIVE SECTOR-SPECIFIC INFORMATION ABOUT MARKET PRICING, ENERGY MANAGEMENT, AVAILABLE INCENTIVES AND LOAD SHIFTING.

Partnerships are at the heart of the IESO's approach to market education. The IESO has worked in lockstep with public sector-facing trade and industry associations including, among others:

- Ontario Hospital Association (OHA)
- Association of Municipalities of Ontario (AMO) / Rural Ontario Municipal Association (ROMA)
- Toronto Region Conservation Association (TRCA)
- Ontario Small Urban Municipalities (OSUM)
- Federation of Northern Municipalities (FONOM)
- Ontario Good Roads Association (OGRA)
- Ontario Association of Non-Profit Homes and Services for Seniors (OANHSS)
- Association of Municipal Managers, Clerks and Treasurers of Ontario (AMCTO)
- Colleges Ontario
- Consortium of School Boards
- Ontario Association of Physical Plant Administrators (OAPPA, Energy Division)

An online survey of 249 members of the Association of Municipalities of Ontario (AMO) undertaken in September 2008 demonstrates the IESO's public sector market education program is well received and informative. In total, 94 per cent of respondents indicated the sessions had increased their level of understanding of how municipalities can control their electricity costs, 87 per cent indicated their level of knowledge of the electricity market and hourly pricing had increased, and 94 per cent of respondents indicated they would recommend these educational sessions to their colleagues. Furthermore, attendees were more likely to make significant capital expenditures on electricity management.

Business and Industry (B&I)

In addition to helping public sector organizations prepare for the shift to hourly pricing, the IESO continued its active role in market education efforts aimed at commercial and industrial electricity users that consume more than 250,000 kilowatt-hours (kWh) per year.

By working in tandem with various government agencies and associations, the IESO has been able to reach a highly targeted group of business customers. In partnership with Natural Resources Canada (NRCAN) and the Ministry of Small Business and Consumer Services (MSBCS), for instance, the IESO co-hosted a well-received series of workshops entitled, respectively, “The Bottom Line on Energy Management,” “Cashing in on Energy Savings,” and “Dollars to Sense,” which provide attendees with practical advice on the design and implementation of energy management strategies.

In an effort to best serve the sector-specific information needs of Ontario’s large-volume electricity consumers, the IESO also partnered with organizations in 2008 such as the Alliance of Ontario Food Processors (AOFPP); the Greater Toronto Hotel Association (GTHA); the Canadian Manufacturers and Exporters (CME); the Ontario Chamber of Commerce (OCC); and the Toronto Board of Trade. The information provided to members of these organizations was well researched and highly targeted, allowing recipients to take the information provided and apply it easily and effectively to their own operations and facilities.

Over the course of 12 months, the IESO participated in 86 events with public sector and business consumers. These events comprised 14 trade shows, seven conference presentations, 21 information meetings, 20 presentations and 24 workshops. The events attracted 20,538 customers and the IESO held in-depth dialogues with 3,463 attendees.

DIFFERENT INDUSTRY SECTORS HAVE DIFFERENT INFORMATION NEEDS, WHICH HAS PROMPTED THE IESO TO TAKE A HIGHLY TARGETED APPROACH TO ITS MARKET EDUCATION INITIATIVES.



Consumer Breakfast Series

In spring 2008, the IESO launched its Consumer Breakfast Series as a way to connect with small and mid-sized industrial and commercial electricity consumers in Ontario. Ten events took place in communities across the province, and total attendance exceeded 300, with representation ranging from some of Ontario's largest manufacturing companies to small, family-run enterprises.

Run in coordination with local distribution companies (LDCs), the breakfast events provided an excellent opportunity for the IESO to help this particular market segment understand the nature of Ontario's electricity sector. Designed to be intimate and informal so as to encourage open, active and candid dialogue, the breakfast events attracted a broad range of attendees at all organizational levels – from the executive floor to the shop floor.

The IESO succeeded in reaching a broad range of industries and sectors, including automotive, petrochemical, pharmaceutical, oil and gas, retail, electronics, steel, healthcare, construction, academia, food products, and grocery operations, among many others.

“This was a really well organized presentation and I quite enjoyed it.”

John Saunders, Collins & Aikman,
Ajax Consumer Breakfast

“Seminars like this one are very informative.”

Anonymous,
Waterloo Consumer Breakfast

“The presentations were very helpful.”

René Brown, Chrysler,
Windsor Consumer Breakfast

“The breakfast covered clear, interesting topics... very good.”

Rhett Westwater, Apotex Pharmachem Inc.,
Brantford Consumer Breakfast

To help registrants gain a broad and comprehensive understanding of energy issues, presentations covered a range of areas, including the structure of the industry; wholesale market dynamics; the Hourly Ontario Energy Price (HOEP) and other price options; energy management techniques; cost-saving opportunities; LDC investments in distribution system infrastructure; regulatory issues; financial incentives like the Electricity Retrofit Incentive Program (ERIP); load-shifting; conservation and demand management; and the development of a smart grid in Ontario.

Every effort was made to ensure the presentations were tailored to the needs of this particular group, and provided tangible, realistic ways to manage – and reduce – overall electricity consumption. Feedback from attendees was extremely positive. Results from completed questionnaires indicates over 95 per cent of attendees said they had a better understanding of Ontario's electricity industry and the information provided in the presentations was useful.

LDC partners also stated the Consumer Breakfast Series offered them a unique and unparalleled opportunity to meet with some of their key accounts and share information that could help industrial and commercial electricity consumers reduce their electricity spending – an important value-added service for the IESO's market participants in these challenging economic times.

In the interest of reaching the greatest number of end-users, the IESO plans to continue the series throughout 2009 and work with LDCs to reach communities in other parts of the province.

Engagement with Low-Volume Consumers

Residential and General

Smart Meter Communications

As part of the Smart Meter System Implementation Program, the IESO worked in partnership with the Ministry of Energy and Infrastructure and LDCs to develop a pilot communications program for the implementation of time-of-use (TOU) electricity rates. This multi-channel communications and marketing program was targeted to customers of the first two LDCs to transition to TOU – Milton Hydro and Newmarket Hydro – to help them understand the implications and opportunities afforded by TOU rates.

Research was an integral part of this project, and provided baseline data from which to measure changes in consumer awareness, opinion and behaviour. The IESO undertook focus groups and telephone surveys to gauge residential consumers' understanding of the impact of TOU rates, and the opportunity they present to manage consumption and costs by shifting usage to off-peak times.

Several communications products were developed and tested as part of the pilot project:

Time-of-Use Chart: A user-friendly new graphic, based on a weekly calendar, provides an easy-to-understand visual to depict TOU periods. This graphic tested extremely well and has become the standard used for all provincial communications material to explain TOU rates and periods. In a survey of Milton Hydro customers, half of the respondents indicated they were using the TOU price calendar provided by the LDC and the IESO and, as a result, were more than three times more likely to recall the times when electricity is cheapest.

Reusable Stickers: A series of reusable stickers to highlight the weekly calendar graphic provides another way to reinforce – in a simple and consistent way – the time periods associated with TOU rates. Research undertaken with customers of Milton Hydro shows that consumers who used this sticker in their homes had a significantly higher recall rate of the start time for off-peak hours, when electricity is at its cheapest.

REPRESENTATIVES OF ONTARIO'S ELECTRICITY SECTOR HAVE WORKED TOGETHER TO DEVELOP EASY-TO-UNDERSTAND COMMUNICATIONS MATERIAL TO EXPLAIN TIME-OF-USE RATES.



AN INTEGRATED MARKETING AND ADVERTISING CAMPAIGN WAS TARGETED AT CUSTOMERS OF THE FIRST TWO UTILITIES TO SWITCH TO TIME-OF-USE PRICING.



Advertising: Two advertising approaches were developed and run in Newmarket and Milton. These multidimensional campaigns included ads in The Milton Champion, The Newmarket Era Banner, www.theweathernetwork.com (Newmarket users only), www.thestar.com (Newmarket users only), www.yorkregion.com, GO train stations in Milton and Newmarket, and Newmarket bus shelters.

10 Smart Meter Lane: An interactive tool was launched to show the cost of running various household appliances at different times of the day (and in different TOU price periods). “10 Smart Meter Lane” is posted on the IESO website and can be accessed through a number of LDC sites, with more anticipated over the next year.

Educational Content: Supporting educational material about smart meters and TOU rates was developed and integrated into fact sheets posted on the IESO website.

Small Business: The IESO conducted audits and research to develop communications material targeted to small business consumers. This information has been used to create a brochure developed by the Ministry of Energy and Infrastructure.

Outreach: The IESO has also partnered with LDCs to support community events intended to help local residents understand the impact and role of smart meters. Events included:

- Hydro One's booth at the 2008 International Plowing Match
- Newmarket Hydro's booth at the 2008 Newmarket Home Show
- Newmarket-Tay Hydro's two town hall meetings on smart meters
- Milton Hydro's community meeting for seniors

The pilot communications project has proven to be very successful by engaging consumers on a variety of levels, and through a variety of communications channels and products, to ensure maximum effectiveness. The project has helped to provide the industry with a better understanding of how to communicate with low-volume electricity users in Ontario about the concept of variable prices. The communications roll-out in each community was designed to secure consumer insights to support the creation of a broader provincial campaign.

The IESO is also an active participant on the Ministry's TOU implementation communications sub-committee, which also includes the Electricity Distributors Association (EDA), the Ontario Energy Board (OEB) and members of the Coalition of Large Distributors (CLD).



THE INTERACTIVE HOUSE IS A POWERFUL ONLINE TOOL THAT ALLOWS USERS TO CALCULATE THE COSTS OF RUNNING STANDARD HOUSEHOLD APPLIANCES AT DIFFERENT TIMES OF THE DAY.

General Outreach

The IESO's Consumer Outreach Program is a broad-based and proactive initiative specifically designed to engage the general electricity consumer population. Its activities complement, rather than duplicate, existing stakeholder engagement mechanisms.

The overarching objective of the program is to raise consumers' awareness of the opportunities and challenges facing Ontario's electricity sector. Activities typically include speaking engagements, meetings, conferences and other presentations. The program is also intended to facilitate open and positive discussion between interested consumers and the IESO. The scope of planned activities is large enough to accommodate various levels of interest and knowledge.

Early in 2008, the IESO started to work with Probus, a not-for-profit global organization of retired professionals (Pro) and business people (bus). Affiliated with Rotary International, Probus Clubs are organizations for men and women who have retired from their jobs but want to maintain a social and intellectual network in their respective communities.

The IESO made several well-received presentations to Probus Club members in 2008, and looks forward to addressing clubs in other parts of the province in 2009.

Chambers of Commerce and Boards of Trade are another important audience for the IESO as their membership typically comprises local and regional businesses, many of which are significant consumers of electricity.

Senior executives from the IESO made presentations to the Greater Sudbury Chamber of Commerce and the Timmins Chamber of Commerce in 2008, which provided an excellent opportunity to reach representatives from energy-intensive industries including mining and forestry, among others. Presentations covered a number of areas including energy management and cost control, and both sessions were followed by lively and engaged question-and-answer sessions.

Summary

Building on its existing outreach and education efforts, the IESO has made a concerted effort to broaden and expand its interactions with end-use electricity consumers in Ontario in an effort to help them understand the system, the market and their impact on customer operations. As outlined on the following page, the IESO has met the objectives of the Consumer Forum for 2008 but remains committed to intensifying and refining its market education efforts in the months and years to come.

Findings and Recommendations of the IESO Consumer Forum (2008)

Findings:

- Education and engagement efforts are having a positive impact with partners and end-use customers.
- The IESO's understanding of the needs, interests and priorities of different consumer segments has grown considerably. This understanding has led to more effective, targeted, segment-specific communications products and approaches.
- Most business and residential consumers are receptive to basic information about the electricity market and opportunities to manage cost. Most do not have the time to engage in a dialogue about IESO-led changes to market and system operations.
- Most public sector organizations are prepared for the move to market prices and have a sophisticated approach to managing electricity use and costs.
- Consumer participants in IESO stakeholder engagement initiatives feel their input is valued, and their opinions are taken into consideration for decision making.

Recommendations

- That the IESO partner with other industry stakeholders to broaden and enhance its outreach to low-volume consumers to extend awareness of the changes taking place in Ontario's electricity system and their potential impacts
- That the IESO leverage new and existing online information products to communicate to large-volume consumers the direct and immediate impacts of market operations and outcomes on their business
- That the IESO work in coordination with its partners to prepare consumers for changes to rate structures (i.e., the MUSH transition to hourly prices, and the residential shift to time-of-use rates) through active, timely and appropriate communications efforts
- That the IESO encourage and support further input from consumers through all appropriate channels
- That the IESO continue to research and communicate how market operations and market outcomes impact different consumer segments

**The Independent Electricity
System Operator**

(IESO) is a not-for-profit entity that manages the province's power system so that Ontarians receive power when and where they need it. Ontario's IESO balances demand for electricity against available supply through the wholesale market and directs the flow of electricity across the transmission system.

Tel.: 905-403-6900

Toll-Free: 1-888-448-7777

Fax: 905-403-6921

E-mail: customer.relations@ieso.ca

www.ieso.ca



Power to Ontario. On Demand.