



Order in Council Décret

On the recommendation of the undersigned,
the Lieutenant Governor, by and with the
advice and concurrence of the Executive
Council, orders that:

Sur la recommandation du soussigné, le
lieutenant-gouverneur, sur l'avis et avec
le consentement du Conseil des
ministres, décrète ce qui suit:

WHEREAS the Minister of Energy has, with the approval of the Lieutenant Governor in Council, issued the Long-Term Energy Plan, 2017 setting out and balancing the Government of Ontario's goals and objectives respecting energy for the period specified by the plan;

AND WHEREAS the Minister of Energy may, with the approval of the Lieutenant Governor in Council, issue a directive to the Independent Electricity System Operator (IESO) pursuant to subsection 25.30 (1) of the *Electricity Act, 1998* setting out the Government of Ontario's requirements respecting the implementation of the Long-Term Energy Plan, 2017 by the IESO and any other related requirements, and the date by which the IESO must submit an implementation plan to the Minister;

NOW THEREFORE the Directive attached hereto is approved.

ATTENDU QUE ... [translation]

ET ATTENDU QUE ... [translation]

POUR CES MOTIFS, la directive jointe aux présentes est approuvée.

Recommended: Minister of Energy
Recommandé par: Ministre de l'Énergie

Concurred: Chair of Cabinet

Appuyé par: Le président/la présidente du Conseil des ministres

Approved and Ordered:

Approuvé et décrété le:

Lieutenant Governor
La lieutenant-gouverneure

MINISTER'S DIRECTIVE

TO: THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR

I, Glenn Thibeault, Minister of Energy, hereby direct the Independent Electricity System Operator ("IESO") pursuant to section 25.30 (1) of the *Electricity Act, 1998*, as follows:

The IESO shall submit to me by no later than December 31, 2017, an implementation plan containing an outline of the steps that the IESO intends to take to implement the goals and objectives set out in the Long-Term Energy Plan, 2017.. The plan shall reflect the content of the relevant chapters of the Long Term Energy Plan, 2017 and include steps to implement the policy reviews, processes and programs enumerated below.

The implementation plan should also include how the IESO will engage with the public, Indigenous communities and stakeholders including electricity transmission and distribution companies and large power consumers on the policy reviews, processes and programs enumerated below.

1. Supporting Indigenous Capacity and Leadership

With respect to the Government of Ontario's objective of supporting local opportunities in the electricity sector for Indigenous communities and improving the availability of conservation programs for Indigenous consumers, the IESO shall:

- 1.1 Review and propose options to improve energy support programs currently offered by IESO to Indigenous communities and organizations, with the objective of better aligning programs with community needs and interests. Options proposed shall include activities related to the implementation of community energy plans and be informed by engagement with Indigenous communities.
- 1.2 Prepare a report on options to improve conservation programs, and access to programs, for First Nations and Métis, including communities served by Independent Power Authorities. This report will include an assessment of existing programs offered under the Conservation First Framework (CFF) and the Demand Side Management (DSM) Framework, as well as energy support programs. The report timing shall be aligned with the Mid-Term Review of the

CFF and be informed by engagement with Indigenous communities and organizations.

2. Encouraging an Innovative Sector

With respect to the Government of Ontario's objectives of modernizing the energy system and removing barriers to innovation, the IESO shall:

- 2.1 Undertake an assessment of the impacts on the electricity system of increased net metering. The assessment shall consider the technical and economic constraints on the electricity system that affect net metering deployment and identify opportunities to enhance the local and system value of distributed energy resources through net metering.
- 2.2 Work with the Ministry of Energy to develop a program to support the deployment of innovative distributed energy resource projects, including near-term virtual net-metering demonstration projects. The program shall be administered by IESO, and will inform future grid modernization and net metering policies, support grid interoperability and be aligned with market renewal.
- 2.3 In coordination with the Ontario Energy Board, review market rules, industry codes, and regulations, in order to identify potential obstacles to fair competition for energy storage with other technologies in the delivery of services and, where appropriate, propose mitigation strategies.

3. Delivering a Flexible and Efficient System

With respect to the Government of Ontario's objectives of ensuring a flexible energy system delivering efficiency and value to consumers, enhancing reliability, recognizing regional priorities and ensuring public engagement in the electricity sector, the IESO shall:

- 3.1 Develop a formal integrated bulk system planning process that ensures solutions are identified transparently as needs materialize. The process shall also include a coordinated, cost-effective, long-term approach to replacing transmission assets at end of life, in order to better align investments with power system and market conditions and needs, including with respect to

system operability and resilience, integration of distributed energy resources and customer reliability. In doing so, the IESO shall request information, as required, from transmission asset owners.

3.2 Develop a competitive transmitter selection or transmission procurement process that is transparent, efficient and able to respond to changing policy, market and system needs. In addition to other details the IESO considers appropriate, the IESO shall include the following in its implementation plan:

- identification of specific pilot projects, if any are suitable, to be selected based on the suitability of their scale, scope and need timeframe for a competitive selection or procurement process;
- an implementation strategy including milestone dates and key objectives taking into consideration competitive tension, transparency, Indigenous community participation in the sector and other factors the IESO considers relevant;
- consideration of the option of a tiered process scaled to the complexity of project; and
- identification of potential amendments to statutes, regulations, policies or programs that would support the implementation of the proposed transmitter selection or procurement processes.

3.3 Review and report on the regional planning process, taking into account lessons learned, and provide options and recommendations. The IESO may use existing processes and working groups in its review and consult stakeholders and experts, and, in addition to other details the IESO considers appropriate, shall:

- identify barriers to the implementation of cost effective non-wires solutions such as conservation and demand management and distributed energy resources, and provide options to address any such barriers, including potential legislative or regulatory changes, as well as options to address local distribution company capacity;

- propose approaches for improving the integration of regional planning with bulk system, distribution and community energy planning, and approaches to ensure alignment with market-based approaches;
 - include consideration of improved planning for replacement of transmission assets reaching end of life; and
 - propose approaches for streamlining the regional planning process.
- 3.4 Review and report on its technical criteria used to assess customer reliability in order to identify and evaluate options for local area enhancements. In addition to other details the IESO considers appropriate, the IESO shall consider potential improvements to customer load restoration criteria, including in remote areas, and the cost and funding of any proposed changes including impacts on electricity consumers, distribution and transmission utilities and other stakeholders.