

Memorandum

To: THE BOARD OF DIRECTORS
of the Independent Electricity System Operator

From: Alexander De Angelis
Manager, Enterprise Risk & Corporate Performance

Date: August 30, 2017

Re: Enterprise Risk Update

The Board of Directors (“board”) requested to be more engaged in enterprise risk management (ERM) discussions to better understand the risks, risk landscape and mitigating actions and to provide input. This memo and supporting information is intended to address this request by providing a current view on key facets of the IESO’s ERM program.

Presented in this update are the following:

1. Risk heat map based on the May 2017 enterprise risk assessment
2. Seven key risks identified for inclusion in the 2018-2020 business plan
3. Key risk trend explaining the change in key risks from 2016 to 2017
4. Updates on key risks relating to [REDACTED] Ontario Fair Hydro Plan and [REDACTED]
[REDACTED]
5. Updates on select emerging risks including [REDACTED]
[REDACTED]

Risk Heat Map

The attached includes a risk heat map that depicts the likelihood and impact placement of 87 enterprise risks that were assessed in May 2017. Of these 87 risks, seven were deemed to be key through discussions with the Corporate Risk Team and the Executive Leadership Team.

A second, condensed enterprise risk assessment will take place in Q3 2017 that will determine if any additional key risks will be identified given the changes in the risk environment, including a potential strategy update, since the first assessment in May.

Key Risks

The preliminary key risks identified for the 2018 - 2020 business plan, as determined via the May 2017 enterprise risk assessment discussed above, are as follows:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

7. The structure proposed for the Ontario Fair Hydro Plan fails, either in whole or in part

Key Risk Trend

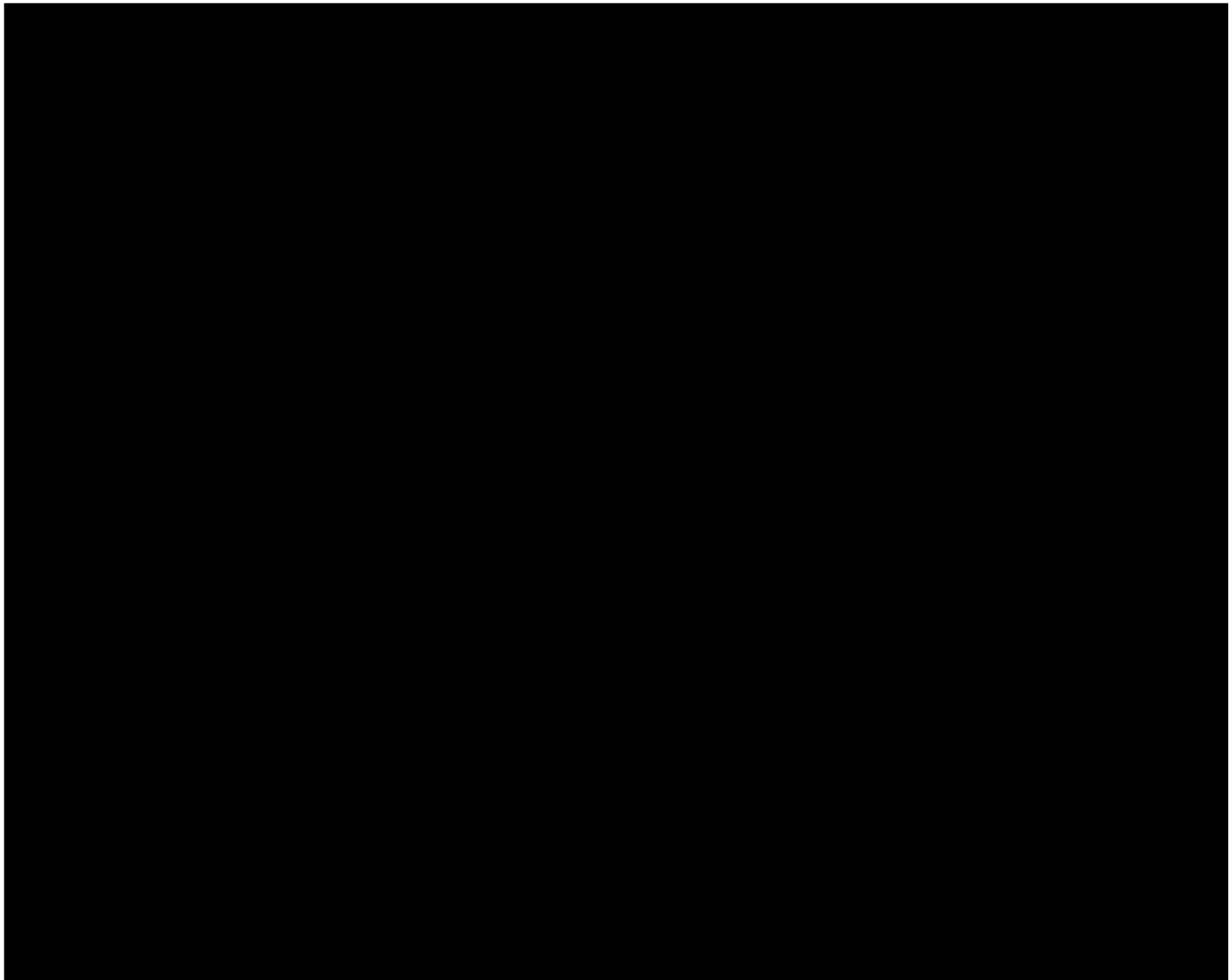
Included in the attachments is a key risk trend analysis that discusses the effectiveness of mitigation plan execution and accounts for the changes, or lack thereof, to the key risks from 2016 to 2017. Two upward trending risks relate to [REDACTED] and secondly, the structure of the Ontario Fair Hydro Plan as they are new risks to the IESO in 2017, while a key risk [REDACTED]

Key Risk Update

Detailed updates were requested on the key risks related to [REDACTED] Ontario Fair Hydro Plan and [REDACTED]

- **Ontario Fair Hydro Plan** – the risk register of items related to FHP remains substantially unchanged.

Emerging Risk Update



Alexander DeAngelis

Initials

Enc Heat Map - May 2017 Risk Assessment
 Key Risk Trend Analysis

Cc: IESO Records