Minutes of Meeting
of the Board of Directors
of the Independent Electricity System Operator

March 1, 2017, 8:30 a.m.

16th Floor Boardroom, 120 Adelaide Street West, Toronto, Ontario

Attendees:
Tim O'Neill, Chair
Bruce Campbell
Cynthia Chaplin
Murray Elston *(by conference call)*
Susanna Han
Margaret Kelch
Deborah Whale
Carole Workman

Regrets:
N/A

Members of Staff in Attendance:

John Rattray
Michael Lyle *(portion of meeting)*
JoAnne Butler *(portion of meeting)*
Doug Thomas*(portion of meeting)*
Len Kula *(portion of meeting)*
Terry Young *(portion of meeting)*
Glenn McDonald *(portion of meeting)*
Susan Harrison *(portion of meeting)*
Shawn Cronkwright *(portion of meeting)*
Barbara Ellard *(portion of meeting)*
Bob Chow *(portion of meeting)*
George Pessione *(portion of meeting)*
Alexandra Campbell *(portion of meeting)*
Andrew Pietrewicz *(portion of meeting)*
Joe Toneguzzo *(portion of meeting)*
Jordan Penic *(portion of meeting)*
Bashir Bhana *(portion of meeting)*
Len Johnson *(portion of meeting)*
Ioan Agavriloai *(portion of meeting)*
Ben Blakely *(portion of meeting)*
Shawn Marriott *(portion of meeting)*
Jason Hammerschmidt *(portion of meeting)*
Michael Killeavy *(portion of meeting)*
Julie Bedford *(portion of meeting)*
Corinna Bellomo *(portion of meeting)*
Salvatore Provvidenza *(portion of meeting)*
Katherine Sparkes *(portion of meeting)*

By Invitation

Brian Bentz, Stakeholder Advisory Committee

Minutes

Tim O'Neill chaired the meeting and Mr. John Rattray acted as Secretary.

Constitution of the Meeting

The Chair noted that due notice of the meeting had been given, a quorum of members of the Board of Directors were present, and that, accordingly, the meeting was duly and properly constituted.

Approval of the Proposed Agenda

The Chair reviewed the Agenda with the Board. The Agenda was found to be satisfactory and, on motion duly made and seconded, the following resolution was unanimously carried,

BE IT RESOLVED THAT the Agenda of items for consideration at this meeting of the Board of Directors is hereby approved.

Conflicts

The Chair enquired whether any Committee member had a conflict of interest to report. None were reported.

Approval of Minutes

The minutes of the meeting of the Board held on December 7, 2016 and Special Meetings of January 17, 2017 and January 30, 2017 had been provided to the Directors for review prior to the meeting. On motion duly made and seconded, the following resolution was unanimously carried,

BE IT RESOLVED THAT the Minutes of the Meetings of the Board of Directors of the Independent Electricity System Operator held on December 7, 2016 and the Special Meetings held on January 17, 2017 and January 30, 2017 are hereby approved.

[redacted]

Report of the CEO

In addition to Mr. Bruce Campbell's written report, which had been provided to each Director for review prior to the meeting, Mr. Campbell updated the Board regarding media coverage of the rate mitigation proposals of the government and NDP; [redacted] Mr. Campbell noted that background materials on Accounting Policies and Regulatory Assets had been posted for the Board's review on Boardbooks. [redacted]

[redacted]

In closing Mr. Campbell updated the Board regarding the status and broad scope of the Auditor General, value for money IT Audit. The Board questioned Mr. Campbell about the input provided by management regarding the IESO's role in rate mitigation.

Report of the Audit Committee

Ms. Carole Workman, on behalf of the Audit Committee, reported on the agenda items considered by the Audit Committee:

Accounting Policy and Financial Statements

Ms. Workman summarized the background to the review of accounting principles undertaken by management and KPMG, describing the proposal to amend the accounting policies of the company to record market accounts assets and liabilities on the IESO balance sheet and adopt regulated accounting principles. Ms. Workman advised that the Audit Committee had requested management undertake further analysis of the implications of the proposed change and consult with the government, including the provincial controller, and report back at a special meeting of the Audit Committee. This further report will be supplemental to the materials posted by Mr. Campbell. Ms. Workman also reported on the discussions with the auditors regarding the draft 2016 financial statements, including the potential impact of amending the accounting policies. She advised that the Audit Committee deferred approval of the financial statements pending the Board's consideration of the proposal to amend the accounting policies.

The Board considered the proposed revisions to the accounting policies and the approval of the Corporation's financial statements. The Board indicated its support for the proposed revisions, subject to the Audit Committee being satisfied that management's further analysis, consultation and report to the Audit Committee did not identify significant issues. Following discussion, the Board indicated that it was satisfied with the recommendations to delegate to the Audit Committee, the authority to approve amendments to the accounting policies and approval of the financial statements, subject to the Audit Committee being satisfied that no significant issues were identified and, on motion duly made and seconded, the following resolution was unanimously carried,

BE IT RESOLVED THAT the Board of the Independent Electricity System Operator ("IESO") delegate authority to the Audit Committee of the IESO to consider and approve on behalf of the Board, or refer back to the Board for further consideration as appropriate:

- amendments to the accounting policies of the IESO; and
- the financial statements of the corporation.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Rate Mitigation

Mr. Campbell reported to the Board on the anticipated elements of a government rate mitigation initiative and the resultant implications for the IESO. The Board questioned management as to the impact on the Conservation First Framework, and the role of LDC's and governance concerns regarding the role of government.

[redacted]

[redacted]

Conservation Update Including Greenbank

Ms. Katherine Sparkes joined the meeting.

An Agenda Item Summary titled "Conservation Update" and a presentation titled "Conservation – Update Presentation to IESO Board of Directors", both dated March 1, 2017, had been provided to the Board for review prior to the meeting. Mr. Terry Young reviewed highlights of the presentation and described progress under the Conservation First Framework; the direction to the IESO to offer provincial programs where LDCs were not doing so, and the resultant requirement that the IESO get back into the design and delivery of programs; the potential impact of rate mitigation, and marketing efforts. [redacted]