

Strategic Planning Process: Environmental Scan

Government Affairs and Issues Management

March 3, 2016

Confidential



Purpose

- To provide an overview of the energy policy environment over the next year and how it will impact the IESO.
- **IESO Goal:** Be recognized as a trusted advisor, informed by engagement
 - work effectively with government to support policy development and IESO's excellence in implementation

Context

- The IESO's business will be impacted by the outcome of the June 7, 2018 election and the political decisions made throughout the campaign leading up to that date.
- The government will announce its rate mitigation plan imminently. Public/media response to this announcement and subsequent opposition posturing may frame political electricity discussions leading up to the election.
- Increased attention on electricity issues will result in more scrutiny of the IESO's business, both from opposition and from the government. The government may increase involvement and awareness of IESO business to maintain message control and manage potential issues.
- This may include the politicization of Market Renewal – this will require ongoing reinforcement of the value of markets through its communications, and effective stakeholder engagement.

Context Cont'd

- The Long-Term Energy Plan (LTEP) development is underway and the final product will serve as a policy and political document and may result in new roles, responsibilities or targets for the IESO.
- Recent signals from the Minister (Feb. 24) suggest a more market-driven and technology agnostic approach to sector.
- The LTEP implementation plan may provide an opportunity for the IESO to determine the role it envisions for itself with respect to implementing government policy in the coming years.
- The NDP has made clear its opposition to the sale of Hydro One, its support for a Single Trading Entity, and recently signalled its preference of public-owned power over private owned power.
- The PCs have said they would aim to repeal the Green Energy Act, explore cancelling current power contracts, and replace cap and trade.

What this means for the IESO

- Ongoing awareness of the current governance structure
 - 13 directives post-merger, can reasonably expect more, even if government signals a more 'hands off' approach
- An increase in requests and briefings
 - be prepared to respond, or be proactive and anticipate issues
- Communications and public facing materials will be scrutinized, and review could affect our internal timelines
- Still opportunity to advance IESO initiatives and be a trusted advisor, but be aware of policy environment
 - cost efficiency measures, like market renewal;
 - retail initiatives will be appealing, like residential conservation;
 - build on OPO and be prepared to advise government in more detailed discussions for LTEP 2017
- Post-2018 election - ???