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<u>Outline for IESO Business Plan 2018-2020 Narrative</u>

Introductory letter from Peter Gregg

Context for business planning

- IESO operates within a complex and changing environment
- Reliability now and in the future remains a primary priority
- Demand remains flat
- Business plan operationalizes near-term 2018 activities required to achieve the IESO's Strategic Plan, also includes core mandate activities
- Maintain the 2017 RRS fee through 2018 - 2020
    - Also maintain merger synergies: decrease in annual costs of more than $5 million and additional efficiencies that will achieve annual savings of more than $10 million by 2018.

Strategic Plan Framework

- Strategic Plan was reviewed by Board in early 2017 and re-affirmed
- Organized around the IESO's strategic themes, and guided by its corporate vision, mission and values
- High level overview of strategic goals and objectives (include chart?)
- Engagement remains a priority – integral to IESO's decision-making process
- SAC has an important role to provide the IESO with input and feedback on proposed decisions or changes that affect all stakeholders.
- Will inform the development of annual business plans and enable a clear focus on priorities, success drivers and measures.

New initiatives

- Market renewal project proceeding
- Implementation of the Fair Hydro Plan (is this 2017 or 2018?)
- Support for Green On/OCCSDC
- LTEP Implementation plan
    - Transmission procurement if needed
- Enhancing the value of smart meter data

Financials

- Total operating expenses, including MRP, is expected to be at $192.5M or below.
- Challenges presented in managing budget in 2018 and beyond as increases in compensation and benefits outpace opportunities
- Capital envelope of $XX million to facilitate delivery of corporate priorities
    - Brief summary of major capital projects for 2018
- Staffing/headcount update
- Risk framework is in place, key areas of risk assessed with mitigation initiatives developed
- More detailed information available in following section

Market Renewal

- To address both energy and capacity issues while balancing emerging operability challenges

- Design, develop and implement a renewed market structure, addressing known market inefficiencies and laying the foundation for a more dynamic marketplace in the future.
- Update on progress to date – including stakeholder engagement
- Benefits case finalized
- Expected progress in 2018