

Government Affairs Update

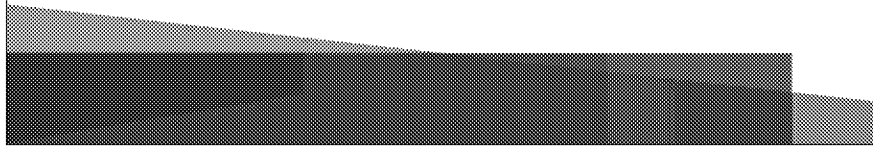
Presentation to Executive Leadership Team

September 11, 2017



Purpose

- Provide an overview of the Government Affairs group, the policy landscape and what it means for the sector and the IESO



Government Affairs at the IESO

- From the IESO's Strategic Plan
 - Goal: Be recognized as a trusted advisor, informed by engagement
 - Objective: Work effectively with government to support policy development and IESO's excellence in implementation
- Government Affairs meets about 20-30 times per month with government to inform, influence, and garner support for IESO initiatives
- Building and maintaining relationships is key
- Internal coordination required to understand organizational perspective on any given topic
- The political environment and what it might mean for the IESO in the months and years ahead is important context

Recent Political Developments

- Electricity prices was the dominant issue earlier in the year
- Fair Hydro Plan has reduced pressure on the electricity file
- Green Ontario Fund established
- New policies announced, including a minimum-wage increase, pharmacare expansion, housing affordability package, and increase in daycare spots

Polls show support for government policies, such as increase minimum wage, free tuition, fair hydro plan.
Personal popularity may not matter.
Polls not to be trusted, especially at this juncture – remember Brexit, Trump?

Opposition Hydro Platforms

- Pay Less. Own More. (NDP)
 - Buy back Hydro One
 - Eliminate mandatory TOU
 - Delivery charges to be more equal geographically
 - Full HST rebate
 - Expert panels and more public power
- ? (PC)
 - Plan expected to be released after November party convention, likely in the new year
 - Have said they would aim to repeal the Green Energy Act, explore cancelling current power contracts, and replace cap and trade.
- IESO engages with opposition parties to provide its perspective and build relationships

Looking Ahead

- Fall session of the legislature began today
- Issues management for government in the near-term
- Long-Term Energy Plan planned for second week of October
 - IESO advice and perspectives have been strongly represented within the LTEP



Document destruction trial has the potential to bring renewed attention not just to the Liberals' ethical issues, but also to their record on energy policy – the two aspects of their government they least want voters to be thinking about heading into the election.

Government expected to downplay LTEP, make electricity file a non-issue.

Looking Ahead

- Ongoing IESO role in Global Adjustment refinancing
- Executive Compensation Framework to be submitted to Ministry by Sept. 29, posted publicly for 30 days on IESO website once approved
- Ongoing discussions with Hydro Quebec
- FIT 5
- Green Ontario Fund
- LTEP and IESO Implementation Plan

GA refinancing: Comment on media attention, or lack of, as of the time of the presentation – issue may arise, continue, or intensify over time

Executive Compensation Framework: IESO's not expected to draw much attention

Quebec: Potential agreement would impact other IESO initiatives, including Market Renewal, and garner media and opposition attention

FIT 5: May fuel opposition parties accusations of unnecessary power agreements

Green Ontario Fund: Future program launches will attract attention; the extent to which the IESO is publicly associated with Green Ontario Fund may evolve

LTEP and IESO Implementation Plan: internal working group coordinating IESO perspective and starting to pull together plans for engagement, scope, and resource implications

2018 Election

- The IESO's business will be impacted by the outcome of the June 2018 election and the political decisions made throughout the campaign leading up to that date – but it's a bit too early to predict the outcome
- Attention on electricity issues has subsided, but government may still keep a close eye on IESO activities to maintain message control and manage potential issues
- IESO to be considerate of the lenses that will be applied to our initiatives, areas of focus of the government, when we advise and implement our initiatives
- We still have an opportunity to advance IESO initiatives. We just need to be aware of the political environment we're operating within.