

Ministry of Energy

Ministère de l'Énergie

Office of the Minister

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Office of the President & CEO
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Mr. Peter Gregg
President and CEO
Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto ON M5H 1T1

JUL 05 2017

**Independent Electricity
System Operator**

Dear Mr. Gregg: *Peter,*

I would like to offer my congratulations on, and welcome you to, your new role as President and CEO of the Independent Electricity System Operator (IESO).

I am confident that your experience in Ontario's electricity sector has prepared you well for this new challenge. Your leadership will be instrumental as we undertake multiple priorities in the year ahead.

Fair Hydro Plan

The IESO plays an important role in helping to deliver Ontario's Fair Hydro Plan, including facilitating financial transactions to deliver savings to Ontario consumers.

Over the last decade we have rebuilt our transmission and distribution grid, invested in clean generation and closed the last coal-fired power plant. Electricity prices have increased because our electricity system is being transformed – more than \$50 billion has been invested to modernize the system.

We have been making important investments in a cleaner and more reliable energy system, but these investments have led to higher electricity bills for consumers. We have heard from Ontarians across the province that the price of electricity has risen too quickly, which is why our government is moving forward with a plan that would ensure the costs are shared more fairly over the years ahead.

Ontario's Fair Hydro Plan will lower electricity bills by 25 per cent on average for residential consumers and hold increases to the rate of inflation for four years, and will offer initiatives to reduce costs for businesses.

We have consulted broadly with our agencies in developing the *Fair Hydro Act, 2017*, and look forward to continuing to work with the IESO to implement Ontario's Fair Hydro Plan, including the refinancing of a portion of the Global Adjustment to help relieve the burden on current ratepayers and share costs more fairly with future generations. Taken together, these changes will deliver the single largest reduction to electricity rates in Ontario's history.

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Long-Term Energy Plan (LTEP)

The Ontario Long-Term Energy Plan, to be released later in 2017, will put forward the government's vision and blueprint for the province's energy future. As Ontario's energy sector evolves and new technologies emerge, the IESO must continue to find innovative ways to continue to deliver superior reliability performance and address market inefficiencies. I will continue to look to the IESO as a trusted advisor and a key player in the implementation of the LTEP.

Market Renewal

As we continue to strive to reduce costs for Ontario ratepayers while meeting the long-term needs of our evolving electricity system, we look forward to continued progress on the IESO's ambitious Market Renewal Initiative to fundamentally redesign Ontario's electricity markets, ensuring our future electricity system is reliable, flexible and cost-effective.

We are confident that market renewal will result in a more efficient marketplace with competitive and transparent mechanisms that meet system needs at the lowest cost, while helping prepare Ontario for the future by creating a framework that can effectively incorporate new and emerging technologies. Market renewal has a critical role to play in bringing down the cost of electricity in the province as our electricity system continues to evolve.

Support to Ontario Climate Change Solutions Deployment Corporation

Since 2005, the IESO has developed considerable expertise and resources in the design, delivery and administration of conservation and energy efficiency programs. Through the 2015-2020 Conservation First Framework and Industrial Accelerator Program, customers in all sectors have access to a suite of programs that are helping them reduce their electricity use and manage their electricity costs, and that are contributing to Ontario's clean, low-carbon electricity system.

I have been pleased to see the IESO's conservation expertise and resources being leveraged to support initial program development, as well as online and customer support services for the Ontario Climate Change Solutions Deployment Corporation (OCCSDC), a key initiative under Ontario's 2016-2020 Climate Change Action Plan. The IESO has an important role to play in supporting the implementation of OCCSDC programs in a way that builds on the success of the province's existing energy efficiency programs.

Ongoing collaboration will be important to maximize efficiencies and ensure a customer-centric approach. We look forward to continuing to work closely with the IESO and the Ministry of the Environment and Climate Change to support the successful implementation of new low-carbon technology programs under the OCCSDC.

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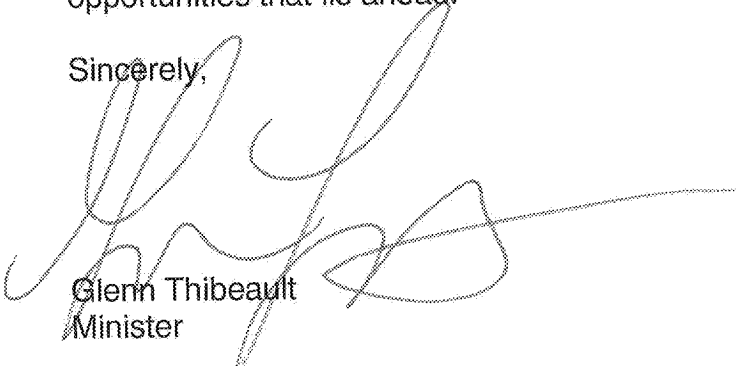
Community and Stakeholder Engagement

Our government is committed to maintaining transparency in the electricity sector, and continuing to work closely with the IESO and our stakeholders as we move forward with building the clean, reliable, cost-effective electricity system of Ontario's future. I anticipate the IESO will continue to provide effective forums to inform and engage communities, customers and stakeholders on electricity matters that may affect them.

The IESO's mandate and role in the energy sector is far-reaching. These key priorities, along with the IESO's core mandate, will bring about fundamental and enduring changes to Ontario's electricity sector and significant public value to the Ontarians it serves.

I appreciate that you will take time to acclimatize to a different organization and familiarize yourself with your new role, and I look forward to working with you in the opportunities that lie ahead.

Sincerely,



Glenn Thibeault
Minister

c: Tim O'Neill, Board Chair, IESO