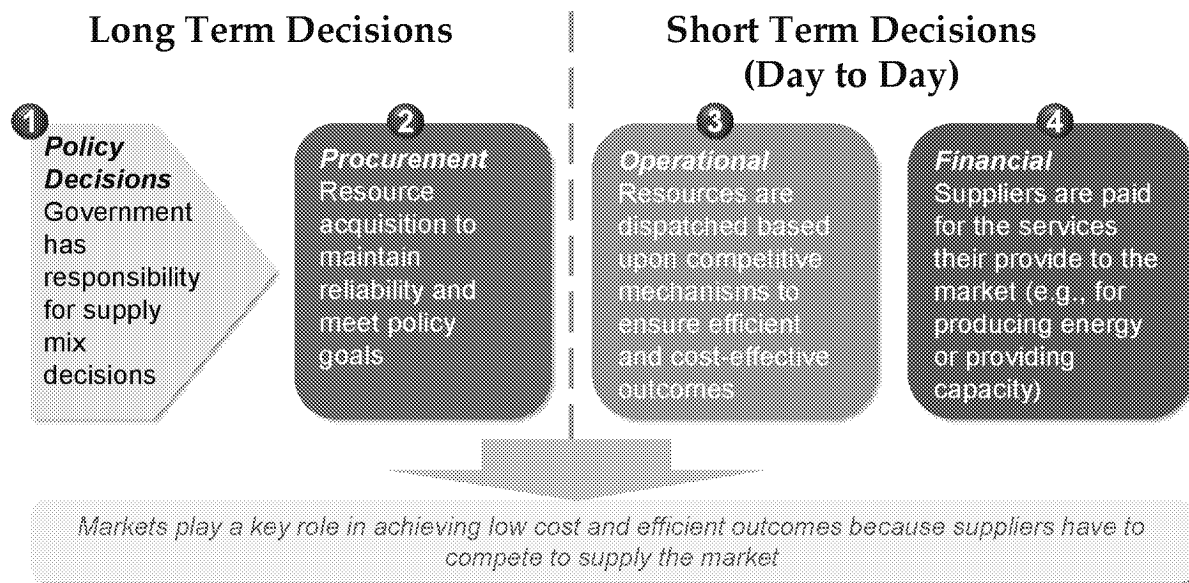


Market Renewal Slides for PO

December 5, 2016

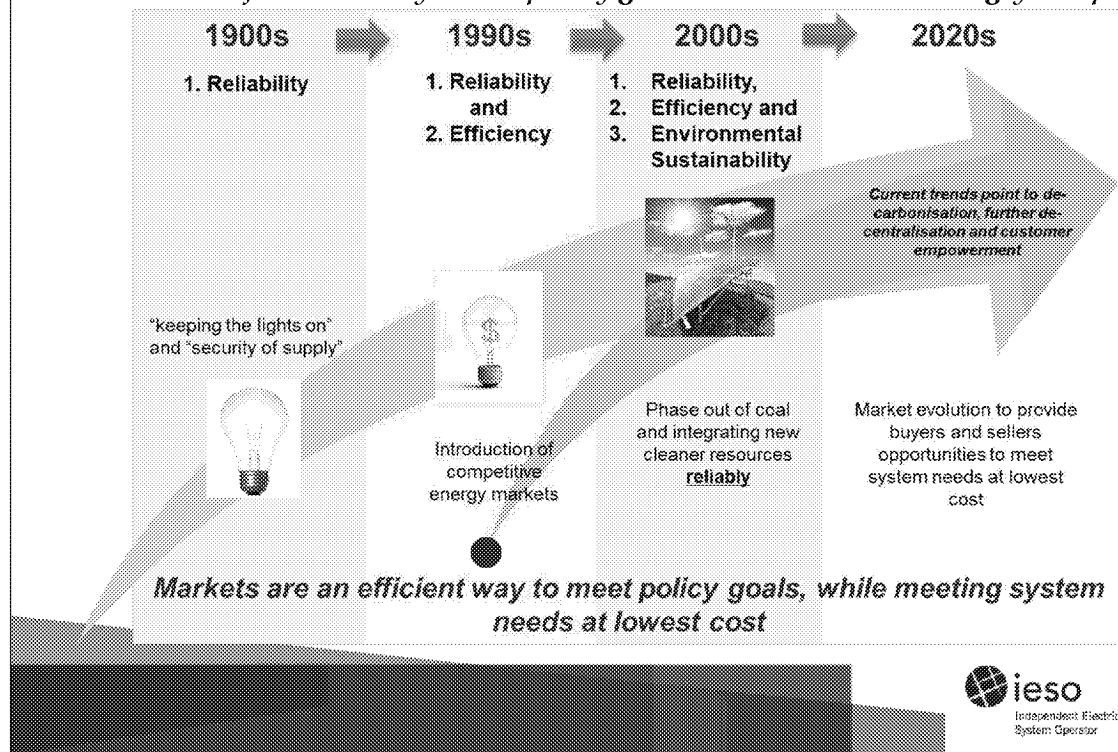


Role of Markets in the Electricity Sector



The Evolution of the Sector

The context for electricity sector policy goals has become increasingly complex



Current State of Ontario's Markets

- Ontario's current electricity market was designed in the 1990s primarily to dispatch coal, nuclear and hydroelectric
- It was based on a simple *real time energy market*
- As Ontario's supply mix radically changed the challenge of managing resources in real time has increased exponentially
- The current design has reached the limit of its capability
- Structural changes are required to ensure we continue to have an efficient market that reflects the changes we have gone through and that we will continue to experience

Market Renewal Project

- Ontario's electricity sector has gone, and continues to go through significant changes
- The IESO is working with its stakeholders to consider important enhancements to Ontario's wholesale electricity market
- The objective of the *Market Renewal Project* is to achieve material efficiencies in the near and longer term with minimal disruption to market participants
- The IESO is in the process of quantifying the expected benefits before committing to developing and implementing the various projects
- The *Market Renewal Project* aligns with many of the priorities outlined in the Minister's mandate letter, including mitigating the impact of electricity prices on consumers and businesses, driving efficiencies, and developing a level playing field to source affordable, clean, innovative, and reliable electricity in the future.

Goal of Market Renewal

Market Renewal would seek to create a more balanced and dynamic marketplace by establishing clear and transparent mechanisms for suppliers and consumers to supply what the system needs cost effectively



Expected Benefits

1. Reduce the commodity cost of electricity in the future
2. Prepare us to manage future change efficiently and more flexibly
3. Adopt best practices and incorporate lessons learned

Where are the Benefits Expected to Come From?

