

Election Preparation

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Context

- The election is 39 days from today
- Two of the three main political parties have outlined their electricity policies, the other has a long term energy plan
- The IESO has begun planning for the implications of the writ period and preparing for a possible transition:
 1. Minimizing external facing activities during the writ;
 2. Preparation of materials for a potential transition;
 3. Considering a range of potential future policy directions, along with the risks that come with them; and,
 4. Finding some potential opportunities

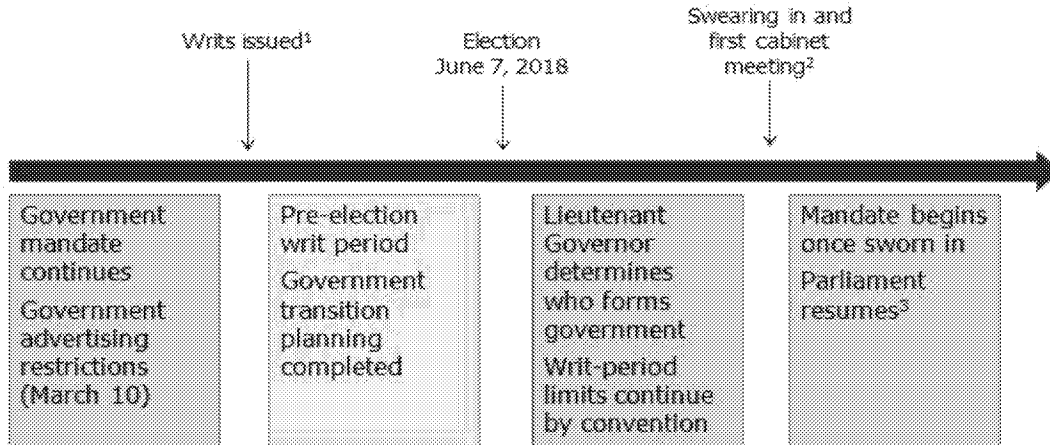
Limited Activities Through Writ Period

- IESO will wind down the majority of external communications and engagement activities through the end of April and limit communications and activities during the writ period
- Expect government support activities to shift towards assisting the public service to prepare briefing materials prepared to ensure a smooth transition of government.
- Day-to-day activities are expected to continue

Includes advertising, presentations, speeches, social media, new stakeholder engagements, or those that are focussed on the general public, new program launches, and procurements.

IESO has conversations with the Ministry about briefing materials and you can expect that David and his team will be in touch with you throughout the next month as we develop and refine content. More on that shortly.

Election Timing Considerations



¹ The writ period must be between 28 and 35 days and so the election can start anytime between May 2 and 9

² Estimated June 28 to July 12 and depends on election result

³ Date uncertain but could be as early as July 2018

Election isn't really the day when things start moving again – it's likely a bit later.

Cabinet swearing in can take time.

Getting staffed up – doesn't happen over night.

Getting new Minister and staff briefed up

Takes time to get to the point where we can go in and seek decisions. Likely on a priority basis and won't really be until sometime in July at the earliest. Plan accordingly.

Pre-Election Outreach Activities

- A change in government requires that IESO identify and pursue opportunities to establish new, strengthened, relationships
- This requires outreach that includes:
 - Across public service (*i.e. MOECC, MTO, MEDG, and MNDM*)
 - Stakeholder (*who will be talking with potential policy makers*)
 - Policy makers
- Goals of outreach:
 1. Build trust
 2. Gain insight
 3. Position IESO as trusted advisor

Example 1: Pre-FHP the IESO was asked to present ideas to Premier around reducing costs, but it was mostly managed through MO. Premier was not overwhelmed, but IESO didn't have strong relationship with PO.

Example 2: IESO has had a number of negative impacts on its reputation of late:

AG reports on FHP and IESO accounting standards and Market Oversight

AG audit that criticized the "tone at the top", overall cooperativeness, and identified IESO as rogue agency

Trust is critical when engaging with any government, but it is essential when establishing new relationships. This has to be earned and we have to start building it now.

That's why we've been expanding out meetings and relationships with Premier's office staff, opposition, and third party members, and members of their staff.

IESO also knows that it's important to begin seeding ideas and discussing transition materials with Ministry officials so that we're more closely aligned on key issues.

IESO plans to do direct outreach to senior public service staff at the Deputy Minister's Office and among key Branches and Departments. Outreach will be a combination of Government Affairs staff, IESO Directors or Senior Managers, and Executive Leadership, as appropriate. The objective will be to optimize IESO readiness for a change in government and change in priorities.

Reputation and trust is also built on what policy makers hear from key stakeholders.

Senior IESO staff or Executive Leadership, as appropriate, outreach to key stakeholder groups to (1) advise on and ensure understanding of relevant IESO priorities and (2) to gather intelligence on the policy priorities of these groups to help inform IESO approach to a potential change in government.

Preparation of transition materials

- Prepare for frequent in-depth foundational briefings on key priorities.
- Identify and pursue opportunities to develop Executive-level relationships with new senior Minister's Office staff that may have mixed familiarity with the IESO
- Quickly establish relationships at the Deputy Minister's office to ensure smooth transition of government and to rapidly build familiarity with IESO
- Monitor developments such as Mandate Letters to quickly identify priorities

We have to be prepared to discuss topics and issues at a moments notice.

We don't always know when or how meetings and briefings will take place. It could be over coffee, it could be an email request for information, or it could be via formal briefing. We need materials at our finger tips that are ready to be shared.

We can't assume existing Ministry staff will have the history or knowledge on each file. The DM could easily change along with a new Minister.

We also need to assume that others (like OPG) will be developing their own materials, and pushing ideas or changes in the electricity sector that may be counter to our own.

Policy Considerations

- IESO will need to consider and understand the policy implications of a new government
- Work is ongoing to consider the how the IESO might need to adapt to a number of policy outcomes:
 - Markets, procurement, contract management
 - Pricing – general, industrial, and non-industrial
 - Planning
 - Conservation
 - Nuclear
 - Carbon pricing

We now have a pretty good idea of the policies to expect from each party. Only one platform, but the others have made their general views for electricity policy clear.

We have begun work to understand and dive a bit deeper into the policy implications.

You've probably been in touch with Katherine or someone in her group re: some implications and focus for IESO.

We'll be regrouping on this and getting into more detail soon. Need to better understand the boundaries in which we can operate.

Likely that some policy will push us off our current approaches, need to understand what we're comfortable with as we get into those discussions.

Noteworthy Risks to Existing IESO Priorities

- Certain policy proposals could have a more significant risk to ongoing IESO activities or priorities:
 - Potential transition away from market mechanisms and/or a reduced scope or cancelation of the Market Renewal project
 - Ad hoc or out-of-market agreements for new supply or special energy rates
 - New system needs resulting from change in nuclear refurbishments or retirements
 - Ongoing reputational impacts resulting from the Fair Hydro Plan
 - Uncertain future for the Conservation First Framework (CFF), or post-CFF framework
 - Change to IESO mandate

But there are opportunities too...

- As with any change, there are opportunities that will arise and the IESO will need to be prepared to leverage them
- Some of those include:
 - Review focus, delivery model, and scale of conservation initiatives
 - Potential for continued support for all/some aspects of Market Renewal
 - Opportunity for further considerations on pricing (TOU & ICI)
 - Continued focus on innovation
 - IESO mandate

Next Steps

- Review and assess risks and opportunities arising from policies as they are released
- Continue outreach to key groups and individuals outside of organization
- Prepare materials for post-election transition – seeking input from across IESO
- When there is clarity around government policy in June, be prepared to engage quickly as necessary, provide an overview of potential opportunities for IESO to consider, along with engagement approach