

IESO SENIOR MANAGEMENT UPDATE

To: Stakeholder Advisory Committee

Date: October 30, 2008

Subject: **Briefing note on 18 month Outlook**

Information Item

This briefing note covers two items:

1. Summary of recently released October 2008 to March 2010 Outlook
2. Status of Stakeholder Engagement initiative on changes to the frequency of publishing the 18-Month Outlook

1. Summary of recently released October 2008 to March 2010 Outlook

The IESO released the October 2008 to March 2010 Outlook on September 23, 2008. This is one of the most positive 18-month outlook reports on the reliability of Ontario's electricity system since the electricity market opened in 2002.

More than 5,000 megawatts (MW) of new and refurbished supply is scheduled to come into service in the next year and a half which means Ontario will have sufficient supply to meet demand under normal weather conditions over the forecast period.

The transmission system is also expected to be adequate to meet electricity demands over the next 18 months. A new interconnection between Ontario and Quebec will be placed in service in spring 2009, further enhancing reliability. This is the first stage of the project that is scheduled to reach 1,250 MW of capacity by 2010.

The improving resource picture means that some long duration maintenance outages that previously had to be squeezed into the fall and spring can now continue into the winter.

At a local level, reliability within the Greater Toronto Area for summer 2009 is expected to be adequate as new facilities are incorporated. However, in the York Region, the delivery capability in the Newmarket and Aurora area has been exceeded due to growth in electricity use. A new transformer station is planned to be in service in the middle of 2009 and procurement of additional local generation is being sought.

The full 18-Month Outlook is available at:

http://www.ieso.ca/imoweb/pubs/marketReports/18MonthOutlook_2008sep.pdf.

2. Status of Stakeholder Engagement initiative on changes to the frequency of publishing the 18-Month Outlook

The IESO is in the process of gathering stakeholder feedback on changes to the frequency with which the 18-Month Outlook is produced. Instead of producing the report four times per calendar year as is currently done, it would be produced twice, once in the spring and again in the fall. Interim updates would be produced on a monthly basis to keep stakeholders informed of essential data between the semi-annual reports.

Written feedback on the proposal was received from six stakeholders who were in support of a report being produced twice per year. The majority of the feedback indicated that the data within the interim reports would need to be enhanced to meet their needs.

The IESO has responded to the feedback received by posting a document identifying the proposed content for the Monthly Interim Update which is currently out for stakeholder input.

An additional stakeholder consultation took place at the October 15, 2008 meeting of the Forecasts and Assessments Standing Committee (FASC). This additional consultation was to address the specific content to be included in these monthly interim updates and was open for all stakeholders to attend.

Any changes in the schedule for publishing the report require IESO Board approval of a market rule change. The implementation of the new process is targeted for early 2009.

Details on this stakeholder engagement initiative can be found at:

http://www.ieso.ca/imoweb/consult/consult_se70.asp