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IESO SENIOR MANAGEMENT UPDATE

To: Stakeholder Advisory Committee

Date: October 19, 2011

Subject: 2012-2014 Business Plan

Information Item

The purpose of this memorandum is to provide the Stakeholder Advisory Committee with an update on the IESO's proposed 2012-2014 Business Plan.

On September 30, the IESO submitted its business plan to the Minister of Energy for approval as required under the *Electricity Act, 1998*. The Business Plan reflects the actions needed to continue to help implement the provincial government's green energy policy, while maintaining the reliability of the power system during this significant transformation across Ontario's electricity sector.

As discussed at the August 17 Stakeholder Advisory Committee meeting, the Business Plan identifies the following four strategic objectives:

- Maintaining reliability;
- Preparing for future operations;
- Efficiently managing our business; and
- Effectively contributing to the development and implementation of government policy.

Stakeholder input continues to play an important role in the IESO's business planning process and this year's Plan incorporates priorities heard from members of the SAC.

In recognizing the financial challenges that our customers are facing and our continued commitment to financial prudence, the IESO is proposing that there be no increase in its fee for 2012. If approved, the IESO fee would remain at \$0.822 per MWh for the fourth consecutive year (14 per cent less than the fee in 2003). The plan currently projects increases of 2.7 per cent and 5.3 per cent in 2013 and 2014.

The IESO expects to submit its proposed revenue requirements and proposed fees to the Ontario Energy Board by November 2.