

To: Stakeholder Advisory Committee

Date: April 3, 2012

Subject: **Item No. 6 – Draft Reports of the Hourly Ontario Energy Price (SE-105) and Global Adjustment (SE-105) Reviews**

Information Item

Stemming from two recommendations from the Electricity Market Forum Report, the IESO has initiated stakeholder consultations to review the Hourly Ontario Energy Price (HOEP) (SE-105) and Global Adjustment (GA) (SE-106). The objective of these stakeholder consultations is to ensure that the approach and analysis in each review are comprehensive and meet the objectives of the market forum recommendations.

Under SE-105, the IESO has undertaken a review of how its current programs, products, and mechanisms impact the structure of the Hourly Ontario Energy Price (HOEP) with a goal to identify whether the HOEP includes components that unnecessarily dampen real-time price signals.

Under SE-106, the IESO has undertaken to examine potential options that would meet the goal of greater customer responsiveness to costs currently in the global adjustment. These options include, the potential unbundling of global adjustment into its component parts by reference to the types of costs it recovers; a proposed allocation for the global adjustment components; and proposed market mechanisms for customers to manage global adjustment costs.

First drafts of the HOEP and GA reviews were released on March 28 and stakeholders will have a month to provide comments. The next stakeholder meeting is scheduled for May 9.

The IESO will present an overview of the findings in the first drafts of each of these reports to the Stakeholder Advisory Committee at the April 3 meeting to provide the Committee an opportunity to ask questions.