

IESO Stakeholder Advisory Committee

TO: IESO BOARD OF DIRECTORS
DATE: FEBRUARY 3, 2006
FROM: STAKEHOLDER ADVISORY COMMITTEE
SUBJECT: **JANUARY 23 ADVISORY COMMITTEE MEETING - INPUT TO THE BOARD**

There were three items discussed at the January 23 Advisory Committee Meeting for which the following input is provided:

1. EMERGENCY LOAD RESPONSE PROGRAM

The Advisory Committee wishes to advise the IESO Board of Directors that the Emergency Load Response Program proposal has been considered by the Committee. Of the voting committee members in attendance¹, there was unanimous support for the proposal.

The Committee did raise a concern over the potential for gaming e.g. increasing consumption prior to accepting cuts which return to normal consumption. Subject to further stakeholder engagement, the IESO assured that this issue would be addressed in the implementation of the design. The Committee also requested that, given the assumptions regarding impact and effectiveness of the program, the IESO provide an assessment of the program benefits based on 2006 performance.

2. REAL-TIME INTER-TIE TRANSACTION FAILURES CHARGE RULE AMENDMENT

The Advisory Committee wishes to advise the IESO Board of Directors that the Real-Time Inter-tie Transaction Failure Charge Rule Amendment has been considered by the Committee. Of the voting committee members in attendance¹, there was unanimous support for the recommended change in approach to address transaction failures through a comprehensive, market-based mechanism that is integrated with the Day-Ahead Commitment Process.

The Committee also supports and encourages continued work on the fundamental protocol/seams issues with surrounding jurisdictions that have been a contributing factor to the transaction failure rate problem that has existed since market opening.

¹ Mr. Don Thorne, representing Distributors, was absent.

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Concern was also expressed regarding exports which, in the absence of a fully operational Day-Ahead Market, continue to face disadvantages over imports. Material differences in treatment of imports and exports will continue until a Day-Ahead Market is implemented. The charge adjustment factor applied to failed transactions adjusts for some but not all inequities between imports and exports and does not deal with the double jeopardy issue of transaction failure charges being applied by more than one jurisdiction for the same transaction failure.

3. EVOLUTION OF VISION FOR THE ONTARIO ELECTRICITY MARKET

The Advisory Committee has had thorough initial discussions on a vision for the Ontario Electricity Market. Paul Shervill of the OPA also joined the Committee for this item which was jointly presented by the IESO and the OPA. The Committee received two presentations; an overview by Mr. Steve Dorey, in his capacity as the former Executive Director of the Electricity Conservation & Supply Task Force, on the conclusions of the Task Force followed by a brief presentation by Mr. Kozlik on the "Evolution of the Vision for the Ontario Electricity Market".

The Committee concluded that there was considerable interest in working together towards a common vision that would help guide their advice to the IESO Board. The next meeting of the Advisory Committee will include an agenda item to build on the initial discussions taking into consideration specific constituency priorities.