

Message from the desk of Bruce Campbell

To: Market Participants and SE-91 Participants

Date: September 6, 2013

Notice

Dispatch of Variable Generators to begin on September 11

The final piece of the IESO's Renewable Integration Initiative will be launched on September 11 as variable generators become dispatchable. The market rules set out in market rule amendments MR-00381 and MR-00402 as they relate to variable generators will go into effect on that date. With these changes in place the IESO will treat wind and solar generators connected to the IESO-controlled grid in much the same way as conventional resources, such as hydroelectric, nuclear, and natural gas generators.

The IESO has been working with stakeholders over the past three years to develop and implement market rules, market manuals, systems, procedures and reports that will reliably and efficiently integrate variable generation into the IESO-controlled grid and the IESO-administered markets. Following the most recent stakeholder consultations the IESO Board of Directors has established a set of floor prices for variable generation:

- Minus \$10/MWh for solar variable generators;
- Minus \$10/MWh for the highest 90% of a wind generator's capacity; and
- Minus \$15/MWh for the remaining 10% of a wind generator's capacity.

The Renewable Integration Initiative has delivered a number of enhancements, including the setting of floor prices for flexible nuclear generation (minus \$5/MWh), integration of the hourly centralized forecast into the IESO scheduling tools and enhanced visibility of renewable output for the IESO. All of these measures allow the IESO to operate the electricity system more reliably and efficiently while recognizing the unique characteristics of variable generation.

More information about floor prices can be found in Market Manual 4.2 as of September 11 (http://www.ieso.ca/imoweb/pubs/marketOps/mo_DispatchDataRTM.pdf), and more information on the Renewable Integration Initiative can be found at http://www.ieso.ca/imoweb/consult/consult_se91.asp.

As this initiative goes into service the IESO would like to thank stakeholders for the valuable insight, advice and significant time that they have contributed to this important effort.

Bruce Campbell
President and Chief Executive Officer