

**Notes for Remarks for
Enercom**

**Dave Goulding
President and CEO
The Independent Electricity System Operator**

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- LET ME BEGIN BY THANKING THE ORGANIZERS FOR THE INVITATION TO BE HERE TODAY.
- ENERCOM IS ONE OF THE PREMIER ANNUAL ENERGY CONFERENCES IN ONTARIO AND I AM PLEASED TO HAVE THE OPPORTUNITY TO DELIVER THIS KEYNOTE ADDRESS.
- IN MY REMARKS TODAY, I WOULD LIKE TO ADDRESS THE ENVIRONMENT WE FIND OURSELVES IN GIVEN THE CHANGES BROUGHT ABOUT BY BILL 100, LOOK AHEAD TO SOME OF THE CHALLENGES THAT WE ALL FACE, AND FINALLY OUTLINE HOW THE IESO IS RESPONDING TO HELP MEET THOSE CHALLENGES.

BILL 100

- BILL 100 HAS BROUGHT ABOUT SOME MUCH NEEDED CHANGE FOR THE ELECTRICITY SECTOR PROVIDING SHORT-TERM STABILITY INCLUDING SOME

TRANSITIONAL MEASURES, WHILE LEAVING THE PATH OPEN FOR PROGRESSION TO A FULLY COMPETITIVE MARKET. WE NEED TO WORK TO MAKE SURE THAT PROGRESSION IS ENTRENCHED. THERE ARE NEW RESPONSIBILITIES CREATED UNDER THE LEGISLATION, NEW ENTITIES CREATED, NEW NAMES AND ADDITIONAL RESPONSIBILITIES FOR A NUMBER OF US INCLUDING THE IESO.

- A NUMBER OF THOSE NEW RESPONSIBILITIES RESIDE WITH THE NEW ENTITY, THE ONTARIO POWER AUTHORITY. I HOPE ALL OF YOU HAD A CHANCE TO HEAR JAN SPEAK EARLIER TODAY AT THIS CONFERENCE. JAN AND I HAVE MET ON SEVERAL OCCASIONS SINCE HIS APPOINTMENT AND I LOOK FORWARD TO CONTINUING TO WORK WITH HIM AND WITH HOWARD WETSTON OF THE ONTARIO ENERGY BOARD AS WE ADDRESS SOME OF OUR ACCOUNTABILITIES AND WORK TOGETHER TO IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF ONTARIO'S ELECTRICITY SECTOR AND TO MOVE THE SECTOR FORWARD. ALTHOUGH EACH OF US WILL HAVE OUR OWN JOBS TO DO, THERE WILL UNDOUBTEDLY NEED TO BE A CLOSE WORKING RELATIONSHIP IN SOME AREAS WITH THE THREE ENTITIES AND I BELIEVE WE ARE ALL COMMITTED TO THIS APPROACH.
- THE BILL HAS RESULTED IN A NEW NAME FOR US ... THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR OR ONTARIO'S IESO ... BUT OUR CORE RESPONSIBILITIES AROUND SYSTEM AND MARKET OPERATIONS WILL CONTINUE.

STAKEHOLDER ENGAGEMENT

- PERHAPS THE MOST SIGNIFICANT CHANGE FOR US CENTRES ON GOVERNANCE. THE NEW IESO BOARD WILL BE COMPRISED OF ALL INDEPENDENT DIRECTORS. CLEARLY, OUR MAIN CHALLENGE WILL BE THE NEED TO EFFECTIVELY CONSULT WITH OUR STAKEHOLDERS TO ENSURE APPROPRIATE REPRESENTATION IN OUR DECISION MAKING. GIVEN THE FEEDBACK WE ARE RECEIVING NOW ABOUT

OUR STAKEHOLDER PROCESSES, I CAN TELL YOU THAT THIS IS NOT BE A TASK THAT WE ARE TAKING LIGHTLY.

- IN FACT, WE ARE IN THE MIDST OF A REVIEW OF OUR STAKEHOLDER ENGAGEMENT PROCESSES AND PROCEDURES IN RESPONSE TO BOTH THE GOVERNANCE CHANGES CONTAINED IN BILL 100 AND FEEDBACK THAT WE HAVE RECEIVED FROM OUR STAKEHOLDERS. THIS REVIEW WILL INCLUDE AN EXAMINATION OF STAKEHOLDER ENGAGEMENT OBJECTIVES, PRINCIPLES, PROCESSES, PROCEDURES, AND MECHANISMS. ALSO, WHILE THE IESO AND OPA HAVE SEPARATE AND DISTINCT ACCOUNTABILITIES, THERE IS MUCH TO BE SAID ABOUT A JOINT IESO/OPA STAKEHOLDER FORUM TO ADVISE THE TWO ORGANIZATIONS ON INTERRELATED ISSUES ACROSS A CONTINUUM FROM LONG-RANGE PLANS TO REAL-TIME OPERATIONS.
- WE HAVE TALKED TO A NUMBER OF OUR STAKEHOLDERS DIRECTLY AND HEARD THEIR COMMENTS. WE ALSO RAISED THIS AT LAST WEEK'S MARKET ADVISORY COUNCIL MEETING AND AGAIN, I REITERATE, WE HEARD WHAT YOU TOLD US.
- THE NEED FOR TRANSPARENCY IN OUR PROCESS, AND THE NEED FOR THE IESO TO PROVIDE FEEDBACK TO STAKEHOLDERS ON DECISIONS TAKEN, WERE ALL COMMENTS THAT WERE EXPRESSED TO US AT LAST WEEK'S MAC MEETING.
- STAKEHOLDERS TOLD US OF THE NEED TO BASE THE LEVEL OF CONSULTATION ON THE IMPORTANCE OF THE ITEM AND TO CLARIFY THE TERMS OF REFERENCE IN ORDER TO HELP STAKEHOLDERS DECIDE ON WHETHER THEIR PARTICIPATION IS REQUIRED.
- WE ALSO HEARD ABOUT STAKEHOLDERS NEEDS FOR ACCESS TO ALL LEVELS OF THE IESO, THIS MEANS STAFF, SENIOR MANAGEMENT AND BOARD.
- THESE COMMENTS AND MORE WILL BE FACTORED INTO THE DEVELOPMENT OF OUR STAKEHOLDER ENGAGEMENT PROCESS.

- OUR INTENDED RESULT IS AN EFFECTIVE ADVISORY PROCESS, CERTAINLY FOR THE IESO AND ITS BOARD, BUT HOPEFULLY ONE THAT CAN BE BROADER IN ADDRESSING MANY OF THE NEEDS ACROSS THE ENTIRE SECTOR AND WE CAN ONLY GET THERE BY ADDRESSING THE CONCERNS THAT STAKEHOLDERS HAVE WITH THE CURRENT PROCESS.

THE ROLE OF THE IESO

- AS I MENTIONED, BILL 100 HAS CREATED A NUMBER OF CHANGES IN OUR SECTOR AND WITH CHANGE OFTEN COMES CONFUSION AND MISUNDERSTANDING. ONE OF THE MISUNDERSTANDINGS THAT I WOULD LIKE TO ADDRESS TODAY DEALS WITH THE IMPACT OF BILL 100 ON THE IESO. THERE ARE SOME THAT WILL SUGGEST THAT THE LEGISLATION WILL RESULT IN A MUCH LOWER WORKLOAD FOR US GOING FORWARD. AH, WOULD THAT IT WERE SO. MY STAFF WOULD BENEFIT FROM A SHORT BREAK FROM THE TREADMILL. BUT AS MANY OF YOU KNOW, THIS IS CLEARLY NOT THE CASE.
- RATHER LIKE OTHER PLAYERS IN THIS SECTOR, WE WILL HAVE MORE THAN ENOUGH ON OUR PLATE AS WE MOVE FORWARD. THERE ARE SEVERAL REASONS FOR THIS.
- WHILE THE OPA IS TAKING ON RESPONSIBILITIES FOR MEDIUM AND LONGER TERM FORECASTING AND THE MARKET SURVEILLANCE PANEL IS NOW REPORTING TO THE OEB, ARRANGEMENTS ARE NEEDED TO BE ABLE TO SUPPORT THOSE TWO ORGANIZATIONS WITH THEIR NEW ACCOUNTABILITIES.
- FOR EXAMPLE, THE OPA (MOST OF WHOSE ACCOUNTABILITIES ARE NEW TO THE SECTOR) NEEDS TO DECIDE TO WHAT DEGREE IT SHOULD BUILD ITS OWN CAPABILITY, TOOLS AND INFORMATION BASE TO ADDRESS ITS PLANNING ACCOUNTABILITIES AND THE EXTENT TO WHICH IT MIGHT BE EFFICIENT TO BENEFIT FROM SOME OF THE IESO'S TOOLS EXPERTISE AND CAPABILITIES. REGARDLESS, GIVEN THE EARLY STAGES OF THE OPA, WE IN THE IESO ARE PROCEEDING WITH THE DEVELOPMENT OF THE ANNUAL 10-YEAR OUTLOOK

THAT WILL BE RELEASED THIS SPRING. GOING FORWARD, THERE IS A NEED FOR THE TWO AGENCIES TO WORK TOGETHER AND COORDINATE ACTIVITIES TO ENSURE THAT BOTH ARE IN SYNCH AND CONSISTENT WITH EACH OTHER'S FORECASTS AND PLANS. ENSURING THAT LONGER RANGE PLANS LEAD TO AN OPERABLE SYSTEM AND CONTINUING TO DEVELOP THE TOOLS TO ENSURE AN EFFECTIVE TRANSITION TO A MORE COMPETITIVE ENVIRONMENT WILL REQUIRE CLOSE COLLABORATION BETWEEN THE IESO AND THE OPA.

- THE MARKET ASSESSMENT AND COMPLIANCE UNIT THAT RESIDES WITHIN THE IESO, WILL CONTINUE TO SUPPORT THE MARKET SURVEILLANCE PANEL AS IT CARRIES OUT ITS RESPONSIBILITIES IN ITS NEW REPORTING RELATIONSHIP TO THE OEB. THE LOCATION OF THE STAFF AT THE SYSTEM CONTROL CENTRE AND THEIR ACCESS TO SYSTEMS, LOGS, DATA BASES, APPLICATIONS AND OTHER IESO STAFF IS ESSENTIAL FOR THE SUPPORT OF AN EFFECTIVE MSP.
- TURNING TO THE 2500 MW RFP PROCESS INITIATED BY THE PROVINCIAL GOVERNMENT. THIS IS ALREADY HAVING AN IMPACT ON OUR RESOURCES AS WE CARRY OUT A MULTITUDE OF TECHNICAL ASSESSMENTS NEEDED TO IDENTIFY SYSTEM IMPACTS OF INCORPORATING NEW GENERATION AND THE REINFORCEMENTS THAT MAY BE REQUIRED. THIS WILL CONTINUE AS THE SELECTIONS ARE ANNOUNCED AND ADDITIONALLY AS GENERATION TURNOVER ASSOCIATED WITH THE OFF-COAL COMMITMENT PROCEEDS.
- THIS IS AN IMPACT THAT WILL BE FELT ACROSS THE IESO INCREASING WORKLOAD IN SEVERAL FUNCTIONS NOT ONLY CONNECTION ASSESSMENTS BUT ALSO NEW SYSTEM LIMIT DERIVATION, OUTAGE MANAGEMENT, MARKET AUTHORIZATION AND ADMINISTRATION, COMMUNICATIONS AND TRAINING, COMPLIANCE MONITORING ... AND SO ON.
- AS NEW RESOURCES ARE INTRODUCED INTO THE SYSTEM, AND OTHERS TAKEN OUT, WE WILL NEED TO CONTINUOUSLY REASSESS AND RECALCULATE SECURITY LIMITS TO ENSURE THE SAFE AND RELIABLE OPERATION OF ONTARIO'S POWER SYSTEM. THIS WILL ALSO HAVE TO BE DONE IN THE

CONTEXT OF THE BROADER NORTH AMERICAN NETWORK AND REGIONAL PLANNING AS WE WILL NEED TO DEMONSTRATE TO OUR NEIGHBOURS THAT THE MAJOR RECONFIGURATION OF THE SYSTEM IN ONTARIO IS DONE IN A PRUDENT MANNER WHICH DOES NOT THREATEN THE RELIABILITY OF THE NORTH AMERICAN NETWORK.

- THIS IS ONLY A PORTION OF THE ADDITIONAL DEMANDS THAT ARE GOING TO BE PLACED ON US OVER THE NEXT FEW YEARS. AS IS OUR PRACTICE, THE IESO WILL CONTINUE TO MAKE USE OF OUR RISK MANAGEMENT TECHNIQUES, RESOURCE RE-ALLOCATION AND PRIORITIZATION TO ENSURE THAT WE CAN DISCHARGE THESE OBLIGATIONS WITHOUT IMPOSING ADDITIONAL COST BURDENS ON THE SECTOR.

STATUS OF THE DAM

- TALKING ABOUT COSTS, AS YOU MAY KNOW, WE ARE IN THE MIDST OF THE OEB PROCESS TO REVIEW OUR FEES. ONE OF THE ISSUES ON THE MINDS OF SOME OF THE INTERVENORS IS THE DAY-AHEAD MARKET.
- WITH THE INTRODUCTION OF THE BILL 100 LAST YEAR, MANY MARKET PARTICIPANTS AND OTHER STAKEHOLDERS BEGAN TO LOOK AT THE IMPLICATIONS OF A FULL-FUNCTION DAM. THERE WAS SOME WANING OF EARLIER SUPPORT AND A WAIT-AND-SEE APPROACH TAKEN BY MANY. I UNDERSTAND THAT HESITANCY.
- OUR PREVIOUS BOARD DECIDED THAT RATHER THAN CONTINUING TO PROCEED TO DEVELOPMENT AND ACQUISITION BASED ON THE PROPOSED DAM DESIGN THAT HAD BEEN EXTENSIVELY STAKEHOLDERED, WE SHOULD CONSIDER WHETHER ANY ALTERNATIVE APPROACHES WERE LIKELY TO PROVIDE MORE COST-EFFECTIVE SOLUTIONS WHICH WOULD STILL BE CONSISTENT WITH THE EVOLUTION OF THE SECTOR IN THE POST-BILL 100 WORLD.

- AS A RESULT, WE ARE NOW PROCEEDING TO UPDATE OUR REVIEW OF ALTERNATIVE DESIGNS FOR ADDRESSING THE KEY ISSUES THAT DROVE THE COMPREHENSIVE DAM DESIGN.

NEED TO RESOLVE THE ISSUES

- HOWEVER, THE ISSUES THAT THE DAM WAS INTENDED TO HELP ADDRESS HAVE NOT GONE AWAY, AND THE NEED TO ADDRESS THOSE ISSUES WILL BECOME MORE PRESSING IN THE NEXT FEW YEARS.
- LET ME ELABORATE ON SOME OF THOSE.
- RELIANCE ON TODAY'S SPOT MARKET WAS ALWAYS INTENDED TO BE AMELIORATED WITH THE INTRODUCTION OF FORWARD MARKETS, BI-LATERAL ARRANGEMENTS AND OTHER DEVELOPMENTS, WHILE MAINTAINING THE SPOT MARKET BOTH AS A BALANCING MARKET AND A MECHANISM TO ENSURE THE MOST EFFECTIVE DEPLOYMENT OF RESOURCES.
- ONE OF THE FRUSTRATIONS THAT CUSTOMERS HAVE EXPERIENCED SINCE MARKET OPENING HAS BEEN THEIR INABILITY TO REACT QUICKLY ENOUGH TO SPOT MARKET PRICES. VERY FEW CUSTOMERS CAN RESPOND EFFECTIVELY IN NEAR REAL TIME TO PRICE SIGNALS. WHILE THE MAJORITY OF CUSTOMERS FALL UNDER THE REGULATED PLAN WITH FIXED RATES, THOSE CUSTOMERS REPRESENT ONLY 45 PER CENT OF THE LOAD. APPROXIMATELY 55 PER CENT OF THE LOAD HAS BEEN SUBJECT TO SOME EXTENT TO REAL-TIME PRICES. ALTHOUGH ON A TRANSITIONAL BASIS, THE GOVERNMENT'S ANNOUNCEMENT LAST WEEK HAS DAMPENED THE IMPACT OF THE SPOT MARKET IN 2005, THE CAP ON OPG'S UNREGULATED GENERATION WILL BE REMOVED IN 2006.
- AS WE EVOLVE TO A MORE COMPETITIVE STRUCTURE, THERE WILL BE A NEED TO PROVIDE GREATER PRICE CERTAINTY FOR CUSTOMERS AS CAN BE PROVIDED BY A DAY-AHEAD MARKET, NOT JUST FOR THOSE ON A REGULATED

PLAN, AND THIS IN TURN CAN PROMOTE MORE EFFECTIVE DEMAND RESPONSE AND ENHANCE THE RELIABILITY OF ONTARIO'S POWER SYSTEM.

- A SECOND ISSUE DEALS WITH THE NEED TO BE CONSISTENT WITH OUR NEIGHBOURING JURISDICTIONS ... WHO ARE ARRANGING THE BULK OF THEIR TRANSACTIONS BETWEEN ONE ANOTHER PRIOR TO THE ACTUAL DAY OF DELIVERY. TRANSMISSION SYSTEM RIGHTS ARE BEING RESERVED IN ADVANCE IN MANY CASES. ALL OF NEW ENGLAND, NEW YORK, PJM AND NOW MISO ARE, OR SOON, WILL BE OPERATING DAY-AHEAD MARKETS. WE BELIEVE THE TREND TOWARD DAY-AHEAD ARRANGEMENTS, INCLUDING DAY-AHEAD TRANSMISSION RESERVATION, WILL INCREASE IN THE NEAR FUTURE.
- IN THE PAST, ONTARIO HAS OFTEN RELIED ON IMPORTS TO HELP MAINTAIN RELIABILITY ... WE NEED ONLY TO LOOK BACK TO THOSE VERY HOT DAYS IN 2002 WHEN IMPORTS WERE A BIG FACTOR IN KEEPING THE AIR CONDITIONERS RUNNING AND THE LIGHTS ON AND I CAN ASSURE YOU THAT THERE WILL BE OCCASIONS IN THE FUTURE WHEN WE NEED THAT HELP. WITH THE SURROUNDING MARKETS MAKING THEIR GENERATION AND TRANSMISSION RESERVATIONS IN ADVANCE, WHILE ONTARIO ARRANGES PURCHASES AND TRANSMISSION ACCESS AT CLOSE TO REAL TIME, THERE MAY NOT BE MUCH AVAILABLE FOR ONTARIO, LEADING TO HIGHER PRICES HERE ... OR POTENTIALLY NOT HAVING THAT POWER AVAILABLE AT ALL.
- AND FINALLY THERE IS A NEED FOR CO-ORDINATION OF GAS AND ELECTRICITY MARKETS, PARTICULARLY AS WE INCREASE OUR RELIANCE ON GAS-FIRED GENERATION. IT IS EXPECTED THAT MUCH OF THE NEW GENERATION THAT IS SELECTED UNDER THE 2500 MW RFP WILL BE GAS-FIRED GENERATION.
- AN ELECTRICITY INDUSTRY WITH ONLY A REAL-TIME MARKET WILL BE OUT OF SYNCH WITH A GAS MARKET THAT TRANSACTS MOST OF ITS VOLUME A DAY AHEAD.

- IT WILL BE MORE DIFFICULT FOR GAS FACILITY OPERATORS TO MANAGE THEIR RISKS IF THEY ARE MAKING GAS NOMINATIONS THE DAY PRIOR TO OPERATION WITHOUT A CORRESPONDING COMMITMENT FROM ELECTRICITY SIDE OPERATIONS TO EITHER PHYSICAL OPERATION OR PRICE. THE RESULTING RISKS FOR ELECTRICITY CUSTOMERS INCLUDE HIGHER PRICES OR EVEN RISKS TO RELIABILITY IF THE FUEL SOURCE IS NOT AVAILABLE.
- AS I HAVE SAID, THESE ISSUES HAVE NOT GONE AWAY AND NEED TO BE RESOLVED TO ADDRESS RELIABILITY AND PRICE CONCERNS THAT YOU AND THE REST OF ONTARIO'S ELECTRICITY CUSTOMERS HAVE.

A FEW WORDS ON THE **COAL PHASE OUT**

- THE REDUCED RELIANCE ON COAL-FIRED GENERATION AS THE GOVERNMENT IMPLEMENTS ITS COAL-PHASE OUT COMMITMENT WILL INTENSIFY THE NEED FOR CO-ORDINATION BETWEEN GAS AND ELECTRICITY MARKETS.
- THE PHASE OUT OF COAL REPRESENTS AN UNPRECEDENTED CHALLENGE FOR ONTARIO AND THE INDUSTRY AND INVOLVES A NUMBER OF FINANCIAL AND TECHNICAL CHALLENGES. TO PUT IT INTO CONTEXT, THE COAL CAPACITY BEING REMOVED IS ABOUT THE SAME MAGNITUDE AS THE TOTAL DEMAND IN ALBERTA.
- THE MAIN IESO FOCUS THROUGHOUT THIS TRANSITION WILL BE ON RELIABILITY. ONE OF OUR RESPONSIBILITIES IS TO PROVIDE ADVICE TO THE GOVERNMENT AS IT RELATES TO OUR CORE RESPONSIBILITIES AROUND MARKET AND SYSTEM OPERATIONS. WE WILL CONTINUE TO FILL THAT ROLE AS WE TRANSITION TO CLEANER SOURCES OF SUPPLY, AND WHERE CHALLENGES AND UNCERTAINTY EMERGE, WE WILL WORK WITH THEM, CONTINUING TO PROVIDE ADVICE IN ORDER TO MAINTAIN RELIABILITY.
- THE PHASE OUT OF COAL TAKES TIME AND CAREFUL PLANNING AND THERE MAY BE A NEED FOR ADJUSTMENT IF AND WHEN CONDITIONS CHANGE AS

THEY SO OFTEN DO. CONSISTENT WITH OUR RESPONSIBILITIES, THE IESO WILL BE ACTIVELY MONITORING THE IMPLEMENTATION OF THE COAL PHASE-OUT TO ENSURE THAT RELIABILITY IS SAFEGUARDED AS NEW GENERATION, TRANSMISSION AND DEMAND MANAGEMENT INITIATIVES ARE INTEGRATED INTO THE OPERATION OF THE POWER SYSTEM, REDUCING COAL BURN AND ENABLING COAL UNITS TO CEASE OPERATION. THE LIGHTS WILL NOT GO OUT AS A RESULT OF THE COAL PHASE OUT.

THE ROAD AHEAD

- BEFORE I CONCLUDE, LET ME LOOK AHEAD BEYOND THE CHALLENGES OF THE NEXT FEW YEARS AND ADDRESS SOME OF THE MEDIUM AND LONG TERM NEEDS. AS I HAVE BEEN SAYING FOR THE PAST THREE YEARS OR SO, OUR FORECASTS HAVE INDICATED THAT ONTARIO WILL NEED APPROXIMATELY 13,000 MWS OF NEW SUPPLY OR DEMAND MEASURES BY THE YEAR 2014.
- YET WHERE IS THIS CAPACITY GOING TO COME FROM?
- THERE IS A NEED TO SOON ADDRESS THE TYPE OF SUPPLY THAT WILL BE REQUIRED AND TO IDENTIFY WHAT ROLE CERTAIN SOURCES SUCH AS NUCLEAR WILL PLAY IN THE FUTURE. THE OPA'S GENERATION PLAN WOULD CERTAINLY BENEFIT FROM CLEAR POLICY DIRECTION REGARDING ACCEPTABLE FUTURE SUPPLY OPTIONS. LOW-HANGING FRUIT AND UNPROVEN TECHNOLOGIES SHOULD NOT BE RELIED ON TO ENSURE LONGER-TERM ADEQUACY AND LEAD TIMES FOR LONGER-TERM SOLUTIONS CAN BE EXTENSIVE, BOTH FOR SUPPLY AND TRANSMISSION.
- FROM THE IESO'S POINT OF VIEW, WE BELIEVE STRONGLY IN THE ROLE OF COMPETITION IN ADDRESSING ONTARIO'S FUTURE ELECTRICITY NEEDS. AND FROM WHAT I CAN SEE, THERE IS ALIGNMENT ON THAT VIEW WITHIN THIS COMMUNITY.

- I NOTE DR. JAN CARR'S COMMENTS ON THE NEED FOR GENERATORS TO COMPETE IN THE MARKET ... THAT THE OPA CONTRACTS ALONE WILL NOT BE AN ADEQUATE BASIS ON WHICH TO RUN A BUSINESS.
- THE STAKEHOLDERS' ALLIANCE FOR ELECTRICITY COMPETITION AND CUSTOMER CHOICE IN ITS RECENTLY RELEASED SUSTAINABLE ELECTRICITY POLICY, REITERATES ITS SUPPORT FOR COMPETITION. THE SAC POLICY CALLS ON THE GOVERNMENT TO CONTINUE THE TRANSITION TO A ROBUSTLY COMPETITIVE ELECTRICITY MARKET THAT MUST ENSURE AN ADEQUATE SUPPLY OF RELIABLE AND ECONOMICALLY AND ENVIRONMENTALLY-SUSTAINABLE ELECTRICITY. THE ONTARIO ENERGY ASSOCIATION MADE A SIMILAR PITCH.
- SAC ALSO RECOGNIZES THE IMPORTANT ROLE THAT CUSTOMER EDUCATION WILL PLAY IN THE TRANSITION TO A ROBUSTLY COMPETITIVE MANNER. IT IS A POSITION THAT MANY OF US IN THIS ROOM HAVE TAKEN ... THE NEED TO EDUCATE CUSTOMERS TO ENABLE THEM TO BETTER MANAGE THEIR ELECTRICITY COSTS. THIS IS AN AREA WHERE WE HAVE COLLECTIVELY FAILED.
- THERE ARE APPROXIMATELY 50,000 CUSTOMERS WHO HAVE BEEN SUBJECT TO THE MARKET PRICE, THAT DO NOT FALL UNDER THE REGULATED RATE PLAN. YET MANY OF THESE CUSTOMERS AREN'T EVEN AWARE THAT THEY ARE SUBJECT TO THE MARKET PRICE, LET ALONE KNOW WHAT BENEFITS THE MARKET HOLDS FOR THEM.
- WE ARE PARTNERING WITH MANY LDCS IN THE FIRST PHASE OF AN EDUCATION PROGRAM DESIGNED TO RAISE AWARENESS OF THE MARKET AND THE TOOLS THAT ARE AVAILABLE TO HELP CUSTOMERS MAKE THE MARKET WORK FOR THEM.
- WE HAVE A BOOTH WITH THE OTHER EXHIBITORS AT THIS CONFERENCE AND I WOULD ENCOURAGE YOU TO STOP BY, PICK UP SOME OF OUR MATERIALS AND TALK TO OUR REPRESENTATIVES.

CONCLUSION

- LET ME LEAVE YOU WITH A FEW THOUGHTS AS I CONCLUDE MY REMARKS.
- WHILE THE IESO HAS MAINTAINED ITS CORE RESPONSIBILITIES UNDER BILL 100, WE RECOGNIZE THE CONCERNS THAT SOME OF OUR MARKET PARTICIPANTS AND STAKEHOLDERS HAVE EXPRESSED ABOUT THE WAY WE CARRY OUT THOSE RESPONSIBILITIES AND THEIR DESIRE TO HAVE MORE INFLUENCE ON DECISIONS.
- WE WILL ADDRESS THOSE CONCERNS. OUR STAKEHOLDER ENGAGEMENT REVIEW PROCESS THAT WE ARE UNDERTAKING IS DESIGNED TO DO JUST THAT AND TO RECOGNIZE THE NEED FOR STAKEHOLDER INPUT IN OUR DECISION MAKING.
- THERE IS NO QUESTION THAT WE FACE A NUMBER OF CHALLENGES IN THE NEXT FEW YEARS.
- THE TRANSITION OFF COAL, THE NEED FOR NEW SUPPLY AND DEMAND MANAGEMENT MEASURES, THE NEED FOR CUSTOMER EDUCATION ... ALL OF THOSE REPRESENT SIGNIFICANT CHALLENGES.
- AND THEY ARE CHALLENGES THAT THE IESO WILL DO ITS PART IN RESPONDING TO.
- THROUGH IT ALL, WE WILL MAINTAIN OUR FOCUS ON RELIABILITY ... TAKING THE STEPS TO MAINTAIN THE HIGH LEVEL OF RELIABILITY THAT ONTARIO ELECTRICITY CUSTOMERS HAVE BECOME ACCUSTOMED TO AND DESERVE.
- AND FINALLY, DO NOT LET THE SHORT-TERM CHALLENGES DISTRACT US FROM WHAT I BELIEVE IS THE MAJOR CHALLENGE WHICH IS ENSURING AN

ADEQUATE SUPPLY OF DIVERSE RESOURCES OVER THE LONG TERM FOR OUR CHILDREN AND GRANDCHILDREN.

- THANK YOU VERY MUCH FOR YOUR TIME.