

SENT BY BOARD WEB PORTAL



December 9, 2015

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
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Independent Electricity System Operator

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Dear Ms. Walli:

**Re: 2015 Natural Gas Market Review -- Consultation and Stakeholder Conference**  
**Board File No.: EB-2015-0237**

The Independent Electricity System Operator ("IESO") has reviewed the preliminary session topics for the 2015 Natural Gas Market Review ("NGMR") outlined in the Board announcement on November 25, 2015.<sup>1</sup> The IESO believes these topics are relevant and appropriate and has no further additions for the agenda at this time.

For the benefit of Board staff as it develops the preliminary agenda for the January 21, 2016 Stakeholder Conference, and for interested stakeholders and participants in the 2014 NGMR, we provide the following update on topics raised by the IESO<sup>2</sup> during the 2014 Review:

- The IESO initiated a Stakeholder Engagement "Gas-Electric Coordination Enhancements"<sup>3</sup> to seek input on opportunities to enhance communication between the IESO and pipelines to optimize operating and planning procedures. This Stakeholder Engagement is ongoing.
- The IESO routinely updates its long-term forecasts of electricity demand and supply. Current assessments indicate a potential need for additional peaking capacity as early as 2021. However a number of factors can push that further into the future. As the nuclear refurbishments begin replacement energy will also be required. There are a number of options available to address the capacity and the energy requirements. Although gas will likely be counted on to fill some of the expected needs, other options such as conservation, additional renewables, imports and other market-based programs can also play a part.

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<sup>1</sup> [http://www.ontarioenergyboard.ca/oeb/Documents/EB-2015-0237/OEB\\_cvrltr\\_NGMR\\_20151125.pdf](http://www.ontarioenergyboard.ca/oeb/Documents/EB-2015-0237/OEB_cvrltr_NGMR_20151125.pdf)

<sup>2</sup> On January 1, 2015, the Ontario Power Authority ("OPA") merged with the IESO to create a new organization that will combine the OPA and IESO mandates. The new organization is called the Independent Electricity System Operator.

<sup>3</sup> <http://www.ieso.ca/Pages/Participate/Stakeholder-Engagement/Gas-Electric-Coordination-Enhancements.aspx>

- On April 16, 2015, the Federal Energy Regulatory Commission ("FERC") issued Order No. 809 Final Rule on Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities under RM14-2.<sup>4</sup> The Final Rule adopted a revised gas nomination schedule and FERC jurisdictional ISOs/RTOs were required to adjust electric day schedules to align with the revised gas nomination schedule or show cause why changes are not necessary. FERC jurisdictional interstate natural gas pipelines will have to comply with the new Rule beginning on April 1, 2016. The IESO is also examining potential opportunities for better alignment of the gas and electric day schedules.

The IESO commends the Board's initiative to host an NGMR annually to ensure it is aware of and can implement appropriate and timely, stakeholder informed, regulatory improvements to adapt to changing environments, in particular those that impact the interface between the gas and electric sectors, and which impact long-term integrated electricity planning in Ontario.

The IESO appreciates the opportunity to provide this input for Board staff as it develops the preliminary agenda and session topics for the January 21, 2016 Stakeholder Conference.

Yours truly,



Nancy Marconi  
Manager, Regulatory Proceedings, IESO

Cc: Stephen Cain, Policy Advisor, Regulations & Liaison, Industry, Ontario Energy Board

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<sup>4</sup> [http://elibrary.ferc.gov/idmws/file\\_list.asp?accession\\_num=20150416-3097](http://elibrary.ferc.gov/idmws/file_list.asp?accession_num=20150416-3097)