

June 18, 2015

VIA Email, Courier and RESS

1600 - 120 Adelaide Street West
Toronto, ON M5H 1T1
t 416 506 2800
www.ieso.ca

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
27th Floor 2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Rate Design for Electricity Commercial and Industrial Customers
Board File No. EB-2015-0043

The Independent Electricity System Operator (“IESO”) has reviewed the Scope, Objectives and Issues¹ of the Ontario Energy Board’s (the “Board” or “OEB”) consultation process for the Rate Design for Electricity Commercial and Industrial Customers (“C/I Rate Design”) announced May 28, 2015². With this letter, the IESO provides the Board with its intention to participate in the consultation.

The C/I Rate Design process provides an opportunity for the Board to consider how a new rate design adopted by the OEB for distributors should position them for when they act more as a service platform offering services such as balancing, power quality, storage, and redistributing power from users connected to their systems in the future. Improved links between rate design and cost drivers should ensure that customers value and pay their fair share for service.

The IESO recognizes the electricity sector is in the midst of fundamental changes that will introduce new risks and opportunities for how the grid is managed reliably, how market services are designed and implemented, and how utility business models are designed and funded. The IESO agrees with the Board that any distributor rate design should ensure adequate and stable revenues to fund the investments needed to ensure reliable service, while realizing potential opportunities, and should create rate price signals to optimize the use of the system and focus on long-term cost drivers for investment and cost containment.

The IESO’s interest as a participant is related to how the conduct of the IESO’s legislative responsibilities intersects with and may interact with distribution networks where distributors provide additional electricity services, as envisioned by the Board and stakeholders.

¹ <http://www.ontarioenergyboard.ca/oeb/ Documents/EB-2015-0043/EB-2015-0043 Objectives Issues 20150528.pdf>

² <http://www.ontarioenergyboard.ca/oeb/ Documents/EB-2015-0043/ltr Rate Design EB-2015-0043 20150528.pdf>

Mr. Kirsten Walli
June 18, 2015
Page 2

The IESO appreciates the Board's consideration of its request to participate in the consultation on C/I Rate Design.

Yours truly,



Nancy Marconi
Manager, Regulatory Proceedings, IESO

cc: Laurie Reid, Senior Advisor, Regulations & Liaison, OEB
Andres Mand, Manager, Regulations & Liaison, OEB
David Barrett, Senior Analyst, Regulatory Affairs, IESO