



**EB-2008-0312**

**IN THE MATTER OF** sections 25.30 and 25.21 of *the Electricity Act, 1998*;

**AND IN THE MATTER OF** a Submission by the Ontario Power Authority to the Ontario Energy Board for the review of its proposed expenditure and revenue requirement for the year 2009.

**BEFORE:** Paul Vlahos  
Presiding Member

Paul Sommerville  
Member

Cynthia Chaplin  
Member

## **ISSUES DECISION AND ORDER**

### **Article I. Application**

On November 2, 2008 the Ontario Power Authority ("OPA") filed with the Ontario Energy Board ("Board") its proposed 2009 expenditure and revenue requirement and fees for review pursuant to subsection 25.21(1) of the *Electricity Act, 1998*. The OPA is a non-profit agency of the Ontario Government established to ensure an adequate, reliable and secure supply of electricity in Ontario.

The OPA is seeking approval for a proposed 2009 operating budget of \$65.073 million and a proposed fee of \$0.485/MWh. The OPA usage fee forms part of the Wholesale Market Service Charge invoiced by the Independent Electricity System Operator. The OPA sought interim approval of the proposed \$0.485/MWh fee effective January 1, 2009.

The Board assigned file number EB-2008-0312 to this matter.

The Board issued a Notice of Application on November 28, 2008 and received nine requests for intervenor status. In Procedural Order No. 1 dated December 17, 2008 the Board approved these intervention requests as well as a request for observer status from the Independent Electricity System Operator. The Association of Major Power Consumers in Ontario (“AMPCO”) and Energy Probe Research Foundation (“Energy Probe”) applied for cost award eligibility and the Board found that both of these parties were eligible for a cost award.

In Procedural Order No. 1 the Board set out dates for the proceeding up to and including the filing on March 2, 2009 of a Settlement Agreement (if any). Procedural Order No. 1 also called for submissions from parties (and a response from the OPA) on a Board Staff Proposed Issues List which was attached to Procedural Order No 1.

## **Article II. Submissions on Board Staff Proposed Issues List**

Energy Probe generally supported the Board Staff Draft Issues List but submitted that it wished to explore the OPA’s response to certain findings in last year’s Board Decision and Order (EB–2007-0791) in the OPA proceeding, since in last year’s OPA proceeding the Board noted that future increases in the OPA’s permanent full time workforce would require full justification. Specifically, Energy Probe proposed to add the employee workforce complement matter to the issues list and suggested the following text under a new heading under main Issue 6 (which would become 6.4) titled “Workforce Hiring Practices”:

- Has the OPA responded appropriately to the expectation of the Board Panel in respect of workforce hiring practices as stated on page 11 of the Decision and Order in the EB-2007-0791 proceeding?”

Energy Cost Management Inc. (“ECMI”) raised various matters regarding long range planning concepts and specifically raised the following:

- whether the forecast the OPA is using incorporates a growth rate that is too high which does not properly reflect current economic conditions;
- whether the OPA should be reducing its activities to reflect the current economic conditions;
- if the energy demand does fall significantly, whether the proposed 2009 usage rate will support the proposed OPA operating spending; and

- if the electrical demand does fall in a significant manner, whether the OPA needs to lower its cost structure in a commensurate fashion and thus require a lower usage fee (ECMI suggests this could be done part way through the year).

With respect to Energy Probe's submission, the OPA responded that no action is required as this issue is already captured under Board Staff Draft Issue 5.3. Regarding ECMI's submission, the OPA responded that the assertions made by ECMI did not bear on the Board Staff Draft Issues List.

### **Article III. Board Findings**

The Board finds that Energy Probe's request is appropriate and its proposed wording should be included as an additional sub issue, noted as 6.4.

The Board finds that ECMI's submissions go to the substance of the reasonableness of the proposed fee (issue 6.1) and the Issues List does not need to be modified..

For clarity, the Board has made a minor wording change in Board Staff's proposed Issue 5.3.

### **Article IV. Next Steps in the Proceeding**

The Board has determined that the dates set out in Procedural Order No 1 will be maintained up to and including the filing of a Settlement Agreement (if any) on March 2, 2009. At that time, a procedural order will be issued establishing dates for the remainder of the proceeding.

### **THE BOARD ORDERS THAT:**

The Issues List attached as Appendix A is approved.

ISSUED at Toronto, January 26, 2009  
ONTARIO ENERGY BOARD

*Original signed by*

Kirsten Walli  
Board Secretary

**Appendix “A”**

**EB-2008-0312**

**Final Issues List**

**EB-2008-0312**

**OPA 2009 Revenue Requirement Review**

**Final Issues List**

- 1. Strategic Objective #1- POWER SYSTEM PLANNING-Plan for an adequate, reliable and sustainable system that integrates conservation, generation and transmission and implements the Minister's directives**
  - 1.2 2009 Operating Budget for Strategic Objective #1-Power System Planning
    - Is the Operating Budget of \$ 5.790 million allocated to Strategic Objective # 1 reasonable and appropriate?
- 2. Strategic Objective # 2: CONSERVATION – Plan and procure conservation resources to meet the requirements identified in the IPSP and promote sustainable conservation practices that contribute to a culture of convention.**
  - 2.1 2009 Operating Budget for Strategic Objective # 2 -Conservation
    - Is the Operating Budget of \$ 20.072 million allocated to Strategic Objective # 2 reasonable and appropriate?
- 3. Strategic Objective # 3: SUPPLY PROCUREMENT AND CONTRACT MANAGEMENT-Plan and design procurement processes and enter into procurement contracts for generation resources to meet the requirements identified in the IPSP and to embed “best in class” contracting practices that support investment in necessary infrastructure and contribute to a sustainable electricity system**
  - 3.1 2009 Operating Budget for Strategic Objective # 3 – Supply Procurement and Contract Management
    - Is the Operating Budget of \$ 7.732 million allocated to Strategic Objective # 3 reasonable and appropriate?
- 4. Strategic Objective # 4 –BARRIERS TO THE DEVELOPMENT OF ECONOMICALLY SUSTAINABLE CONSERVATION AND SUPPLY RESOURCES- Identify and assess barriers to the development of economically sustainable conservation and supply resources and develop solutions to address these barriers in cooperation with stakeholders**

4.1 2009 Operating Budget for Strategic Objective # 4 –Barriers to Resource Development

- Is the Operating Budget of \$ 1.031 million allocated to Strategic Objective # 4 reasonable and appropriate?

4.2 Is it appropriate for two government agencies (the IESO and the OPA) to both be involved in market development activities?

**5. Strategic Objective # 5- ORGANIZATIONAL CAPACITY -Maintain and develop organizational capacity to achieve all other strategic objectives.**

5.1 2009 Operating Budget for Strategic Objective # 5 – Organizational Capacity

- Is the Operating Budget of \$ 30.448 million allocated to Strategic Objective # 5 reasonable and appropriate?

5.2 Are organizational resources adequate, appropriately managed and suitably allocated amongst the various OPA functions and work groups?

5.3 Is the resource mix of in-house resources, consultant/purchased services and out-sourcing utilized by the OPA appropriate in all areas and for all circumstances?

**6. General**

6.1 Proposed Usage Fee

- Is the proposed usage fee reasonable and appropriate?

6.2 Deferral and Variance Accounts

- Is the proposed disposition of the various Deferral and Variance Accounts reasonable and appropriate?

6.3 Commitments from previous Settlement Agreements

- Has the OPA met its commitments, as set out in previous Settlement Agreements and Decisions?

6.4 Workforce Hiring Practices

- Has the OPA responded appropriately to the expectation of the Board Panel in respect of workforce hiring practices as stated on page 11 of the Decision and Order in the EB-2007-0791 proceeding?