

**EB-2015-0275**

## **Ontario Energy Board**

**IN THE MATTER OF** the *Electricity Act*, 1998 Section 25(1);

**AND IN THE MATTER OF** an Application by the Independent Electricity System Operator seeking approval for 2016 expenditures, revenue requirement and fees.

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### **IESO Proposed Issues List**

**Submissions of the**

**Energy Probe Research Foundation**

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**May 26, 2015**

## **Comments of Energy Probe on Proposed Issues List**

- 1. The first proposed Issue and sub-issues on 2016 Issues list are inappropriately worded because parts 1.3-1.6 on the Proposed 2016 Fees are structured an excessive level of granularity compared to Issues lists in Prior Years. Issue 1.0 should be condensed into 3 sub-issues:**

### **1.0 Proposed Fees**

- 1.1 Are the expenditures and revenue requirement of \$182.1 million, and the usage fee of \$1.13/MWh as described in the Minister-approved Business Plan, appropriate?
- 1.2 Is the proposed single usage fee appropriate?
- 1.3 Are the other proposed fees appropriate?

- 2. Issue 2 is appropriately worded, but should follow some important issues currently omitted from the list: Operating Costs, Capital Expenditures and Cost Allocation**

- 3. OM&A and Capex are the largest components of the 2016 Revenue Requirement for the merged organization, particularly post-merger and the related Issues should be worded similar to prior years:**

### **2.0 Operating Costs**

- 2.1 Are the IESO's projected OM&A Costs appropriate and reasonable?
- 2.2 Are the IESO's projected compensation costs and staffing levels appropriate and reasonable?

### **3.0 Capital Spending**

- 3.1 Are the IESO's proposed 2016 capital expenditures appropriate and reasonable?

- 4. The Issues on Merger Costs are appropriate with one wording change- “dealt with” is ambiguous and “Addressed” is clearer. The amended issue should become Issue 4.0:**

### **4.0 Merger Costs and Savings**

- 4.1 Have the merger costs been addressed appropriately?
- 4.2 Have merger savings been captured appropriately?

- 5. There is a major Issue related to Cost Allocation of the 2016 Revenue Requirement, as set out and discussed in Sections B-1-1 and B-1-2 of the Evidence supporting the Application. An issue related to this should be included:**

### **5.0 Cost Allocation**

- 5.1 Is the proposed cost allocation appropriate?

- 6. The Deferral Account Issue should become Issue 6.0:**

### **6.0 Deferral and Variance Accounts**

- 6.1 Are the proposed dispositions of the existing Deferral and Variance Accounts appropriate?
- 6.2 Are the proposed Deferral and Variance Accounts appropriate?
- 6.3 Is the retention of \$10 million of operating reserve appropriate?

## **Energy Probe Proposed Revised Issues List**

### **1.0 Proposed Fees**

- 1.1 Are the expenditures and revenue requirement of \$182.1 million, and the usage fee of \$1.13/MWh as described in the Minister-approved Business Plan, appropriate?
- 1.2 Is the proposed single usage fee appropriate?
- 1.3 Are the other proposed fees appropriate?

### **2.0 Operating Costs**

- 2.1 Are the IESO's projected OM&A Costs appropriate and reasonable?
- 2.2 Are the IESO's projected compensation costs and staffing levels appropriate and reasonable?

### **3.0 Capital Spending**

- 3.1 Are the IESO's proposed 2016 capital expenditures appropriate and reasonable?

### **4.0 Merger Costs and Savings**

- 4.1 Have the merger costs been addressed appropriately?
- 4.2 Have merger savings been captured appropriately?

### **5.0 Cost Allocation**

- 5.1 Is the proposed cost allocation appropriate?

### **6.0 Deferral and Variance Accounts**

- 6.1 Are the proposed dispositions of the existing Deferral and Variance Accounts appropriate?
- 6.2 Are the proposed Deferral and Variance Accounts appropriate?
- 6.3 Is the retention of \$10 million of operating reserve appropriate?

## **Appendix: Proposed 2016 Issues List and Approved 2014/15 Issues List.**

### **2016 Issues List**

#### **SCHEDULE B TO PROCEDURAL ORDER NO. 2**

**EB-2015-0275**

**DATED: May 18, 2016**

**Appendix “A”**

#### **IESO Fiscal Year 2016 Revenue Requirement Submission**

##### **Draft Issues List**

**EB-2015-0275**

##### **1.0 Proposed Fees**

- 1.1 Are the expenditures and revenue requirement of \$182.1 million, and the usage fee of \$1.13/MWh as described in the Minister-approved Business Plan, appropriate?
- 1.2 Is the proposed single usage fee appropriate?
- 1.3 Are the registration fees of up to \$10,000 per proposal for electricity supply and capacity procurements, including conservation and load management procurements, appropriate?
- 1.4 Are the non-refundable application fees for standard offer programs, such as the Feed in-Tariff (“FIT”) program of \$0.50/kW of proposed Contract Capacity, having a minimum of \$500 and to a maximum of \$5,000, appropriate?
- 1.5 Is the Large Renewable Procurement qualification submission fee from RFQ applicants appropriate? Which is the sum of:
  - a) The greater of: (a) \$2,000 for the first (or only, if only one renewable fuel is proposed) proposed renewable fuel submitted; or (b) \$1.00 per KW of estimated contract capacity for all large renewable projects to a maximum amount of \$30,000; plus,
  - b) \$2,000 for each additional renewable fuel proposed.
- 1.6 Is the \$1,000 application fee for market participation appropriate?

##### **2.0 Deferral and Variance Accounts**

- 2.1 Are the proposed dispositions of the existing Deferral and Variance Accounts appropriate?
- 2.2 Are the proposed Deferral and Variance Accounts appropriate?
- 2.3 Is the retention of \$10 million of operating reserve appropriate?

##### **3.0 Merger Costs and Savings**

- 3.1 Have the merger costs been dealt with appropriately?

##### **3.2 Have merger savings been captured appropriately?**

## **2014 Issues List**

### **Appendix “B” To Procedural Order No. 1**

#### **INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

#### **FISCAL 2014 FEES SUBMISSION FOR REVIEW**

**Board File No: EB-2013-0381**

#### **DRAFT ISSUES LIST**

##### **1.0 Operating Costs**

- 1.1 Are the IESO's projected OM&A Costs appropriate and reasonable?
- 1.2 Are the IESO's projected staffing levels appropriate and reasonable?

##### **2.0 Capital Spending**

- 2.1 Are the IESO's proposed 2014 capital expenditures appropriate and reasonable?

##### **3.0 The IESO Usage Fee**

- 3.1 Is the move to gross billing from net billing appropriate?