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BY EMAIL and RESS

June 30, 2016
Our File: EB20150275

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2016-0275 – IESO 2016 Fees – SEC Interrogatories

We are counsel to the School Energy Coalition (“SEC”). Enclosed, please find interrogatories on behalf of SEC.

Yours very truly,
Jay Shepherd P.C.

Original signed by

Mark Rubenstein

cc: Wayne McNally, SEC (by email)
Applicant and intervenors (by email)

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ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF a Submission by the Independent Electricity System Operator to the Ontario Energy Board for the review of its proposed expenditure and revenue requirements for the fiscal year 2016 and the fees it proposes to charge during the fiscal year 2016.

**INTERROGATORIES
ON BEHALF OF THE
SCHOOL ENERGY COALITION**

1-SEC-1

[A-2-3, p.2] The Letter from the Minister of Energy to the Chair of the IESO states, “I am satisfied that the revised business plan shows the IESO is making good progress toward achieving these savings objectives”. Please provide the original business plan submitted and identify all changes from the approved business plan.

1-SEC-2

Please provide an overview of the IESO budgeting process. Please provide copies of any budget guidance documents.

1-SEC-3

Please provide a list of all productivity and efficiency initiatives undertaken by the IESO in the past two years, as well as any forecast initiatives to be undertaken in 2016.

1-SEC-4

[B-1-1] Regarding the proposed revenue requirement:

- a. For complete the following appendices from the Board’s *Filing Requirements For Electricity Distribution Rate Applications*¹, with information for 2014 (approved and actuals), 2015 (actuals) and 2016 (forecast):
 - i. 2-AA – Capital Projects Table
 - ii. 2-JB – OM&A Cost Driver Table

¹http://www.ontarioenergyboard.ca/oeb/ Documents/2016EDR/2016_Filing_Requirements_Chapter2_Appendices.xlsm

- iii. 2-JC – OM&A Program Table
- iv. 2-K – Employees Cost Table

- b. Please explain all material variances between 2014 approved and actual amounts in any capital projects, OM&A programs, and employees' costs.
- c. Please explain all material year-over-year variances in any capital projects, OM&A programs, and employees' costs.

1-SEC-5

Please explain the IESO compensation system.

1-SEC-6

[A-2-2, p.15] With respect to the Corporate Performance Measures:

- a. The Business Plan says “[t]he targets have been shared with stakeholders and intervenors, and the IESO has incorporated any relevant feedback” (p.13). Please provide details of when these targets were shared with stakeholder and intervenors and the feedback received.
- b. What other Corporate Performance Measures did the IESO consider and why were they ultimately not chosen.
- c. For each Corporate Performance Measures, please provide the specific metric used.

1-SEC-7

[B-1-1, p.9] Please provide details regarding the “extensive oversight” that is being undertaken to manage the recently entered-into contract with Bruce Power.

1-SEC-8

Please provide a summary of all internal audit reports issued in the past 2 years, their recommendations and the status of the implementation of those recommendations.

2-SEC-9

[B-1-1, Attach 3] In the 2011 OPA Fees application proceeding (EB-2010-0270), Elenchus Inc. filed an expert report on behalf of HQ Energy Marketing Inc. regarding the proposal for an OPA export usage fee. Please explain how the recommendations in that report are consistent with its evidence in this proceeding. If some aspects are not consistent, please provide an explanation.

5-SEC-10

Please provide an organizational chart for the IESO. Please also provide the last organizational chart for both, the previous IESO and the OPA.

5-SEC-11

Did the IESO (or its predecessors) conduct or commission any analysis, reports, and/or business cases regarding potential savings and costs from the merger? If so, please provide copies.

6-SEC-12

[EB-2013-0326, *Decision and Order*, p.9] In the Board’s EB-2013-0326 *Decision and Order*, the Board wrote:

The Board echoes the views of previous decisions that the performance and efficiency metrics and milestones filed in conjunction with this application were of limited assistance to the Board in its determination of whether the applied-for net revenue requirement, is appropriate, and whether the OPA is achieving a reasonable standard of effectiveness and efficiency in performing the functions it is mandated to undertake. However, the metrics are not so flawed as to affect the revenue and expenses which the Board is asked to approve.

The Board expects that the merged entity’s first fee submission will show an improvement in the setting and achievement of performance targets and metrics.

Please explain how the IESO has addressed the Board’s concerns and expectations.

6-SEC-13

[EB-2013-0326, *Decision and Order*, p.9-10] In the Board’s EB-2013-0326 *Decision and Order*, the Board wrote:

The Board recognizes that issues regarding stakeholder consultation were a concern to the Board in the OPA’s previous fees case (EB-2010-0279).

The Board notes that the OPA will be merging with the IESO which has a strong history of stakeholder engagement.

The Board’s expectation is that both entities will concentrate on the strengths of their respective experience and achieve a stakeholder engagement process which includes the appropriate parties and allows for meaningful participation.

- a. Please explain how the IESO has developed a stakeholder engagement process(that includes the appropriate parties and allows for meaningful participation;
- b. Please explain how the IESO’s stakeholder engagement process is different from the ones undertaken previously by the OPA that gave rise to the Board’s concerns.

6-SEC-14

With respect to Stakeholder Engagement initiatives planned to be undertaken in 2016:

- a. Please explain how the IESO ensures consumer representation and participation in those initiatives; and

- b. For each stakeholder working group, please identify which members represent consumer interests.

Respectfully submitted on behalf of the School Energy Coalition this 30th day of June, 2016

Original signed by

Mark Rubenstein
Counsel for the School Energy
Coalition