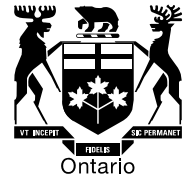


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**BY EMAIL**

June 30, 2016

Ontario Energy Board  
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Toronto ON M4P 1E4  
[Boardsec@ontarioenergyboard.ca](mailto:Boardsec@ontarioenergyboard.ca)

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: OEB STAFF INTERROGATORIES**

**INDEPENDENT ELECTRICITY SYSTEM OPERATOR - APPLICATION FOR APPROVAL OF 2016 REVENUE REQUIREMENT, EXPENDITURES & FEES**

**EB-2015-0275**

Please find enclosed the interrogatories of OEB Staff in the above referenced application.

Yours truly,

*Original Signed By*

Rudra Mukherji  
Project Advisor, Facilities and Infrastructure

cc. All Intervenors in EB-2015-0275



# **ONTARIO ENERGY BOARD**

## **OEB Staff Interrogatories**

**Application by the Independent Electricity System Operator (IESO) for approval of its 2016 revenue requirement, expenditures and fees**

**EB-2015-0275**

**June 30, 2016**

## **2.0 Usage Fee**

### **2.1-Staff-1**

Reference: Exhibit B, Tab 1, Schedule 1 and OEB Decision and Order in EB-2010-0279, dated July 11, 2011, p. 17

In its Decision in EB-2010-0279, page 17, the OEB stated: "Should the OPA choose to re-introduce this approach now or in the future, the Board expects the OPA to have engaged the stakeholder community in a relevant and substantive manner and will require that evidence of this consultation be filed in conjunction with the associated revenue requirement and fees application."

- (a) Did the IESO engage the stakeholder community in the development of the single usage fee proposal? If the IESO consulted stakeholders, please provide a summary of feedback, if any and explain how it has been incorporated. If the IESO did not consult stakeholders, please explain why.

### **2.2-Staff-2**

Reference: Exhibit B, Tab 1, Schedule 1, Table 2, Page 6

The IESO has provided a table that outlines the charge determinant calculation for the proposed 2016 usage fee.

- (a) In order to allow OEB staff to verify the values used in this table, please provide the source (i.e. source publication and date) for each of the input variables (i.e. 18 month outlook demand forecast, transmission line losses, exports, and embedded generation).

### **2.3-Staff-3**

Reference: Exhibit B, Tab 1, Schedule 2, Page 3 of 4

The IESO does not believe a traditional cost allocation model is appropriate for the IESO as 1) there is a lack of cost causality between the model and the operations of the IESO and 2) all the costs for the IESO had to be allocated by department based strictly on judgment rather than based on the customer class the assets served.

- (a) Given that the IESO believes that a standard cost allocation approach is not suitable for its purposes, did the IESO consider other alternatives? If other

alternatives were considered, please provide the reasons for not considering these options. If other alternatives were not considered, please explain why.

#### **2.4-Staff-4**

Reference: Exhibit B, Tab 1, Schedule 1, Page 7

The IESO proposes to charge both the IESO and OPA interim usage fees to the same pools of market participants the OEB approved them to be charged until the end of the month in which the OEB approval is received for the 2016 usage fee. The IESO then proposes to charge (or rebate to) market participants the difference between the 2016 IESO usage fee approved by the OEB and the interim usage fee(s) they paid, if any, based on their proportionate quantity of energy withdrawn, which may include scheduled exports and embedded generation, in 2016. The IESO noted that any such charges (or rebates) will be provided in the next billing cycle following the month in which OEB approval is received.

- (a) Please provide range (min/max) of impacts on market participants as at December 31, 2016. If possible please provide the ranges separately for domestic and export. Please also provide a description of the approach and assumptions used to estimate the impacts.

### **6.0 Commitments from Previous OEB Decisions**

#### **6.1-Staff-5**

Reference: OEB Decision and Order, EB-2013-0326, November 6, 2014, Page 9

The OEB at page 10 of its Decision in EB-2013-0326 stated: "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) Given the OEB's expectations with respect to *stakeholdering*, please explain what steps has the IESO taken to address the OEB's expectations.

## **6.2-Staff-6**

Reference: Exhibit A, Tab 2, Schedule 2, Page 13

It is noted that corporate performance measures were developed to effectively gauge progress on the IESO's strategic themes of Providing Public Value, Building Corporate Resilience, and Respecting and Valuing Our Stakeholder, as well as the six underlying strategic objectives identified by the IESO.

- (a) What are the six strategic objectives that are referenced at page 13 of the 2016-2018 IESO Business Plan?

## **6.2-Staff-7**

Reference: Exhibit A, Tab 2, Schedule 2, Page 13

The IESO has an established performance management program where by the corporate performance measures (CPMs) assess the organization's performance against established corporate strategic themes and objectives. The IESO identified eight targets focused on reliability, market effectiveness, operational capabilities, reputation and relationships.

- (a) Please describe how the IESO will assess the extent to which it has met the eight identified CPMs.

## **6.2-Staff-8**

Reference: OEB Decision and Order, EB-2013-0326, November 6, 2014, Page 9

The OEB at page 9 of its Decision in EB-2013-0326 stated: "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".

- (a) In the IESO's view, has it met the expectations of the OEB with respect to "the setting and achievement of performance targets and metrics"? If the IESO believes it has met the OEB's expectations, please explain how it has met the OEB's expectations.

- End of Document -

