



PUBLIC INTEREST ADVOCACY CENTRE  
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June 30, 2016

VIA E-MAIL

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge St.  
Toronto, ON  
M4P 1E4

Dear Ms. Walli:

**Re: EB-2015-0273 –Independent Electricity System Operator (IESO)  
2016 Expenditure and Revenue Requirement Submission  
File No.: EB-2015-0275  
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Yours truly,

A handwritten signature in black ink, appearing to read 'Michael Janigan', is written over a thin horizontal line.

Michael Janigan  
Counsel for VECC

Miriam Heinz, Regulatory Coordinator, IESO  
Email: [miriam.heinz@ieso.ca](mailto:miriam.heinz@ieso.ca)

<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>TO:</b>	<b>Independent Electricity System Operator (IESO)</b>
<b>DATE:</b>	<b>June 30, 2016</b>
<b>CASE NO:</b>	<b>EB-2015-0275</b>
<b>APPLICATION NAME</b>	<b>2016 Revenue Requirement</b>

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## **1.0 Revenue Requirement, Operating Costs and Capital Spending**

**1.1 Is the IESO's Fiscal Year 2016 net revenue requirement of \$181.1 million appropriate?**

**1.2 Is the IESO's Operating Costs budget of \$182.1 million for Fiscal Year 2016 appropriate?**

1.0 – VECC - 1

Reference: B/T1/S1/pg. 8

- a) Please explain the basis for NERC and NPCC 2016 membership fees (i.e. how are they forecast?).
- b) Please provide the basis for the 2016 OEB fees (i.e. how were they forecast?)
- c) Please provide the last complete year of IESO and OPA, OEB fees.

1.0 – VECC -2

Reference: B-1-1/Attachment 3/Appendix A

- a) Please explain any variance between Appendix A, Total Expense, for 2016 of \$182,131,970 and the revenue requirement sought in this application.
- b) Please provide the reasons for increases as between 2015 and 2016 in the following areas:
  - 1) Internal Audit
  - 2) Operational Effectiveness
  - 3) Operations Changes Initiatives
  - 4) Contract Management
  - 5) Renewable Procurement
  - 6) Clean Energy Procurement

- 7) VP Office Conservation and Corporate Relations
- 8) Business Development (Conservation and Corporate Relations)
- 9) Stakeholder & Public Affairs
- 10) General Counsel
- 11) Transmission Integration
- 12) Conservation Integration
- 13) Corporate Controller
- 14) Settlements
- 15) Business Solutions and Business Analysis

**1.3 Are the IESO's projected compensation costs and staffing levels appropriate and reasonable?**

1.0-VECC - 3

Reference: A

- a) Provide an organizational structure chart of the new IESO showing by department:
  - FTESs, by management, bargaining unit, non-bargaining unit.
  - Total Compensation costs.
- b) Please provide the same for the 2014 OPA and IESO

1.0 – VECC - 4

Reference: A-2-2-/Appendix 3/pg. 13

- a) For 2015 through 2018 please provide a breakdown of the staffing budget using the Board format of Distribution and Transmission filers Appendix 2-K, which shows compensation categorized by :
  - Separation of salary and wages from benefits
  - Shows executive, management (excluding executive) costs separately
  - Unionized compensation costs separately
  - Non-bargaining units positions separately
  - Temporary positions separately.
- b) Please provide the same for the OPA and IESO in 2014.

1.0 – VECC -5

Reference: A-2-2

- a) Please provide the most recent compensation study undertaken by the IESO. If no study has yet been undertaken please explain why and provide the last studies undertaken separately by the OPA and IESO.

### **1.5 Is the IESO's capital expenditure budget for Fiscal Year 2016 appropriate?**

1.0 – VECC -6

Reference: A-2-2-/Appendix 3/pg. 17

- a) Please provide the actual 2015 capital budget spending. Please explain any material variances from the 29.4 million should in Appendix 3.
- b) Please provide the actual capital spending of the OPA and IESO in 2014.

### **2.0 Usage Fee**

2.0-VECC-7

Reference: B/T1/S1/pg.2

- a) Please provide the derivation for the 2016 forecast of \$1million for FIT and Large Renewable Procurement service revenues.
- b) Please provide the actual amounts collected for these services in each of 2013 through 2015.

### **2.2 Is the methodology used to derive the proposed IESO Usage Fee of 1.13/MWh appropriate?**

2.0 – VECC - 8

Reference: B/T1/S1/Table 3/pg.6

- a) Why is an 18<sup>th</sup> month demand forecast used rather than a 12 month forecast?

b) Please provide the derivation (source) for each of the components for the Charge Determinants shown in Table 2.

2.0 – VECC - 9

Reference: EB/T1/S1/pg.7

- a) Other than the fact that the \$10 million operating reserve is the sum of the prior agencies reserves what rationale has IESO provided for the continuance of a reserve?
- b) Why would it not be more appropriate to establish a reserve based on a proportion of forecast revenues rather than what appears to be an arbitrary lump sum amount?
- c) What lines of credit or other banking facilities are utilized by the IESO?

2.0 – VECC - 10

Reference: EB/T1/S1/pg.9

- a) Please provide the prior year IESO and OPA forecast of the annual Ontario electricity demand forecast and the actuals for each year 2010 through 2015.

### **2.3 Is the proposed cost allocation study in support of the proposed IESO Usage Fee appropriate?**

2.0 – VECC - 11

Reference: B1/Attachment 3/pg. 6, 17-

- a) Are distribution utilities, directly connected and export customers the entire group of parties who receive services from the IESO?
- b) Do Distribution utilities, directly connected market participants and export customers all receive the same services? If not please provide a listing of the differences.
- c) Was any study or review undertaken of customer classification as part of the Elenchus study?

2.0 – VECC - 12

Reference: B1/Attachment 3/pg.

- a) In 2015 what was the total revenue collected from market participants who were not a regulated distribution utility?

2.0 – VECC - 13

Reference: B1/Attachment 3/pg. 12

- a) Please provide the analysis showing which market participants will see a net increase in fees under the proposed change to gross billing.  
b) How many customers contributed to this revenue in 2015?

2.0 – VECC - 14

Reference: B1/Attachment 3/pg. 19

- a) What is the basis for splitting NERC costs 50% to domestic and export customers?

## **5.0 Merger Costs and Savings**

### **5.1 Are the merger costs of \$5.6 million incurred by the OPA and \$5.3 million incurred by the IESO appropriate?**

5.0 – VECC - 15

Reference: B/T3/S1

- a) The IESO notes that it has achieved savings based, in part of the reduction of 35 employees. Please provide a breakdown of showing the total annual costs saved by this initiative.  
b) Please provide a table which shows a breakdown of the redundancies into: Executive, Management, Union, Non-Union and temporary staff.

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