

December 14, 2016

VIA Email, Courier and RESS

Independent Electricity System Operator

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Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
27th Floor, 2300 Yonge Street
Toronto, ON M4P 1E4

**Re: Independent Electricity System Operator
2016 Expenditure and Revenue Requirement Submission
Ontario Energy Board File No.: EB-2015-0275**

The Independent Electricity System Operator (“IESO”) has considered the Ontario Energy Board’s (“Board”) recommendations in its Decision and Order of December 1, 2016 in which the Board referred the issue of the usage fee (Issue 2.0) back to the IESO for further consideration. Attached is a Submission for Review on the IESO’s Proposed Usage Fees (Exhibit A-1-3) that proposes recovery of its approved revenue requirement through two separate usage fees, one for domestic customers and one for export customers, each of which represents a revenue-to-cost ratio of 100% based on the Elenchus cost allocation evidence which the IESO filed.

In its October 21, 2016 reply submission in support of a single usage fee the IESO stated:

... given that it is now close to the end of October and this proceeding has not yet concluded, the IESO agrees that, in this particular case, it is appropriate that a new usage fee approved by the Board take effect as of the date of the decision regarding the fee.

However, given that the IESO is now proposing two usage fees and each represents a revenue-to-cost ratio of 100% the IESO is neutral as to the month in 2016 they take effect but requests that they take effect on the 1st of the month to assist in the processing of any resulting charges and/or rebates.

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Additionally, the IESO requests that the Board approve the proposed usage fees on an interim basis effective January 1, 2017 as the IESO intends to file its 2017 Expenditure and Revenue Requirement Submission with the Board in 2017.

Yours truly,

A handwritten signature in blue ink, appearing to read "Adrian Pye". The signature is fluid and cursive, with a large initial "A" and a long, sweeping underline.

Adrian Pye
Acting Senior Manager, Regulatory Affairs

Attach.

cc: Mr. Fred Cass, Aird & Berlis (email)
EB-2015-0275 Intervenors (email)
Stephen Vetsis, Case Manager, Ontario Energy Board (email)