

April 21, 2017



VIA Email, Courier and RESS

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

Independent Electricity System Operator

1600-120 Adelaide Street West
Toronto, ON M5H 1T1
t 416.967.7474
www.ieso.ca

Dear Ms. Walli:

**Re: Independent Electricity System Operator
2017 Expenditure and Revenue Requirement Submission
Ontario Energy Board File No.: EB-2017-0150**

Pursuant to subsection 25 (1) of the *Electricity Act, 1998*, please find enclosed, two paper copies of the Independent Electricity System Operator's ("IESO") proposed 2017 Expenditure and Revenue Requirement Submission ("Submission") for review and approval of the Ontario Energy Board ("Board" or "OEB"). All intervenors to the IESO's 2016 Revenue Requirement Submission, EB-2015-0275, have been copied on this Submission and the Submission is posted on the IESO's website at the "2017 Revenue Requirement Submission" page.

There are several procedural matters that the IESO wishes to raise with the Board at this time. First, the IESO proposes that the Board's Notice of Hearing ("Notice") be given in a manner similar as was required for the IESO's 2016 Submission, EB-2015-0275, which was as follows:

- The IESO shall post the Notice, and a link to the OEB's webpage where all official documents in this application will be posted, on the IESO's website at the "2017 Revenue Requirement Submission" page (<http://ieso.ca/corporate-ieso/regulatory-accountability/2017-Revenue-Requirement-Submission>) page;
- The IESO shall post an announcement, in English and French, on the IESO's website at the "IESO News" page (<http://ieso.ca/sector-participants/ieso-news>);
- The IESO shall email the announcement to all market participants and interested parties who are registered to receive IESO news and other communiqués (this includes all connection proponents with respect to whom the IESO maintains a public registry);
- The IESO shall serve an electronic copy of the Notice and the Submission, including the pre-filed evidence, on all registered intervenors to EB-2015-0275;
- The IESO shall make a copy of the Notice, the application and the evidence, and any amendments thereto, available for public review at the IESO's office and on the "Regulatory Accountability" page on the IESO's website; and
- The IESO shall provide a copy of the Notice, the application and the evidence, and any amendments thereto, to anyone requesting these materials.

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The IESO has included a draft Issues List which it believes addresses the issues of relevance to this proceeding and requests that this be posted for comment along with the Notice. The draft Issues List is attached as Appendix "A" for the Board's consideration.

In addition, the IESO requests that it be allowed three weeks to respond to interrogatories.

Please contact me or Adrian Pye, Senior Regulatory Analyst, if you have any questions or wish to discuss these points further.

Yours truly,



Tam Wagner

Senior Manager, Regulatory Affairs

cc: Mr. Fred Cass, Aird & Berlis (email)
Intervenors to EB-2015-0275 (email)

Appendix "A"
IESO Fiscal Year 2017 Revenue Requirement Submission
Draft Issues List
EB-2017-0150

1.0 Revenue Requirement, Operating Costs and Capital Spending

- 1.1 Is the IESO's Fiscal Year 2017 net revenue requirement of \$190.8 million appropriate?
- 1.2 Is the IESO's Registration & Application Fees revenue forecast of \$0.6 million for Fiscal Year 2017 appropriate?
- 1.3 Is the IESO's Operating Costs budget of \$191.4 million for Fiscal Year 2017 appropriate?
- 1.4 Are the IESO's projected staffing levels appropriate and reasonable?
- 1.5 Is the IESO's Capital Expenditure budget for Fiscal Year 2017 appropriate?
- 1.6 Are the IESO's Market Renewal Program 2017 operational costs appropriate?

2.0 Usage Fees

- 2.1 Is the methodology used to derive the proposed IESO Usage Fees and the resulting Fees of \$1.2187/MWh for domestic customers and \$0.9872/MWh for export customers appropriate?
- 2.2 Is the proposed January 1, 2017 effective date for the Usage Fees appropriate?

3.0 Registration and Application Fees

- 3.1 Are the registration fees of up to \$10,000 per proposal for electricity supply and capacity procurements, including conservation and load management procurements, appropriate?
- 3.2 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 a maximum of \$5,000, appropriate?
- 3.3 Is the \$1,000 application fee for market participation appropriate?

4.0 The Deferral and Variance Account

- 4.1 Is the IESO's proposal to retain an Operating Reserve of \$10 million in the Forecast Variance Deferral Account appropriate?
- 4.2 Is the IESO's proposal to clear 2016 Year-End balance in the Forecast Variance Deferral Account that are in excess of the \$10 million operating reserve appropriate?
- 4.3 Is the IESO's proposal to retain, in proportionate quantities, up to \$5 million above the proposed 2017 revenue requirement received from each of the two customer classes, to be used to fund Market Renewal Program costs that occur in 2018 appropriate?

5.0 Commitments from Previous OEB Decisions

5.1 Is the IESO's proposed Regulatory Scorecard appropriate?

5.2 Are the four Standard Financial Reporting Forms appropriate?

- Appendix 2-AA (Capital Projects)
- Appendix 2-JB (Operations and Administration Cost Drivers)
- Appendix 2-JC (Operations and Administration Programs)
- Appendix 2-K (Employee Costs)

5.3 Are the IESO's costs and savings to implement the Ontario Government Greenhouse Gas Cap-and-Trade Initiative and any new or changing requirements arising from Bill 135 appropriate?

5.4 Is the IESO's rationale as to why benchmarking is not possible or appropriate acceptable?