

Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416-481-1967  
Facsimile: 416-440-7656  
Toll free: 1-888-632-6273

Commission de l'énergie  
de l'Ontario  
C.P. 2319  
27<sup>e</sup> étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416-481-1967  
Télécopieur: 416-440-7656  
Numéro sans frais: 1-888-632-6273



VIA EMAIL

May 26, 2017

Terry Young  
Vice President, Conservation & Corporate Relations  
Independent Electricity System Operator  
120 Adelaide Street West, Suite 1600  
Toronto, ON M5H 1T1

Dear Mr. Young:

**Re: Funding of OEB Regulated Price Plan Pilot Projects  
(Board File No. EB-2016-0201)**

Further to the Minister of Energy's Direction issued to the Independent Electricity System Operator (IESO) on December 16, 2016, I am writing to confirm the roles and responsibilities of the IESO and the Ontario Energy Board (OEB) in relation to the implementation and funding of pilot projects for new pricing models and non-price tools (Pilots Projects) relating to the OEB's Regulated Price Plan (RPP).

The Direction requires the IESO to provide, through its Conservation Fund, support and funding for Pilot Projects specified by the OEB, in such amounts as determined by the OEB. The IESO is required to:

- provide Conservation Fund funding without adherence to the Conservation Fund's application process or other requirements;
- create a simplified process for enabling distributors that are delivering Pilot Projects to access Conservation Fund funding; and
- use a simplified and expedited procurement process for the purpose of entering into one or more procurement contracts with distributors selected by the OEB.

The OEB is responsible for establishing criteria for, selecting and overseeing the Pilot Projects. The OEB is also responsible for dealing with distributors that have been selected to undertake Pilot Projects in relation to all aspects of the Pilot Projects other

than settlement processes, including such progress monitoring, evaluation, measurement and verification and publication of results as the OEB considers appropriate.

The OEB acknowledges that the IESO will need to have certain information for the purposes of entering into procurement contracts with distributors that have been selected by the OEB to undertake Pilot Projects, and for the purposes of managing such contracts and providing Conservation Fund funding for those projects. The information that will be provided to the IESO in that regard is set out in Attachment A to this letter.

Pilot Projects are a key element of the OEB's efforts to have an objective basis on which to inform our future decisions about RPP pricing and the design of new tools for customers to manage their electricity usage and provide for increased system efficiency. It is therefore important that the IESO's contracting approach and its contractual relationship with distributors facilitate the smooth and timely operation of the Pilot Projects to meet the OEB's requirements. Attachment B to this letter sets out a number of important considerations in that regard.

Sincerely,



Mary Anne Aldred  
General Counsel & Vice President, Legal Services & Strategic Policy  
Ontario Energy Board



Terry Young  
Vice President, Conservation & Corporate Relations  
Independent Electricity System Operator

