

June 23, 2017



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

Dear Ms. Walli:

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

On April 21, 2017, the IESO filed its 2017 expenditure and revenue requirement submission with the Ontario Energy Board (the "Board") which included a draft issues list. In May 2017, the Board issued its report on the Regulatory Treatment of Pension and Other Post-Employment Benefits (OPEBs) Costs. In this report, the Board identified that to the extent that the mechanism established in the report, or an alternate mechanism that meets the spirit of the report, should apply to the IESO will be reviewed and determined in the IESO's next fees case. As a result, the IESO is proposing to amend its draft issues list to include one additional issue as shown below:

6.0 Pensions and Other Post-Employment Benefits (OPEBs) Costs

6.1 Is the IESO's treatment of pensions and other post-employment benefits costs appropriate?

An updated draft issues list is provided as Appendix "A" to this letter.

The IESO will be filing evidence on this shortly.

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 – Updated June 23, 2017
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?

6.0 Pensions and Other Post-Employment Benefits (OPEBs) Costs

6.1 Is the IESO's treatment of pensions and other post-employment benefits costs appropriate?