



**EB-2017-0150**

## **Independent Electricity System Operator**

### **Application for approval of 2017 revenue requirement, expenditures and fees**

#### **PROCEDURAL ORDER NO. 1**

**June 23, 2017**

The Independent Electricity System Operator (IESO) filed an application with the Ontario Energy Board (OEB) on April 21, 2017 under section 25 (1) of the *Electricity Act, 1998*, seeking approval for the IESO's 2017 expenditures, revenue requirement and fees.

A Notice of Hearing was issued on May 23, 2017. The following parties applied for intervenor status:

- The Association of Major Power Consumers in Ontario (AMPCO)
- The Association of Power Producers of Ontario (APPrO)
- Building Owners and Managers Association (BOMA)
- Canadian Manufacturers and Exporters (CME)
- Energy Probe Research Foundation (Energy Probe)
- Environmental Defence (ED)
- Ontario Sustainable Energy Association (OSEA)
- School Energy Coalition (SEC)
- Vulnerable Energy Consumers Coalition (VECC)
- Ontario Power Generation (OPG)
- Power Workers' Union (PWU)
- The Society of Energy Professionals (SEP)
- HQ Energy Marketing Inc. (HQEM)

Each of AMPCO, APPrO, BOMA, CME, Energy Probe, ED, OESA, SEC and VECC also applied for cost award eligibility. No objections were received regarding the requests for intervenor status or cost eligibility.

Intervenor status is hereby granted to each of the parties that requested such status. Each of AMPCO, APPrO, BOMA, CME, Energy Probe, ED, OESA, SEC and VECC is eligible to apply for an award of costs under the OEB's *Practice Direction on Cost Awards*. A list of intervenors is attached as Schedule A to this Procedural Order.

Cost eligible intervenors should be aware that the OEB will not generally allow the recovery of costs for the attendance of more than one representative of any party, unless a compelling reason is provided when cost claims are filed. The OEB also expects that intervenors will combine their interventions with those of similarly interested parties, will co-operate with all other parties to the extent possible and will be mindful to avoid duplication.

### Issues List

Attached as Schedule B to this Procedural Order is a draft issues list prepared by the IESO<sup>1</sup>. Parties will have an opportunity to review the draft issues list and provide any comments or additions to this list. The IESO will also be given an opportunity to respond to any comments or additions received to the draft issues list. The OEB will determine the final issues list and only those issues on the approved issues list will be considered during the review.

### Interrogatories

Parties should consult sections 26 and 27 of the OEB's *Rules of Practice and Procedure* regarding required naming and numbering conventions and other matters related to interrogatories.

It is necessary to make provision for the following matters related to this proceeding. The OEB may issue further procedural orders from time to time.

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. OEB staff and intervenors may file submissions on the draft issues list in Schedule B to this Procedural Order with the OEB and deliver them to all parties by **June 30, 2017**.
2. The IESO may respond to the submissions of intervenors and OEB staff and all other parties may respond to the submission of other parties on the draft issues

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<sup>1</sup> IESO's letter to the OEB, dated June 23, 2017

list. The submissions shall be filed with the OEB and delivered to all parties no later than **July 8, 2017**.

3. OEB staff and intervenors shall request any relevant information and documentation from the IESO that is in addition to the evidence already filed, by written interrogatories filed with the OEB and served on all parties by **July 28, 2017**.
4. The IESO shall file with the OEB complete written responses to all interrogatories and serve them on all intervenors and OEB staff by **August 18, 2017**.
5. If OEB staff or intervenors wish to submit evidence in this proceeding they shall inform the OEB **by August 25, 2017**. Intervenors intending to file evidence shall inform the OEB of the estimated costs including assumptions regarding the participation of an expert and incremental time that will be spent by the intervenor's counsel or any other consultant(s) in relation to the evidence also by **August 25, 2017**. The OEB may re-schedule the Settlement Conference to allow for the filing of evidence.
6. A Settlement Conference among the parties and OEB staff will be convened on **September 14, 2017** starting at 9:30 a.m., at 2300 Yonge Street, 25th floor, Toronto. If necessary, the Settlement Conference will continue on **September 15, 2017**.
7. Any settlement proposal arising from the Settlement Conference shall be filed with the OEB on or before **September 29, 2017**. In addition to outlining the terms of any settlement, the settlement proposal should contain a list of any unsettled issues, indicating with reasons whether the parties believe those issues should be dealt with by way of oral or written hearing.
8. Any submission from OEB staff on a settlement proposal shall be filed with the OEB and served on all parties within **7 days** from when a settlement proposal is filed.
9. If there is no settlement proposal arising from the Settlement Conference, the IESO shall file a statement to that effect with the OEB by **September 20, 2017**. In that event, parties shall file and serve on the other parties by **September 25, 2017** any submissions on which issues could be heard in writing, and for which issues the OEB should hold an oral hearing.

All filings to the OEB must quote the file number, **EB-2017-0150**, be made in searchable / unrestricted PDF format electronically through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <https://www.oeb.ca/industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Michael Lesychyn at [Michael.Lesychyn@oeb.ca](mailto:Michael.Lesychyn@oeb.ca)

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**DATED** at Toronto, **June 23, 2017**

**ONTARIO ENERGY BOARD**

**By delegation, before: Kristi Sebalj**

*Original signed by*

Kristi Sebalj  
Registrar

**Schedule A**  
Applicant and List of Intervenors  
To

Procedural Order No. 1

Independent Electricity System Operator  
EB-2017-0150

June 23, 2017

**Independent Electricity System Operator  
EB-2017-0150**

**APPLICANT & LIST OF INTERVENORS**

June 23, 2017

**APPLICANT**

**Rep. and Address for Service**

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**INTERVENORS**

**Rep. and Address for Service**

**Independent Electricity System Operator  
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**APPLICANT & LIST OF INTERVENORS**

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**Independent Electricity System Operator  
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**APPLICANT & LIST OF INTERVENORS**

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## **Schedule B – The IESO's Draft Issues List**

### **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-inTariff ("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?