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**VIA EMAIL, RESS AND COURIER**

Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> Floor  
Toronto, ON  
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Attention: Kristen Walli, Board Secretary

Dear Ms. Walli:

**Re: EB-2017-0150: IESO, 2017 Expenditure and Revenue Requirement Application -  
BOMA's Written Submissions on Issues List**

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BOMA is writing in response to the Board's invitation to parties to make broader submissions on the issues. In general, BOMA supports additions to the Issues List which assist ratepayers to understand the IESO's various responsibilities and activities, and the resources the IESO requires to carry out those activities, in order to discharge those responsibilities.

**APPrO Submissions**

BOMA agrees with APPrO that forecast costs for 2017 should be provided for each of the items listed in USoA Account 4708 charges, revised March 29, 2016.

These accounts would show ratepayers the detailed make-up of the WMS, which would improve ratepayers' understanding of IESO expenditures, many of the components of the Global Adjustment, and will enable ratepayers to link these expenditures to some degree at least, to the components of the IESO requests for operating and capital funds, which underpin its revenue requirement submission.

Details on the costs incurred for the various market services and adjustments, such as regulation and congestion management, would also help ratepayers assess the cost/benefit of major new initiatives, such as the Market Renewal Program.

The IESO would increase market participants' and ratepayers' understanding of what it does and how it works by providing estimates (and actuals in the subsequent year) of each of its significant activities, in as detailed a manner as possible. Such openness will lead to better acceptance of the IESO as an institution, and more support for the Ontario market.

In addition, the IESO should break down each of its discrete activities into cost centres, and provide OM&A and capital costs for each activity. Activities might include, for example, planning, management of the transmission system, including grid connections, CDM, demand response, transmission loss reduction, FIT Administration.

#### VECC and Energy Probe

First, BOMA agrees that the scope, timing, and cost consequences, both OM&A and capital of the proposed Market Renewal Program, should be the subject of scrutiny in this case. The scope of the initiative is broad and rather undefined. Some parts of it may stray into government policy, for example, possible changes to Ontario's traditional uniform purchase price for energy. The government has not yet indicated where the bright line is between energy policy and IESO proposals to change aspects of the market's structure or operation, in other words, the boundaries of a "market renewal program".

Second, in assessing 2017 costs, regard must be had to forecast costs in 2018, and in 2019, the years that embraced the current business plan, for several reasons. Given the awkwardness of the approvals schedule for the IESO's business plan, and revenue requirement, 2018 will be more than half over before the 2018 revenue requirement proceeding is completed. (The Board should address the dysfunctional schedule to the degree it can, in conjunction with the IESO and the Ministry). To some degree, costs incurred in year one, eg. 2017, both for the Market Renewal Program and other programs/activities will dictate or heavily influence costs in the next one or two years. So the forecast costs for those years must be available and scrutinized, even if not formally approved.

Moreover, given the size of the Market Renewal Program initiative, and the proposal to utilize existing IESO reserves, additional scrutiny, and a separate deferral account, are required.

#### Board Staff

BOMA supports Board Staff's proposed Issue 1.7. "How have productivity improvements impacted the net revenue requirements from 2016 to 2017?". If the Market Renewal Program

budget is included, the IESO's budget 2017 shows an increase over 2016 for comparable activities, and there is no reason why the Market Renewal Program 2017 budget should be treated differently of the rest of the IESO budget for the purpose of the comparison.

While IESO is to be commended for finding savings from the merger, it should be striving for continuous improvement in efficiency and effectiveness, and should be identifying annual productivity initiatives, and forecasting savings and/or service enhancements to which can reasonably be expected to be achieved from each such initiative. It is not enough for the IESO to say that its OM&A budget has gone down each year or to state that it is a not-for-profit organization (it has gone up in 2017 over 2016).

Yours truly,

FOGLER, RUBINOFF LLP



Thomas Brett

TB/dd

Encls.

cc: All Parties (*via email*)