



July 27, 2017

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Re: Independent Electricity System Operator (IESO)
2017 Revenue Requirement, Expenditures & Fees Application
AMPCO's Submission on Proposed Issues
Board File No. EB-2017-0150

Dear Ms. Walli:

In accordance with Procedural Order No. 2 in the above referenced proceeding, below please find AMPCO's submissions on the issues raised by Energy Probe (EP) and the Vulnerable Energy Consumers Coalition (VECC) on the IESO's Market Renewal Program.

1. Market Renewal Program Costs

The IESO proposed Issue 1.6 on the Draft Issues List¹ as follows:

Are the IESO's Market Renewal Program 2017 operational costs appropriate?

Energy Probe proposes that a new issue be added to the Issues List:

Are the cost consequences, scope and timing of the Market Renewal Program appropriate?

AMPCO acknowledges that specific approval of expenditures, revenue requirement and fees for 2018 and future years is not requested in this application. However, AMPCO submits that the Board would benefit from a more comprehensive view of the Market Renewal Program in setting the context for determining the appropriate costs for 2017.

The IESO characterizes Market Renewal as a major undertaking both for the IESO and for Ontario's electricity sector, and it represents the most significant enhancement of Ontario's market since it first opened in 2002.² Given the magnitude of the project, AMPCO submits that implications beyond the test period are relevant in this proceeding. Market Renewal is a multi-year project and as such, costs in 2017 need to be assessed within the projected total cost and benefit estimates of the entire Market Renewal Program. The IESO's 2017-2019 Business Plan, filed at Exhibit A-2-2, includes 2017 budget cost and benefit estimates and provides forecast

¹ IESO Letter April 21, 2017

² A-3-1 Page 10

costs for 2018 and 2019. Given that the total duration of the Program goes well beyond 2019 (as will its costs), it seems reasonable for the Board to understand the full scope of what the IESO plans to execute.

AMPCO understands the IESO's concerns regarding the early stages of development of this project, and is not recommending that every detail outside the test period be examined. However, the basic high level parameters of scope, cost, benefits and schedule of the Market Renewal Program need to be contextualized.

The IESO's redesign of Ontario's wholesale electricity market will engage a wide range of stakeholders, external resources and business units across the IESO. It will require incremental temporary resources to support the design of various Market Renewal initiatives, to create new business processes and IT systems, to conduct ongoing stakeholder engagement, and to address impacts on other IESO functions such as contract management and legal.³ Further, given the scope and expectations of the Market Renewal Program, the IESO determined that the Program requires a robust project management plan and strong project management practices to effectively manage stakeholder relations, timeline, workstream dependencies, and IT system integration.⁴ In approving costs for 2017, AMPCO submits a longer term view of the entire Program is prudent.

In considering the above, AMPCO submits that the IESO and Energy Probe's Proposed Issue 1.6 should be further revised as follows:

Are the 2017 operating costs and timing for the Market Renewal Program appropriate within the context of the current total forecast Market Renewal Program costs, benefits, scope and schedule and the IESO's 2017 to 2019 Business Plan?

2. Market Renewal Deferral Account

AMPCO agrees with Energy Probe that it is not appropriate to mix the Market Renewal Program costs in with the general operating and capital costs given the scale and significance of the Market Renewal Program as described above; it is more than just one of the many projects the IESO undertakes.⁵ AMPCO submits a separate Market Renewal Program Deferral Account (MRPDA) is warranted.

AMPCO supports the addition of Issue 4.4: Should the IESO establish a separate Market Renewal Program Deferral Account?

3. Mandate of the IESO re: Market Renewal

VECC proposed that Issue 1.7 be added as follows:

Is the IESO proposed Market Renewal Program within the mandate of the IESO and, if so, does the program provide sufficient probable benefits to justify costs?

For the reasons provided by the IESO⁶, AMPCO agrees that the development of the Market Renewal Program is within the mandate of the IESO and the addition of this issue is not required. The assessment of benefits to

³ A-2-2 Page 11

⁴ B-1-1 Page 8

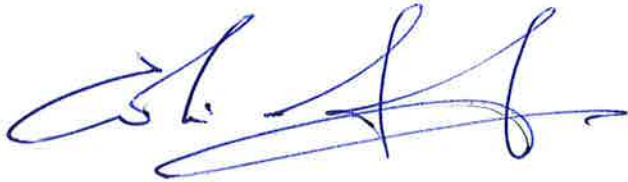
⁵ IESO Letter July 10, 2017 Page 8

⁶ IESO Letter July 10, 2017 Pages 8-9

justify costs component of the above proposal is covered under AMPCO's submission on Issue 1.6 above.

Please do not hesitate to contact me if you have any questions or require further information.

Best Regards,

A handwritten signature in blue ink, appearing to read 'Colin Anderson', with a stylized flourish at the end.

Colin Anderson
President
Association of Major Power Consumers in Ontario

Copy to: Independent Electricity System Operator