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July 28, 2017

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON / M4P 1E4

Dear Ms. Walli:

Re: EB-2017-0150 2017 IESO Fees
2nd Submission on Issues list
Vulnerable Energy Consumers Coalition (VECC)

In response to Procedural Order No. 2 in the above noted proceeding, VECC provides the following additional submissions with respect to the proposed issues list.

We will not repeat our initial submissions but reiterate the important point made by a number of parties that the Market Renewal Program represents a major initiative that will have significant revenue requirement impacts in 2017 and into the future. This is made clear by the supporting Brattle Study (not filed by the Applicant):

“Market Renewal, as proposed, is a wide-reaching effort that will require the IESO to enhance the processes and software systems for every one of its wholesale markets. This will incur significant costs over a multi-year period both for the IESO itself and for market participants¹.”

Clearly, the MRP has an impact on both 2017 revenue requirement, but more importantly it will, if implemented have an impact on future revenue requirements which will require Board review. The impact of the MRP for the test and future years is therefore an issue before the Board.

If the Board has no place in determining the value or prudence of the programs which underpin its revenue requirements and the fees it charges for monopoly services, then there is little value in the Board's review. In our submission the narrow reading of the Board's authority with respect to s.25 of the Electricity Act, 1998, as suggested by IESO, would render the Section's existence moot. In any event,

¹ The Future of Ontario's Electricity Market, the Brattle Group, April 20, 2017 (Submission of Energy Probe)

VECC is satisfied with the amendments to the issues list with regard to this matter that have been proposed by Energy Probe.

VECC is in agreement with the arguments of APPro and other parties that the Wholesale Market Service Charge (WMSC) is also within the Board's authority to review in this proceeding. In our view the Board may inquire into both the WMSC and the usage and registration fees because both are aspects of the IESO's operations that incur costs that are ultimately recovered from ratepayers. Therefore the greatest transparency should be accorded to their review. Having said that, VECC does not at this time intend to pursue issues with respect to the WMSC. VECC submits that it may be more efficient to direct the IESO to produce evidence with respect to the WMSC for its next revenue requirement review.

IESO activities burden Ontario ratepayers with costs. The distinction as to whether these costs take the form of recovery for market services or for its administrative operation is of little importance to ratepayers. By design the IESO is an advocate of market or quasi-market based solutions in an electricity market system structure which has been evaluated by many to have largely failed Ontario ratepayers. It is also a monopoly agency whose existence is embedded in, and relies upon, the continued promulgation of this faltering system. It therefore has interests which are not always congruent with what others might argue is the public interest. All of the IESO's activities should be transparently and openly reviewed and considered by the independent regulator whose objective is to arbitrate and determine the public interest. The forum for that, in our submission, is the Board's review of the revenue requirement of the IESO.

Respectfully, these are our submissions.

Yours truly,

Mark Garner

Consultant for VECC

CC.

Ms. Miriam Heinz

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