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File 93923

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**VIA COURIER AND RESS FILING**

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


Dear Ms. Walli,

**Re: IESO 2017 Expenditure and Revenue Requirement – Interrogatories  
Ontario Energy Board File No. EB-2017-0150**

Please find enclosed the interrogatories of the Power Workers' Union in connection with the above-noted proceeding.

Yours very truly,

**PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**

  
Richard P. Stephenson  
RPS:pb

Encl.

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**Independent Electricity System Operator  
2017 Expenditure and Revenue Requirement**

**Power Workers' Union Interrogatories**

**1.0 REVENUE REQUIREMENT, OPERATING COSTS AND CAPITAL SPENDING**

**Issue 1.4**

**Are the IESO's projected staffing levels and compensation (including salaries, wages, benefits, pensions and other postemployment benefits) appropriate and reasonable?**

**1.4-PWU-1**

Ref: EB-2017-0150, Exhibit A-2-2, Page 7 of 31 (Business Plan):

Challenges and risks are expected to occur at a time when the IESO could see significant changes in its work force. Over the next five years, 27 per cent of the IESO managerial staff and 12 per cent of the senior professional level staff will be eligible for retirement with unreduced pensions.

- a) How many managerial staff and senior professional level staff do the 27% and 12% above represent?
- b) Please provide information by representation (mgt., PWU, Society, etc.).

**Issue 1.6**

**Are the IESO's forecast 2017 operational costs for the Market Renewal Program appropriate in the context of the scope and timing of the overall project?**

**1.6-PWU-2**

Ref: EB-2017-0150, Exhibit A-2-2, Page 8 of 31 (Business Plan):

Early findings show potential for cost savings that are expected to be realized by both consumers and suppliers, with a baseline estimate of \$3.7 billion (net present value) over a ten year period from 2021-2030. These savings represent a net efficiency benefit, meaning the total commodity cost of electricity (i.e. energy, Global Adjustment and uplifts) is reduced by that amount. The majority of savings are expected to flow to consumers, while the rest would flow to other market participants.

**Costs for the project are estimated to fall in the range of \$150 - \$200 million. While these are only initial findings and are expected to change as the IESO works with stakeholders in Q1 2017 to finalize the analysis, the numbers demonstrate that the range of reasonably expected benefits far outweighs the likely costs of the project.**

- a) Is the IESO analysis on the cost-benefit of Market Renewal finalized? If so, please provide the most recent estimate of the savings and cost of the Market Renewal initiative.
- b) Please confirm if the costs of the Market Renewal are recovered from user fees only?
- c) Please provide the breakdown of costs the IESO has incurred so far in 2017 relating to the Market Renewal initiative?
- d) What is IESO's understanding and expectation with respect to the role and mandate of the Ontario Energy Board with respect to the Market Renewal initiative? Specifically, explain if the IESO expects the role of the OEB to be only assessing the reasonableness of costs of Market Renewal or a broader role including the need for the Market Renewal initiative?

#### **1.6-PWU-3**

Ref: EB-2017-0150, Exhibit A-2-2, Page 13 of 31(Business Plan)

- a) Please explain why Total Market Renewal Expenses are projected to decrease from \$14M in 2018 to \$6M in 2019 compared to the projected Market Renewal capital spending which increases by 100% over the same period (\$20M in 2018 to \$40M in 2019).
- b) Please provide the breakdown for each of the \$12.0M, \$14.0M and \$6.0M Market Renewal expenses projected for 2017, 2018 and 2019, respectively.

#### **1.6-PWU-4**

Ref: EB-2017-0150, Exhibit A-2-3, Page 1 of 1 (Letter from the Ministry of Energy, dated March 21, 2017)

- a) What approvals are required to implement the Market Renewal program?
- b) Please provide all communication (email, letters, etc.) between the IESO and the government/Ministry of Energy with respect to the Market Renewal program since the program was initiated by the IESO.



## 5.0 COMMITMENTS FROM PREVIOUS OEB DECISIONS

### Issue 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?**

### 5.3-PWU-5

Ref: EB-2017-0150, Exhibit A-2-2, Page 6 of 31 (Business Plan)

The publication of the IESO's 2016 Ontario Planning Outlook also marks a significant role for the IESO going forward. This technical report is the first step in a process that will move through a Ministry-led consultation phase, and development by the Ministry of a new Long-Term Energy Plan, with IESO support anticipated for both phases. Following plan approval, it is anticipated that the IESO may be required to develop an implementation plan, and upon its approval, proceed with implementation. *The draw on IESO resources is expected to be significant throughout this process, particularly given the focus on increased electrification in meeting climate change objectives.*

- a) Please provide examples of activities and describe the corresponding resource requirements (human and financial) arising from the implementation of the LTEP.
- b) Please explain how LTEP implementation costs are recovered and how they relate to IESO's revenue requirement.