

# ECONALYSIS CONSULTING SERVICES

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August 17, 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 –Independent Electricity System Operator (IESO)  
2076 Expenditure and Revenue Requirement Submission  
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Yours truly,

Mark Garner  
Consultant for VECC

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Toronto, Ontario

<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>TO:</b>	<b>Independent Electricity System Operator (IESO)</b>
<b>DATE:</b>	<b>August 17, 2017</b>
<b>CASE NO:</b>	<b>EB-2015-0150</b>
<b>APPLICATION NAME</b>	<b>2017 Revenue Requirement</b>

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NB: Interrogatories are ordered by exhibits.

## **EXHIBIT A**

### **Issue 1.0 (1.6)**

**1.0 Ref: Exhibit A-2-2, Page 6 & 22 & Exhibit B, Tab 1, Schedule 1, Page 5-6**

- a) Please file the April 20, 2017 Brattle Report on the Benefits Case Assessment of the Market Renewal Project.
- b) Have any additional studies been undertaken in support of the MRP? If yes please provide a list of these studies, a general description of the stud(ies) and indicate whether the analysis was undertaken internally or by a third party.
- c) Please provide the detailed project plan which defines project scope, schedule and costs of the MRP (including internal/external resourcing requirements).

### **Issue 3.0**

**2.0 Ref: Exhibit A/Tab 1/Schedule 1/Page 4&5 & Exhibit B, Tab 1, Schedule 1,Page 1 of 11**

- a) Please provide the calculation/derivation of :
  - i. the \$10,000 registration fee;
  - ii. the \$1,000 application fee; and
  - iii. the FIT application fee (500-5,000).
- b) Have the amount for these fees changed since 2015?

### **Issue 2.0**

**3.0 Ref: Exhibit A-2-2, Page 3 of 31**

*"At the system level, electricity demand is expected to decline slightly or remain relatively flat over the business planning period as growth in demand from economic expansion and population growth will be mostly offset by conservation"*

- a) Please provide 2018 electricity demand forecast.
- b) Please provide an update of the 2017 forecast based on actual demands as of August 1, 2017.
- c) Please a comparison of the 2017 monthly forecast and the actual and remaining year-end forecast.

#### Issue 1.0 (1.3)

##### 4.0 Exhibit A-2-2, Page 6 of 31 & 22

- a) Please provide the annual increase in the cyber security program since 2015.
- b) This program was expected to be completed Q1 2017. Has this been achieved?

#### Issue 5.0 (5.3)

##### 5.0 Exhibit A-2-2, Page 7 of 31

- a) Please explain how the Climate Change Action Plan (CCAP) is *“already impacting the IESO’s current scope of work.”* What are the estimated costs of these impacts?

#### Issue 1.0

##### 6.0 Exhibit A-2-2, Page 7 of 31

- a) At the above reference it states *“Recent directives aimed at improving the effectiveness of the CFF will result in increased responsibility for the IESO.”* Please provide these directives

#### Issue 1.0 (1.6)

##### 7.0 Exhibit A-2-2, Page 8 of 31

- a) Please show the derivation of the \$3.7 billion 2021-30 benefits of the Market Renewal Program.
- b) Please show the calculation of the confidence level of this forecast.

#### Issue 1.0 (1.3)

##### 8.0 Exhibit A-2-2, Page 9 & 23

- a) What is the 2017 budget of the SME?
- b) What costs are shared between the SME and IESO?
- c) What is the method for allocating shared SME/IESO costs?
- d) What incremental costs are being incurred by IESO for the SME data enhancement project?

### Issue 1.0 (1.3)

#### 9.0 Exhibit A-2-2, Page 11 of 31

- a) Please breakdown the \$9.3 million increase in 2017 proposed operating expenses into the three cost driver areas identified (MRP and pensions and post-employment benefits).

### Issue 1.0

#### 10.0 Exhibit A-2-2, Page 12 of 31

- a) Please explain the negative interest rate expense beginning in 2017

### Issue 1.0 (1.4)

#### 11.0 Exhibit A-2-2, Page 13 of 31

- a) Please provide a list of the 25 incremental positions by job classification and salary band.
- b) How many of the anticipated 25 incremental positions have been hired to date?

### Issue 1.0 (1.5)

#### 12.0 Exhibit A-2-2, Page 14 & 28 & Exhibit B, Tab 2, Schedule 1, Page 5 of 6

- a) Please update the table at Appendix 4 (i.e. Appendix 2-AA) to show 2016 actual capital projects, 2017 revised (if necessary) and 2017 spending to date.

### Issue 1.0/3.0/5.0 (2.2, 5.4)

#### 13.0 Exhibit A-2-2, Page 16 of 31

*"As of December 31, 2016, the IESO was managing more than 27,350 contracts that account for more than 27,350 MW of generation. These include contracts for approximately 24,500 microFIT projects (representing 216 MW) and 3,950 Feed-in Tariff or FIT projects (representing 4,750 MW). The majority of those contracts are in operation with 1,050 projects (or 3,281 MW) under development."*

- a) Please confirm that IESO manages the same number of contracts as MW of generation (i.e. on average each contract is for 1 MW).
- b) Please reconcile the number of contracts (27,350) with the number of microfit projects and FIT projects ( 24,500+3,950=28,450).

### Issue 1.0 (1.3)

#### 14.0 Exhibit A-2-2, Page 17 of 31

- a) Please provide the referenced reports of the Conservation group review.
- b) Please outline the expected savings in conservation delivery.
- c) How will expected savings in the Conservation Group impact the proposed revenue requirement?

### Issue 1.0 (1.3)

#### 15.0 Exhibit A-2-2, Page 19 of 31

- a) Please provide the status of the new corporate website.
- b) What is the forecast cost of this project?

### Issue 3.0

#### 16.0 Exhibit A-2-2, Page 23 of 31

- a) Please provide a comparison of 2017 actual FIT/micro/FIT procurement costs and the projections included in the 2013 LTEP.

### Issue 2.0 (2.1)

#### 17.0 Exhibit A-3-1, Page 7 of 55

- a) Please provide the 2016 Ontario Planning Outlook.
- b) Please provide the 2016 IESO Operability Assessment Report

### Issue 1.0 (1.3)

#### 18.0 Exhibit A-3-1, Page 50 of 56

- a) Please provide the 2016 actual lease costs.

## EXHIBIT B

### Issue 2.0

#### 19.0 Exhibit B, Tab 1, Schedule 1, Page 3 of 11

- a) Please explain why embedded generation was included in the past but is proposed to be removed now.
- b) Please show the usage fees with and without proposed embedded generation removal .

## Issue 2.0

### 20.0 Exhibit B, Tab 1, Schedule 1, Page 3 of 11

- a) Please explain how the domestic and export 2017 demand is derived.
- b) Please provide the first 6 month demand for 2017 and the forecast demand for the same period.
- c) Please explain how the allocation of losses to the domestic and export customers are calculated.

## Issue 1.0 (1.3)

### 21.0 Exhibit B, Tab 1, Schedule 1, Page 8 of 11

- a) Please update Table 5 to show 2017 actual spending to August 1 and the remaining forecast budget.

## Issue 1.0/5.0 (1.3, 5.3)

### 22.0 Exhibit B, Tab 1, Schedule 1, Page 10 of 11

- a) Please provide the external direction for IESO providing support to the Ontario Climate Change Solutions Deployment Corporation. If no such direction was given please explain why IESO is providing the described supports.

## Issue 4.0

### 23.0 Exhibit B, Tab 2, Schedule 1, Page 1 of 6

- a) Please provide the year-end FVDA balances for 2014 through 2016.
- b) Please provide the current actual FVDA balance.

## Issue 1.0 (1.4)

### 24.0 Exhibit B, Tab 3, Schedule 1, Page 3 of 3

- a) What is the current regular staff vacancy?
- b) What is the current temporary staff vacancy rate?

## EXHIBIT C

### Issue 1.0 (1.4)

#### 25.0 Exhibit C, Tab 2, Schedule 1, Attachment 4

- a) Please amend Appendix 2-K to show executive compensation separately.

### Issue 1.0/5.0 (1.3/5.4)

#### 26.0 Exhibit C, Tab 2, Schedule 1

- a) Please provide a detailed breakdown of Appendix 2-JC in the form of the table file in Appendix A – Allocation Detail Worksheet found in **EB-2015-0275**, Exhibit B-1-1, Attachment 3, Page 39 of 41 which shows the 2015 through 2018 actual and forecast costs.

### Issue 5.0 (5.4)

#### 27.0 Exhibit C-1-1, Attachment 1, Page 7 of 56

- a) Is it the IESO's intention to adopt the Proposed Regulatory Scorecard Shown at the above reference?
- b) Please explain why the proposed scorecard has no normalized financial metrics (for example, average compensation cost per FTE or the number of contracts managed normalized by the \$ spent in that department).

### Issue 5.0 (5.4)

#### 28.0 Exhibit C-1-1, Attachment 1,

- a) Using the Table in response to x above please show for 2015 and 2016 actuals and 2017 budget the following:
  - i. Allocated \$ cost in department - Connections & Registrations /No. of Connections & Registrations
  - ii. Allocated \$ cost in department – Contract Management / No. of Contracts Managed
  - iii. Allocated \$ cost in department - Renewable Procurement / No. of renewables procured
  - iv. Allocated \$ cost in department - Conservation and Corporate Relations / MW of achieved conservation

**END OF DOCUMENT**