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Our File No. 339583-000245

**By electronic filing**

August 17, 2017

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> floor  
Toronto, ON M4P 1E4

Dear Ms. Walli

**Re: Independent Electricity System Operator ("IESO")  
Application for Approval of 2017 Revenue Requirement,  
Expenditures and Fees  
Board File No.: EB-2017-0150**

Please find enclosed the Interrogatories of Canadian Manufacturers & Exporters ("CME") in the above-noted proceeding.

Yours very truly

Borden Ladner Gervais LLP

A handwritten signature in black ink, appearing to read 'Scott Pollock', is written over a horizontal line.

Scott Pollock

enclosure

c. EB-2017-0150 Intervenors  
Paul Clipsham and Ian Shaw (CME)

OTT01: 8414833: v1

ONTARIO ENERGY BOARD

Independent Electricity System Operator  
Application for approval of 2017 revenue requirement, expenditures and fees

INTERROGATORIES OF  
CANADIAN MANUFACTURERS & EXPORTERS ("CME")  
TO INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

**CME 1**

Issue 1.6

Ref: Exhibit A, Tab 2, Schedule 2 page 14 of 31

In the first paragraph on this page, the IESO states:

*"Resourcing approaches will include competitive contracting with suppliers, as well as seconding key internal IESO resources for different durations based on the specific skills needed as the project moves through the various phases (e.g. design, implementation, testing, etc.) until the project is complete. The incremental FTEs will be required to deliver the IESO's core business and Market Renewal."*

- (a) How many internal resources will second to the Market Renewal Project ("MRP") in 2017, as well as the other years of the project's life.
- (b) What percentage of the MRP's total employee complement will be seconded resources in every year of the project's life?
- (c) Are the incremental employees that are required to deliver the IESO's core business due to the secondment of resources from core operations to the MRP?
- (d) If the answer to c) is yes, please confirm whether these incremental FTE's are also temporary, and how the IESO has matched their work term to the secondment period. For instance, if a resource was seconded in the 'design' and 'testing' phases, would the temporary employee be let go during the 'implementation' phase and then rehired, or employed throughout?

**CME 2**

## Issue 1.4

Ref 1: Exhibit A, Tab 2, Schedule 2 page 26 of 31

Ref 2: Exhibit A, Tab 2, Schedule 2, page 13 of 31

Ref 3: Exhibit B, Tab 3, Schedule 1 page 3 of 3

In Ref 1 the chart identifying the key risks for 2017, the IESO states that the fourth risk is:

*"Current workforce capacity and allocation does not support the IESO's ability to effectively execute its mission, strategy and expanding responsibilities."*

The table at Ref 3 shows that the IESO is thirteen staff members below budget. One of the tables at Ref 2 shows that 25 more incremental FTE's are required for 2017 and a further 50 for 2018.

- (a) Please provide an update regarding current staffing levels and how they compare to the number of staff that the IESO states that it requires in order to pursue both the MRP and their core mandate.
- (b) Please provide an update as to the status of the risk identified in Ref 1.
- (c) Please provide the approach that the IESO has used to ramp up hiring for 2017 and intends to use to continue hiring the proper number of employees in 2018 and beyond to manage the risk identified in Ref 1.

**CME 3**

## Issue 1.5

Ref: Exhibit A, Tab 2, Schedule 2, page 29 of 31

In the 2017–2019 Capital Plan Details table, the IESO describes "Operations Readiness Initiatives" as:

*"This includes a holistic review of all the processes and tools in Market and System Operations with the intent to sustain the level of services to meet reliability standards with the efficient use of resources."*

CME wishes to better understand what is encompassed in this category.

- (a) Please breakout and provide information on the specific initiatives encompassed within this category, as well as their individual costs.

**CME 4**

Issue 1.5

Ref: Exhibit A, Tab 2, Schedule 2, page 29 of 31

In the 2017–2019 Capital Plan Details table, the IESO describes “Infrastructure Refresh (building services, software licenses & computer hardware)” as:

*“To procure Racks and Enclosures to expand the IESO’s blade server rack and enclosure infrastructure, which will facilitate the requirements of emerging projects. This project also includes miscellaneous building services and software license renewals.”*

- (a) Please break out the cost for each individual component, i.e. the cost of racks and enclosures, miscellaneous building services, and software license renewals.
- (b) What sort of improvements or tasks fall within the “miscellaneous building services” category?
- (c) Was a procurement process implemented to procure the racks and enclosures? If so, what procurement process was employed?

**CME 5**

Issue 1.5

Ref: Exhibit A, Tab 2, Schedule 2, page 29 of 31Ref: Exhibit A, Tab 3, Schedule 1, page 21 of 56

In the 2017–2019 Capital Plan Details table, the IESO describes “Corporate Website including consolidation and enhancement to Save on Energy)” as:

*“Corporate website upgrade to help proactively manage the IESO’s reputation through its communications to and relationships with stakeholders, customers, employees and others to position the organization as a leader in the electricity sector.”*

At Ref 2 the IESO states that it has recently launched a new corporate website.

- (a) Is the new corporate website that is described at Ref 2 the product of the project described at Ref 1, or is the 2017 project in addition to the new website?
- (b) If the project is in addition to the new website, why wasn’t the scope of the project added in at the time the IESO was upgrading its corporate website already?

**CME 6**

## Issue 1.5

Ref: Exhibit A, Tab 2, Schedule 2, page 29 of 31

In the 2017–2019 Capital Plan Details table, the IESO describes “Wallboard Refresh)” as:

*“This project proposes to replace all wallboard projector components in the Control Room with a unified vendor solution that can be managed efficiently by the IESO and reduce costs associated with wallboard display changes. Wallboard projectors have exceeded their intended supported service life.”*

- (a) What are the anticipated cost savings associated with the wallboard display changes?
- (b) Has the original vendor of the wallboard projectors informed the IESO that their units are no longer supported?
- (c) Has the IESO experienced any performance issues with the wallboard projectors?

**CME 7**

## Issue 1.4

Ref: Exhibit A, Tab 3, Schedule 1, page 52 of 56

The IESO states that the midpoint of the executive salary grade was defined as the:

*“[T]otal direct cash compensation (annual base salaries plus annual short-term and long-term target incentive awards) of the hybrid market’s price point at the 50th percentile for each salary grade.”*

- (a) Please confirm whether this includes things such as benefits and paid expenses.
- (b) If it does not account for these items, please provide the average quantum of benefits and paid expenses for an executive at the IESO, as well as the average percentage of their compensation which is encompassed by those benefits.
- (c) If the comparison does not account for benefits and paid expenses, does the IESO or the Hay Group have that data for the comparator group? Please provide if they do.

## **CME 8**

Issue 1.0

Ref: Exhibit B, Tab 2, Schedule 1 page 6 of 6

The IESO states:

"After a review of its accounting practices, the IESO decided to include year-end market account balances on its financial statements in an effort to increase transparency."

- (a) Please indicate what sort of detail this information would provide. For example, would it be a single line item, with an aggregated account balance, or would it be multiple line items outlining separate debits and credits in multiple accounts, and on whose behalf the money was being held?
- (b) The IESO has stated that the financial transactions do not impact the IESO's deficit, or revenues and expenses. Please confirm that the proposed reporting of those transactions on its financial statement would also not impact the IESO's deficit, or revenue and expenses.

## **CME 9**

Issue 4.3

Ref: Exhibit B, Tab 2, Schedule 1 page 2 of 6

The IESO states:

"In addition to the \$10 million operating reserve, the IESO is seeking approval to retain up to \$5 million in excess revenues received in 2017 to minimize fee increases as a result of the Market Renewal Program in 2018."

- (a) Please explain why the IESO is deviating from its normal cost recovery mechanisms for this discreet \$5 million.