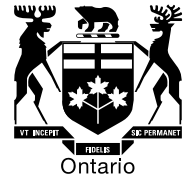


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BY EMAIL

July 6, 2018

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Ontario Energy Board (OEB) Staff Submission on Draft Issues List
Independent Electricity System Operator (IESO) Application for Approval of
2018 Expenditures, Revenue Requirement, and Fees
OEB File Number: EB-2018-0143**

Pursuant to Procedural Order No. 1, please find attached the submission of OEB Staff on the draft issues list prepared by the IESO in the above referenced proceeding.

Yours truly,

Original Signed By

Michael Lesychyn
Project Advisor, Supply and Infrastructure

cc: Parties to EB-2018-0143



ONTARIO ENERGY BOARD

OEB Staff Submission on Draft Issues List

**Independent Electricity System Operator's Application for the Approval of
2018 Expenditures, Revenue Requirement and Fees**

EB-2018-0143

July 6, 2018

INTRODUCTION

The Independent Electricity System Operator (IESO) filed an application with the Ontario Energy Board (OEB) on April 30, 2018 pursuant to subsection 25(1) of the *Electricity Act, 1998*, seeking approval for the IESO's 2018 expenditures, revenue requirement, and fees. The IESO included a draft issues list with its application.

On June 26, 2018, the OEB issued Procedural Order No. 1 (PO1). PO1 instructed that intervenors and OEB staff should provide comments on, or propose additions to the IESO's draft issues list by July 6, 2018. PO1 also specified that only those issues on the approved issues list would be considered by the OEB during the review of the IESO's application.

The following are the submissions of OEB staff on the draft issues list.

SUBMISSION

The draft issues list filed by the IESO includes fifteen issues grouped under the following six categories:

- *1.0 Revenue Requirement, Operating Costs and Capital Spending*
- *2.0 Usage Fees*
- *3.0 Registration and Application Fees*
- *4.0 The Deferral and Variance Account*
- *5.0 Commitments from Previous OEB Decisions*
- *6.0 Market Renewal Program*

OEB staff supports the IESO's proposed categorization, but requests the following two revisions to the OEB's draft issues list:

1. Two additional issues, identified as 6.3 and 6.4 below, be included on the draft issues list
2. Parts a) and b) of IESO draft issue 6.2 be modified for purposes of clarity.

OEB staff's requested additions and modifications to the IESO's draft issues list are presented in bolded text below.

6.0 Market Renewal Program

6.1 Is the level of reporting on the Market Renewal Program appropriate?

6.2 Is the proposal to provide a comparison of actual annual achievement against plan, as described in a) and b) below, appropriate?

- a) Comparison of budget and actual operating and capital costs by initiative **for 2018** (available in the 2019 Revenue Requirement Submission **filing for 2018**)
- b) Quantification of the project performance measures of Cost Performance Index ("CPI") and Schedule Performance Index ("SPI") **for 2019** (available in the 2020 Revenue Requirement Submission **for 2019**).

6.3 Is the IESO's proposed Market Renewal Program capital budget of \$4 million appropriate?

6.4 Is the IESO's proposed Market Renewal Program operating expenses budget of \$12.7 million appropriate?

With regard to requested issues 6.3 and 6.4, highlighting these elements of the IESO's budget is in keeping with the importance placed by the OEB on maintaining appropriate regulatory oversight of Market Renewal Program spending as reflected in the OEB's Decision and Order in the last IESO fees case.¹

OEB staff is aware that public statements made during the period leading up to and following the recent Provincial election relate to certain of the activities in the IESO's approved Business Plan for 2018-2020. OEB staff will monitor whether and how the issues in this proceeding may be affected as and when additional detail becomes available in respect of the new government's plans.

All of which is respectfully submitted

¹ EB-2017-0150, Decision and Order, December 14, 2017, p. 5.