

1 AMPCO INTERROGATORY 12

2 **6.0 Market Renewal Program**

3 **6.1** *Does the "Market Renewal Program Cost Report" provide sufficient information on the*
4 *financial and operational performance of the Market Renewal Program for 2017, 2018*
5 *year to date and 2018 forecast?*

6 6.1-AMPCO-12

7 INTERROGATORY

8 Preamble: The IESO states that the \$4.1 million underspend in 2017 was the result of unused
9 contingency and slower ramp-up of resources.

- 10 a) What is the contingency amount and how much was unused? Please explain.
11 b) Please explain the reasons for the slower ramp-up of resources.

12 RESPONSE

- 13 a) There was a high level of uncertainty as to the cost of the Market Renewal Program in 2017
14 which resulted in contingency being added to the budget. The contingency was \$3.4 million,
15 and made up 30% of the 2017 budget.

Description	(In \$ millions)
Compensation & Benefits – Contingency	2.4
Professional & Consulting – Contingency	1.0
Slower ramp up of resources	0.7
Total	4.1

16
17 The contingency along with the slower ramp-up of resources resulted in the \$4.1 million
18 underspend.

- 19 b) The slower than forecast ramp up is a result of the IESO's processes for filling and
20 backfilling unionized positions combined with the large number of hires resulting from the
21 MRP. Approximately 80% of the IESO's staff is unionized and the processes for hiring and
22 backfilling from the job postings through to the hiring and any resulting backfilling are
23 designed to ensure the hiring process for unionized positions is fair.

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6 6.1-AMPCO-13

7 INTERROGATORY

8 Ref: Exhibit C ab 2 Schedule 1 Page 5

9 Preamble: The evidence indicates that prior to the start of detailed design for each of the
10 initiatives, and commencing any significant capital spending, the IESO will develop a business
11 case for the MRP, which will be provided to the IESO Board of Directors for approval, and to
12 stakeholders thereafter.

13 a) When will the business case be completed? Please provide the current status of the business
14 case compared to plan.

15 RESPONSE

16 a) The MRP business case is expected to be completed in Q4 2019. The Brattle Group
17 completed a Benefits Case for Market Renewal which was published in April 2017. The
18 Benefits Case continues to be publicly available on the IESO's website
19 <http://www.ieso.ca/en/sector-participants/market-renewal/overview-of-market-renewal>

20 The timing for completion of the business case has been delayed compared to the plan that
21 was in place in August 2017 when the IESO's 2018 Business Plan (including MRP) was
22 prepared. The business case development is anticipated to commence following the
23 publication of the energy workstream high level designs (Single Schedule Market, Day
24 Ahead Market, Enhanced Real-time Unit Commitment) at the end of 2018.

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1 AMPCO INTERROGATORY 14

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6 6.1-AMPCO-14

7 INTERROGATORY

8 Ref: Exhibit B Tab 2 Schedule 1 Page 3

9 Preamble: "The IESO will be in a position to start tracking performance measures such as
10 Schedule Performance Index ("SPI") and Cost Performance Index ("CPI") on a going-forward
11 basis starting January 1, 2019.

12 Please explain if any of the work currently underway for the Market Renewal Program includes
13 a baseline for schedule and cost. If not, why not.

14 RESPONSE

15 The work currently underway for the Market Renewal Program, specifically development of the
16 high level designs, includes a partial baseline for schedule and cost for 2018. Significant efforts
17 continue to be made to establish detailed baselines for schedule and cost for activities in 2019,
18 and to have those baselines approved before the beginning of 2019. SPI and CPI will be tracked
19 against those baselines on a monthly basis starting January 1, 2019.

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3 INTERROGATORY

4 Reference: Exhibit C/Tab 2/Schedule 1/pg. 5-10

5 IESO states “[P]rior to the start of detailed design for each of the initiatives, and
6 commencing any significant capital spending, the IESO will develop a business case for
7 the MRP, which will be provided to the IESO Board of Directors for approval, and to
8 stakeholders thereafter.”

- 9 a) Please provide the expected completion date of the overall MRP business plan.
10 b) Please provide the expected completion date of the business cases for the six initiatives set
11 out in Tables 4 and 5.
12 c) Please provide the business plan for the capital and OM&A 2018 forecast expenditures.

13 RESPONSE

- 14 a) Please see the response to AMPCO Interrogatory 13 at Exhibit I, Tab 6.1, Schedule 2.13.
15 b) The IESO plans to produce one business case for the MRP which includes all aspects of the
16 program.
17 c) The MRP operating and capital costs for 2018 are included in the IESO’s 2018-2020 Business
18 Plan. There is no separate “business plan for the capital and operating 2018 forecast
19 expenditures”. Please refer to Exhibit A-2-2, page 18.

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