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March 19, 2019

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, ON
M4P 1E4

Re: EB-2019-0002 – APPrO Submissions on Issues List

Dear Ms. Walli:

We are counsel to the Association of Power Producers of Ontario (“**APPrO**”). These submissions are made in response to Procedural Order No. 1 in this proceeding.

At minimum, APPrO submits that in regards to the Market Renewal Program (“**MRP**”), the three issues approved by the Ontario Energy Board (the “**OEB**” or the “**Board**”) in last year’s IESO revenue requirement proceeding should be added to the issues list in this proceeding. These are as follows:

Does the “Market Renewal Program Cost Report” provide sufficient information on the financial and operational performance of the Market Renewal Program for 2017, 2018, 2019 year to date and 2019 forecast?

Are the IESO's forecast 2019 operational costs for the Market Renewal Program appropriate in the context of the scope and timing of the overall project?

Are the IESO's forecast 2019 capital costs for the Market Renewal Program appropriate in the context of the scope and timing of the overall project?

The IESO's proposed revenue requirement for the MRP in 2019 is \$49.7 million¹. This represents over a quarter of the IESO's total proposed revenue requirement for 2019 (i.e., \$190.8 million).

¹ Exhibit C-2-1 p 10, Table 6.

The IESO's draft issues list proposes a single issue in relation to the MRP. This one issue asks whether the level of reporting on the MRP is sufficient.

APPrO submits that consideration of reporting sufficiency does not allow a substantive review of the IESO's proposed expenditures. APPrO further submits that it is not possible for the Board to conduct a review the IESO's proposed expenditure and revenue requirement pursuant to s. 25(4) of the *Electricity Act, 1998* if over one-quarter of the IESO's proposed expenditures are not reviewed. The three issues considered by the Board last year in relation to the MRP are therefore essential to the Board's review of the IESO's 2019 proposed expenditures as these three issues allow for parties and the Board to review the IESO's costs and proposed spending in relation to the MRP.

Moreover, APPrO has not been able to identify evidence which demonstrates that MRP benefits will outweigh MRP costs.² The IESO proposes to create a business plan at the end of 2019 for the MRP after which it will already have spent \$73.9 million on the MRP.³ APPrO submits that a business plan showing that MRP benefits will reasonably outweigh MRP costs is overdue. As a result, APPrO submits that the following issue should be considered in this proceeding:

Does the "Market Renewal Program Cost Report" or other IESO evidence including its Business Plan for 2019-2022 prove that the benefits of the Market Renewal Program will outweigh the costs of the Market Renewal Program?

To be clear, APPrO's submission is that waiting until the end of 2019 for a business plan – which may or may not prove that MRP benefits outweigh MRP costs – is too late as such a business plan should have been provided when the MRP was first proposed.

Yours Truly,



George Vegh

cc: David Butters, President & CEO, APPrO
Parties in EB-2019-0002

² The IESO Business Plan 2019-2022 contains statements that the market renewal program will create more than \$3 billion in savings over a 10-year period but APPrO has not identified any evidence in support of savings/benefits.

³ See IESO Business Plan 2019-2022 p 16 filed as Exhibit A-2-2 p 18.