



**BY EMAIL and RESS**

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Ontario Energy Board  
2300 Yonge Street  
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April 9, 2019  
Our File: EB20190002

**Attn: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

**Re: EB-2019-0002 – IESO 2019 Fees – SEC Interrogatories**

We are counsel to the School Energy Coalition (“SEC”). Pursuant to Procedural Order No. 1, please interrogatories on behalf of SEC.

Yours very truly,  
**Shepherd Rubenstein P.C.**

*Original signed by*

Mark Rubenstein

cc: Wayne McNally, SEC (by email)  
Applicant and interested parties (by email)

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** subsection 25(1) of the *Electricity Act, 1998*;

**AND IN THE MATTER OF** a Submission by the Independent Electricity System Operator to the Ontario Energy Board for the review of its proposed expenditure and revenue requirements for the fiscal year 2019 and the fees it proposes to charge during the fiscal year 2019.

**INTERROGATORIES**

**ON BEHALF OF THE**

**SCHOOL ENERGY COALITION**

**1.1-SEC-1**

With respect to the IESO budgeting process:

- a. Please provide a step-by-step explanation of how the IESO created its 2019 budget.
- b. For internal purposes, how does the IESO report on its spending against its budget through the year? Please provide a copy of the 3 most recent versions of such documents.
- c. Please provide a copy of all documents that were provided to the Board of Directors in approving the underlying budgets contained in the Business Plan and this Application.

**1.1-SEC-2**

[Ex. B-3-1] Please revise Appendices 2-AA, 2-JB, 2-JC and 2-JK for 2018 actuals.

**1.1-SEC-3**

Please provide details of all productivity and efficiency measures the IESO undertook in 2018 and plans to undertake in 2019.

**1.1-SEC-4**

With respect to the 2018 Corporate Performance Measures:

- a. Please provide a copy of the 2018 Corporate Performance Measures and targets.
- b. Please provide the actual results of each Corporate Performance Measure.

**1.1-SEC-5**

Please provide a summary of all internal audit reports issued in the past year, their recommendations and the status of the implementation of those recommendations.

**1.1-SEC-6**

Since the filing of the Application, the Minister has issued a number of directives to the IESO related to CDM.

- a. Please provide a copy of all directives received by the IESO.

- b. Please provide details regarding the impact of the directives on the 2019 IESO's operations and budget.
- c. With respect to part (b), please explain how the costs related to the additional responsibilities given to the IESO related to CDM programs will be funded.

#### **1.1-SEC-7**

[EB-2015-0275, S-1-1, p.16-17] The approved EB-2015-0275 Settlement Proposal states:

The Board stated its expectations regarding stakeholder consultation in the EB-2013-0326 Decision and Order. Intervenors are concerned that, aside from the IESO's Stakeholder Advisory Committee, there are few, if any, consumer or consumer group participation in the IESO's working groups and stakeholder engagement initiatives. The IESO's current Stakeholder Engagement Principles include the principle of inclusive and adequate representation which includes consumers and consumer groups. To address intervenors' concern, the IESO commits to the implementation of the principle of inclusive and adequate representation, including from consumers and consumer groups, in all of its stakeholder engagement activities and working groups.

- a. Please explain how the IESO has implemented this principle in 2018 and further plans to implement this principle in 2019.
- b. Please detail how the IESO has and plans to further its engagement with both low and medium<sup>1</sup> volume customers and/or groups representing low and medium volume customers.
- c. For each stakeholder engagement that is currently underway or is expected to take place in 2019, please explain how the IESO is or plans to seek the views of customers and/or groups representing customers.

#### **1.1-SEC-8**

Please provide a copy of the IESO's organizational chart and explain any material changes that have occurred since the filing of its previous application (EB-2018-0143).

#### **1.3-SEC-9**

Please provide the budget and FTEs breakdown associated with each IESO business unit, in a similar format as provided in SEC IR 13 in EB-2018-0143 (Exhibit I, Tab 1.3, Schedule 8.16 SEC 16).

#### **1.4-SEC-10**

[Ex.3-1, Attach 1; Appendix 2-AA] With respect to IESO's proposed capital projects:

- a. Please add two columns showing: a) the 2018 plan amount as set out provided in the EB-2018-0143 application and underlying business plan, and b) 2018 actuals.
- b. For each project, please explain all variances of +/- 5% between (a) and (b).

#### **1.4-SEC-11**

[Ex. A-2-2, p.2; 2-AA] For each material<sup>2</sup> 2019 core operating capital project/initiative, please provide a copy of the business case, project plan, or similar document.

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<sup>1</sup> General service customers not eligible for Class A

<sup>2</sup> Materiality defined as \$954K. (0.05% of IESO revenue requirement (190.8M) consistent with Board's Filing Requirement For Electricity Distribution Rate for distributors with revenue requirement less than \$200M.

#### **4.1-SEC-12**

[Ex.B-1-1, p.7] With respect to the proposed \$10 operating reserve, please provide a table showing for each year the Board has approved an operative reserve for the IESO (or its processors), a) the approved amount, b) the amount used and c) the total approved revenue requirement.

#### **5.1-SEC-13**

[Ex. C-1-1] With respect to the new Operational Effectiveness Measure:

- a. Please explain why this is the most appropriate metric to assess the IESO's market assessment and compliance activities.
- b. Please provide a list of all other matrices that were considered and the rationale for why they were not chosen.
- c. Please provide further details regarding the 'risk based assessment of market events' and what is considered a 'highest impact' market event. Please provide a copy of any document that outlines the risk assessment.

#### **5.2-SEC-14**

[Exhibit C-4-1, Attach 1] With respect to the Mercer *Non-Executive Remuneration Study*:

- a. SEC notes that Mercer has conducted similar studies recently for Toronto Hydro (EB-2018-0165 Ex. 4A, Tab 4, Schedule 5) and Hydro One [EB-2017-0049. Exhibit C1, Tab 2, Schedule, Attach 5; Updated Compensation Study, filed April 20 2018 ]. Each of these studies uses different methodologies. Please explain the difference between the methodologies and the rationale for method selected for the IESO.
- b. For each category of IESO employees (non-management, PWU, and Society), please provide the total number of employees IESO employs and the total number that were benchmarked.
- c. What years is the IESO and peer group data from?
- d. Please explain in detail the source of the IESO data used in the study. For example, does it reflect actual compensation paid in the previous years for employees? If it represents a salary band for a given unionized position, does it reflect to the mid-point of the range?
- e. Does Mercer believe that the peer group categorization is the most appropriate for the purposes of benchmarking IESO's non-management compensation? If not, please explain what changes would lead to a more appropriate comparison.
- f. [p.8] Please explain why one department of the Federal government (Treasury Board of Canada Secretariat) was included in the benchmarking data and not the entire Federal public service as was done for the Ontario public service.
- g. [Appendix A] Please explain why no other Provincial Government besides Ontario was included in the study.
- h. [Appendix A] For each peer group organization, please provide the number of positions that were included in the study broken down into each of the three categories (non-management, Society, PWU).
- i. [Appendix C] Please provide a revised version of the summary table to show how the IESO compares against: a) the Energy Sector peer group; and b) Public and Private (non-energy sector) peer groups.
- j. [Appendix C] For each group and grade, please provide: a) the number of the IESO positions (i.e. number employees who held the relevant positions at the time of the study), and b) the number of positions included in each peer group category.

## **5.2-SEC-15**

[Exhibit C-4-1, Attach 1] With respect to the Mercer *Non-Executive Remuneration Study*:

- a. Please provide the IESO's views on the results of the Mercer *Non-Executive Remuneration Study*;
- b. Please explain how the IESO plans to move total remuneration closer to market median.

## **6.1-SEC-16**

Please provide a copy of all material provided to the Board of Directors and Senior Management regarding Market Renewal work plans, approvals, budgets and updates, since those filed in response to SEC IR 20 in EB-2018-0143 (Exhibit I, Tab 6.2, Schedule 8.20 SEC 20).

## **6.1-SEC-17**

Please provide an updated Market Renewal Project budget in the same format as provided in response to SEC IR 21 in EB-2018-0143 (Exhibit I, Tab 6.2, Schedule 8.21 SEC 21). Please provide an explanation of all changes in costs since what was provided in response to SEC IR 21.

## **6.1-SEC-18**

Please provide the updated Market Renewal Project program milestones in the same format as provided in response to SEC IR 22 in EB-2018-0143(Exhibit I, Tab 6.2, Schedule 8.22 SEC 22. Please provide an explanation of the status of all 2018 and 2019 milestones from previous forecasts and any changes to future milestones.

## **6.1-SEC-19**

[Ex.C-2-1; EB-2018-0143, 2019 Market Renewal Program Baseline Schedules and Budgets, January 2 2019]

- a. Does the IESO have an MRP baseline schedule and budget for years beyond 2019? If so, please provide a copy.
- b. If the answer to part (a) is no, will the Schedule Performance Index (SPI) and Cost Performance Index (CPI) measure baseline be re-set to reflect any updates to the 2020 budget and schedule?

## **6.1-SEC-20**

[Ex. A-2-2, p.3] The Minister's letter to the IESO approving the Business Plan states that: "I expect future Market Renewal Project resourcing beyond 2019 will be further reassessed in future business plans and in the IESO's proposed expenditure and revenue requirements submitted to the Ontario Energy Board. I hope that the IESO will continue to focus on operating efficiency and ensuring maximum value for ratepayers".

- a. Please explain how the IESO expects plans to reassess the MRP resourcing in future business plans and expenditures.
- b. Please explain how the IESO proposed expenditures reflect a focus on operating efficiency and ensuring maximum value for ratepayers.

## **6.1-SEC-21**

[Ex. A-2-2, p.2; 2-AA] Please provide a detailed breakdown of the \$38M of proposed MRP capital. For each material<sup>2</sup> component of the MRP capital, please provide a copy of the business case, project plan, or similar document.

**6.1-SEC-22**

[Ex.C-2-1] For each MRP work stream, please provide a breakdown of the Professional & Consulting costs for both 2018 and 2019 that includes: a) name of professional/consultant, b) cost of services, c) description of specific services provided, and d) method of procurement.

Respectfully submitted on behalf of the School Energy Coalition this April 9<sup>th</sup>, 2019.

*Original signed by*

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Mark Rubenstein  
Counsel for the School Energy