



May 7, 2019

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Re: Independent Electricity System Operator (IESO) 2019 Fees Application
SEC Notice of Motion
Board File No. EB-2019-0002

Dear Ms. Walli:

AMPCO is writing in response to the Notice of Motion filed by the School Energy Coalition (SEC) on May 6, 2019 for the Independent Electricity System Operator (IESO) to provide full and adequate responses to SEC interrogatories SEC-11¹ and SEC-21², regarding the IESO's capital spending plans. For the reasons discussed below, AMPCO supports SEC's Motion.

The capital envelope for 2018 was \$26.6 million including \$4.0 million for the Market Renewal Project (MRP). Actual capital spending in 2018 was 40% less at \$15.8 million: \$14.4 million for core operations and \$1.4 million for the MRP. In 2019, the capital envelope doubles to \$55.3 million: \$17.3 million for core operations and \$38 million for the MRP.

In SEC-11, SEC requested a copy of the business case, project plan, or similar document for all material 2019 core capital projects. SEC calculates the materiality threshold as \$0.954 million. In the interrogatory response SEC was referred to AMPCO-18.³ AMPCO-18 does not respond to SEC's interrogatory as it is focused on historical spending and the reason for 2018 variances, not details to justify 2019 capital spending. AMPCO agrees with SEC that more details to explain the proposed spending on material projects in 2019 are necessary in order for the Board and other parties to adequately assess if the 2019 capital budget is appropriate. AMPCO notes 72% (\$12.5 million) of the forecast 2019 core capital spending reflects capital projects that have a value of \$1 million or more.⁴ Given the level of material spending and historical variances, AMPCO submits this information, which is typically requested in rate applications, is needed to evaluate the proposed projects in 2019. AMPCO supports SEC's request that the Board order the IESO to provide a full and adequate response to interrogatory SEC-11.

In SEC-21, SEC requested a breakdown of the \$38M of proposed MRP capital and for each material component of the MRP capital, SEC requested a copy of the business case, project plan, or similar document. SEC was referred to OEB Staff-26(a) and SEC-16.

¹ Exhibit I, Tab 1.4 Schedule 10.11 SEC 11

² Exhibit I Tab 6.1 Schedule 10.21 SEC 21

³ Exhibit I Tab 1.4 Schedule 13.18 AMPCO 18

⁴ Exhibit I Tab 1.4 Schedule 13.18 AMPCO 18

AMPCO also asked for this information. In AMPCO-33, AMPCO requested a breakdown and description of MRP capital projects for 2019 to 2021. AMPCO was also referred to OEB Staff-26 (a).

OEB Staff-26(a) does not provide a detailed breakdown of the \$38 million MRP capital. In 2019, the capital envelope for MRP increases from significantly from \$1.4 million to \$38 million. The cost breakdown requested by SEC and AMPCO and the project documents requested by SEC are needed to evaluate if the 2019 MRP capital costs are appropriate and reasonable. AMPCO agrees with SEC that if the IESO cannot provide a breakdown or does not have the project documents requested, this is relevant information too.

AMPCO supports SEC's request that the Board order the IESO to provide a full and adequate response to interrogatory SEC-21.

Please do not hesitate to contact me if you have any questions or require further information.

Best Regards,

A handwritten signature in blue ink, appearing to read 'Colin Anderson', with a stylized, cursive script.

Colin Anderson
President
Association of Major Power Consumers in Ontario

Copy: IESO