

SCOTT POLLOCK
T 613.787.3541
spollock@blg.com

Borden Ladner Gervais LLP
World Exchange Plaza
100 Queen St, Suite 1300
Ottawa, ON, Canada K1P 1J9
T 613.237.5160
F 613.230.8842
blg.com



Our File No. 339583-00262

By electronic filing

September 11, 2019

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli

Re: Independent Electricity System Operator ("IESO")
Application for approval of 2019 expenditures, revenue requirement and fees
Board File No.: EB-2019-0002

Please find attached the Supplementary Interrogatories of Canadian Manufacturers & Exporters ("CME") to the Applicant, Independent Electricity System Operator ("IESO"), in the above-noted proceeding.

Yours very truly

Borden Ladner Gervais LLP

A handwritten signature in blue ink, appearing to read 'Scott Pollock', is written over a light blue horizontal line.

Scott Pollock

Encl.

c. Miriam Heinz (IESO)
Fred Cass (Aird & Berlis)
EB-2019-0002 Intervenor
Alex Greco (CME)

OTT01: 9986471: v1

ONTARIO ENERGY BOARD

Independent Electricity System Operator

**Application for Approval of 2019 Expenditures,
Revenue Requirement and Fees**

**SUPPLEMENTARY INTERROGATORIES OF
CANADIAN MANUFACTURERS & EXPORTERS ("CME")
TO INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

CME # 7

Ref: Exhibit C, Tab 2, Schedule 2, page 2 of 9

At Exhibit C, Tab 2, Schedule 2, page 2, the IESO states: "Operating expenses to support the Capacity work stream were budgeted at \$4.8 million and the current 2019 forecast is in line with budget. The operating expenses incurred to date by the Capacity work stream went into the development of the published ICA HLD and the associated stakeholder engagement activities. The costs for the remainder of 2019 will include engaging with stakeholders involved in the ICA HLD on which features of the HLD are needed to support addressing resource adequacy needs and broader discussions on competitive procurement mechanisms."

- (a) Please break out with greater detail what sort of activities will be involved in engaging stakeholders, and broader discussions on competitive procurement mechanisms, how many FTEs are required to complete all of the tasks, and the costs.

CME # 8

Ref: Exhibit I, Tab 6.1, Schedule 10.21, page 12 of 20

At Exhibit I, Tab 6.1, Schedule 10.21, page 12, the IESO states: "The largest customer efficiency benefits from MRP are associated with the ICA. Customers will realize these benefits as reductions in capacity charges based on capacity auction procurement costs that are below the costs of expiring supply contracts."

As detailed in The Benefits Case, it is expected the ICA will provide benefits to Ontario consumers of \$120-\$200 million per year in the initial years, eventually growing to benefits of \$290-\$610 million per year. In order to realize these benefits, the ICA will strive to deliver the most economically efficient outcomes available through a dynamic and technology neutral auction process. Capacity auctions can achieve efficiency benefits by creating a competitive market for suppliers, by increasing the system's ability to adjust to changing supply and demand dynamics."

- (a) Given that the ICA is no longer moving forward, what level of benefits does the IESO anticipate to be able to reap from the new scope of the MRP project?

- (b) What level of benefits will accrue to ratepayers and the system as a whole as a result of the newly proposed work on the demand response auction?
- (c) If not, how can the IESO be sure that the additional work and cost will be a net benefit?
- (d) Will the IESO update the benefits case? If so, when will it become available?

OTT01: 9982619: v1