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August 18, 2021

Christine E. Long  
Registrar  
Ontario Energy Board  
2300 Yonge Street, P.O. Box 2319  
Toronto ON  
M4P 1E4

Dear Ms. Long,

**RE: EB-2020-0230 – Independent Electricity System Operator 2020-2021 Application  
Interrogatories of Energy Probe re-numbered by Issue**

Attached are the interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2020-0230 Independent Electricity System Operator 2020-2021 Fees Application proceeding. At the request of the IESO, the interrogatories were re-numbered by issue. Please replace the interrogatories filed on August 17 with these interrogatories.

Submitted on behalf of Energy Probe by,

Tom Ladanyi  
TL Energy Regulatory Consultants Inc.

cc. Andrew Bishop (OEB Staff)  
Miriam Heinz (IESO)  
Roger Higgin (Sustainable Planning Associates Inc.)  
Ian Richler (OEB Staff)

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**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 2020 and the fees it proposes to charge during the fiscal year 2020 and 2021.**

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**Independent Electricity System Operator  
2020/2021 Fees Submission  
Interrogatories from Energy Probe Research Foundation**

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**August 18, 2021**

**Independent Electricity System Operator  
2020/2021 Fees Submission  
Interrogatories from Energy Probe Research Foundation**

**1.1-EP-1**

**Reference:** Exhibit A, Tab 1, Schedule 4, Page 1

**Preamble:** “In response to the COVID-19 pandemic and the impacts on Ontario’s electricity demand, the IESO revised its Business Plan to reduce its budgeted revenue requirement. The revised Business Plan was submitted to the Minister of Energy, Northern Development and Mines (Minister) on December 9, 2020 for approval. As per legislation, the IESO requires Ministerial approval of its Business Plan before it can file a revenue requirement submission with the OEB. The Minister approved the Business Plan on April 28, 2021.”

- a) When was the original Business Plan completed?
- b) Was the original Business Plan submitted to the Minister for Review?
- c) Did the Minister issue instructions to the IESO directing that the Business Plan be revised or did the IESO management decide to revise its original Business Plan on its own without any directive from the Minister or Ministry staff? Please explain, providing dates of consultation with the Minister and file a copy of any directives, instructions or requests that IESO may have received from the Minister or Ministry staff regarding revision of the original Business Plan.
- d) Please explain why it took almost four months for the Minister to approve IESO’s revised Business Plan.
- e) Please file copies of all written or electronic communications between the IESO and the Minister or Ministry staff between December 8, 2020 and April 28, 2021 regarding the revised Business Plan.

**1.2-EP-2**

**Reference:** Exhibit A, Tab 1, Schedule 3, Page 1

**Preamble:** The IESO proposes a 2021 revenue requirement of \$191.8 million, which is a 0.2% annualized increase compared to the IESO’s last approved revenue requirement in 2019.

Considering that it is now August, 2021, what is the 2021 revenue requirement based on the latest available information?

**1.3-EP-3**

**Reference:** Exhibit B, Tab 2, Schedule 2, Page 32 of 36, 2020 Summary Compensation Table

- a) Please explain why Compensation for both the prior CEO and Interim CEO is shown in 2020?

- b) In particular, why are two salaries shown totalling \$1.027 million, rather than two part-year salaries plus severance?
- c) Did Mr. Gregg receive both Compensation and Severance in 2020? If so, provide the Salary/compensation amount and for how many months.

#### **1.4-EP-4**

**Reference:** Exhibit D, Tab 1, Schedule 1, Plus Attachment(s); Exhibit D Tab 1 Schedule 3 Table 1 and Table 2 Plus Attachment(s)

**Preamble:** “The 2021 budgeted OM&A expenses of \$175.2 million, represent an increase of \$3.9 million from the 2020 actual results, mainly driven by the impact of collective agreement escalations and the impact of work to enable a more competitive electricity marketplace and market rule and manual amendments.”

- a) Please provide a schedule that shows the changes in FTEs from 2019 actual to 2020 and 2021 budget for non-management regular staff by department.
- b) Please provide details of the increases in salaries for each group of employees for 2019-2021. Specifically provide performance pay for each group.
- c) Please provide details of increases in benefits for each group of employees for 2019-2021.
- d) Has IESO progressed towards the median (50 percentile) total compensation indicated by the OEB? Please provide evidence in support of this, such as the 2021 Benchmarking Study.
- e) What is the IESO pension contribution ratio for each group, relative to the goal of 1:1 (Leech Report)? Please show historic and 2021 data.

#### **1.5-EP-5**

**Reference:** Exhibit A, Tab 1, Schedule 4, Page 2

**Preamble:** “The IESO utilizes a project portfolio management process to evaluate capital projects’ alignment with the organization’s strategic objectives and rank projects relative to each other to determine priority and ensure resources are focused on critical work. Through this process, the IESO may defer initiatives in recognition of organizational capacity and resource limits and to manage budget impacts in the short term.”

- a) Please file a document that describes the portfolio management process including the ranking of projects relative to each other.

- b) Please list the titles of IESO staff responsible for the portfolio management process and describe their roles in the process.
- c) Please file a document listing the projects that were ranked in the portfolio management process for 2020 and 2021, giving the rank of each project.

### **1.7-EP-6**

**Reference:** Exhibit E, Tab 2, Schedule 1, Attachments 1-5

Please provide a schedule with the list of the following Capital Projects, including Approved Cost, Contingency, Current estimate, Variation, Cost to Complete and Completion Date:

- Replacement of Settlement System (RSS)
- Energy Management System (EMS)
- Central Alarm Management System (CAMS)
- Market Renewal Program Energy Stream (MRP)
- Capacity Auction Project (CAP)
- Other Capital Projects (<\$2 million each)

### **2.1-EP-7**

**Reference:** Exhibit A, Tab 1, Schedule 2, Page 1

**Preamble:** “The IESO proposes that the interim usage fees be made final fees for the period January 1, 2020 to December 31.”

- a) Why is the IESO not applying for 2020 fees based on actual 2020 costs?
- b) When will the IESO file its application for 2022 fees?

### **2.2-EP-8**

**Reference:** Exhibit A, Tab 1, Schedule 3, Page 1

**Preamble:** “The current IESO interim usage fees of \$1.227/MWh for domestic customers and \$1.0125/MWh for export customers were made effective January 1, 2020 by a December 17, 2019 OEB Decision on interim fees, and remain interim until final fees are approved by the OEB.”

- a) Please provide a schedule that shows the 2020 Actual Revenue Requirement compared to Forecast Board-approved.
- b) Please provide a 2020 variance report for both OM&A and Capital. Specifically provide 2020 Form 2K with forecast and actual Total Compensation.

- c) Provide the 2020 Deficit/Surplus and indicate how this is to be disposed of.
- d) Provide the 2020 forecast of Domestic and Export Charge determinants and the Forecast and actual allocation to the two classes.
- e) Discuss the basis for drivers for changes from Forecast.

## 2.2-EP-9

**Reference:** Exhibit C, Tab 1, Schedule 1, Plus Attachment 1, 2021 Q1 Reliability Outlook

**Preamble:** “The second step in calculating the IESO’s proposed usage fees is to determine the volume forecasts that will be used. The domestic usage fee is calculated using the most recent IESO forecast of withdrawals for use in Ontario, less estimated losses, plus generation embedded in local distribution networks. The export usage fee is calculated using the most recent forecast of exports. Line losses are split between export and domestic customers based on their proportion of the total forecast energy volumes. The domestic forecast for this calculation does not include generation from embedded generation as energy from embedded generation is not transmitted through the IESO controlled grid and, as such, does not yield transmission losses.”

- a) Please provide the Standard deviation for 2015-2020 for each of
  - Ontario Demand
  - Exports and
  - Total.
- b) Please confirm the 2021 forecasts (Domestic 132 TWh and Export 17.0 TWh) and how these are derived from historic data.

## 2.3-EP-10

**Reference:** Exhibit G, Tab 1, Schedule 2, Table 1, IESO Adjustment Account

**Preamble:** “The IESO Adjustment Account is established by the Market Rules to (i) receive and disburse payments related to penalties, damages, fines, and payment adjustments arising from resolved settlement disputes and (ii) reimburse the IESO for associated costs. The Market Rules provide that any balance remaining in the Adjustment Account may be retained within the account, applied to special education projects or initiatives or be distributed to market participants on a basis determined by the IESO Board of Directors (IESO Board).”

- a) Please provide the MACD guidelines/criteria related to the Adjustment Account, including how much to retain, return to market participants and use for future initiatives.
- b) What is the 2021 and 2022 forecast for receipts and disposition?

### **2.3-EP-11**

**Reference:** Exhibit F, Tab 1, Schedule 1

**Preamble:** In the IESO's 2019 revenue requirement submission a \$4.7 million deficit balance was recorded in the FVDA. In 2019 and 2020, the IESO's core operations were in a surplus position resulting in a \$3.7 million and \$2.3 million surplus, respectively. These operating surpluses accumulated in the FVDA which, as of January 1, 2021, has a balance of \$1.3 million.

- a) Provide a summary of the main drivers for the FDVA opening and closing balances in 2019 and 2020.
- b) What are the primary risk factors that may increase/decrease the FDVA balances in 2021 and 2022?

### **4.3-EP-12**

**Reference:** Exhibit G, Tab 2, Schedule 1, Plus Attachment(s)- Market Renewal Program

**Preamble:** "In March 2021, the IESO Board approved a revised budget and schedule, including a new go live date of November 2023 with six months of contingency. This baseline schedule incorporates lessons learned from the high-level and detailed-design phases of the project, makes best use of existing resources, while delivering a high-quality program."

- a) Please confirm the revised MRP capital and operating cost estimate and go live dates.
- b) Please provide the 2021 YTD Capital Expense.
- c) Will there be capital and operating costs in 2023? If so please provide an estimate.
- d) Please provide the updated/most recent Benefits Realization Report. Compare this to the prior version(s).
- e) Confirm the MRP without the Capacity Auction Option will produce a net benefit of \$290 million (Business Case Table 9.1).

### **4.2-EP-13**

**Reference:** Exhibit G, Tab 2, Schedule 1, Table 4, and Table 10 Plus Attachment(s)

Please provide a schedule showing approximate FTEs and related compensation costs related to MRP 2018-20 and forecast for 2021 and 2022 and 2023.

- a) Please indicate if the FTEs are permanent or temporary.
- b) Please provide the costs of external resources and provide a list of major contractors and amounts disbursed in 2018-2020.

#### **4.3-EP-14**

**Reference:** Exhibit G, Tab 2, Schedule 1, Attachment 1, Table 4.1 MRP Energy Stream Contingency Breakdown

- a) Why is the Cost and Contingency for IT so high?
- b) How many MRP contracts for IT does IESO have? Please provide a list of major contracts and costs.
- c) Why cannot IESO control IT procurement to a contingency of 10% of contract costs and NOT require a 23% Contingency? Please discuss and provide further details on contingency used to date.

#### **4.4-EP-15**

**Reference:** Exhibit G, Tab 2, Schedule 1, Attachment 2 - MRP Implementation Schedule

- a) Please provide an MRP status report and if appropriate, an update to the MRP Schedule shown in the reference.
- b) What are the IESO's contingency plans if the tests reveal problems?

#### **5.2-EP-16**

**Reference:** Exhibit A-2-2, Attachment 1, Affordability, Reliability, Sustainability Measures 5-8

- a) Please provide details of the selection and generation of the External Measures 5-8.
- b) Please provide historic levels 2015-2020 for each measure.
- c) Discuss the use of the measures -internal (such as Performance/Compensation) and external (Stakeholder Engagement).
- d) What are the consequences of achieving/not meeting each of the measures?



### 5.2-EP-17

**Reference:** Exhibit G, Tab 2, Schedule 3, Plus Attachment(s)

**Preamble:** “The IESO is requesting the OEB approve the substitution of the existing Conservation First Framework (CFF) measure with a new Conservation and Demand Management (CDM) Framework Program Plan measure. The Minister of Energy, Northern Development and Mines directed the IESO to implement the CDM Framework Program Plan on September 30, 2020.”

- a) Please provide a copy of the Direction from the Minister.
- b) Please provide a Summary Schedule showing the Targets for the Original CFF and the new CDM Program Framework.
- c) Who are IESO’s Partners in the CDM Program Framework?
- d) How is IESO coordinating the CDM Program with the Federal Greener Homes Canada Program and CMHC Retrofit Loan Program (Announcement May 27, 2021). Please provide steps taken to date?

### 5.2-EP-18

**Reference:** Exhibit G, Tab 2, Schedule 3, Plus Attachment(s)

**Preamble:** “The IESO is requesting the OEB approve the modification of the existing measure related to Key initiatives from the 2017 Long-Term Energy Plan. This measure was previously titled, "Key initiatives from the 2017 Long-Term Energy Plan (LTEP) are progressing on time and budget". internal planning initiatives that were directed as a part of the LTEP, the 1 scope, timelines and budget associated with the LTEP are no longer in effect. The IESO is proposing to rename this measure to reflect that while the IESO is continuing internal planning initiatives that were directed as a part of the LTEP, the scope, timelines and budget associated with the LTEP are no longer in effect.”

Please provide the new scope, timelines and budget related to the modified measure(s).

Respectfully submitted on behalf of Energy Probe by its consultants,

Roger Higgin  
SPA Inc.

Tom Ladanyi  
TL Energy Regulatory Consultants Inc.