

Independent Electricity System Operator

2020, 2021 Fees Case

EB-2020-0230

Electricity Distributors Association Interrogatories

August 19, 2021

Issue: 1.1 Is the IESO's Fiscal Year 2020 revenue requirement of \$188.6 million appropriate?
1.2 Is the IESO's Fiscal Year 2021 revenue requirement of \$191.8 million appropriate?

Evidence Reference: G/2/1/p5 Table 2

EDA Interrogatory 1

- a) Please identify:
 - a. the first ever incurrence of MRP costs
 - b. the level of MRP costs recovered in 2020
 - c. the level of MRP costs to be recovered in 2021, the earliest date that the MRP costs included in the 2021 budget will be recovered through regulated fees and charges, and explain the appropriateness of this date
 - d. the timing of the IESO's first ever provision of MRP services
- b) Please discuss the timing of the recovery of MRP related costs through regulated rates and/or charges, with a focus on whether it aligns with good rate making practices.

Issue: 1.2 Is the IESO's Fiscal Year 2021 revenue requirement of \$191.8 million appropriate?

Evidence Reference: B/2/2/p14

Preamble The IESO capitalizes costs when the underlying assets are deemed ready for use.

EDA Interrogatory 2

Please discuss whether the IESO's capitalization policy aligns with good rate making practices, specifically that capital costs be included recovered through rates when the associated assets are 'used and useful'. Please be detailed and state all assumptions.

Evidence Reference: B/1/2/p6

EDA Interrogatory 3

Please provide the IESO's proposed 2021 budget associated with creating, maintaining and enhancing strong cyber security partnerships. Please provide the data:

- a) in the format that the revenue requirement is presented in
- b) on a line-item basis.

Issue 1.6 Is the IESO's 2021 capital expenditure envelope of \$68.6 million for capital projects for Fiscal Year 2021 appropriate?

Evidence Reference: nil

Preamble

The IESO's 2021 capital spending will be \$68.6 million, or \$16.6 million higher than 2020's level.

EDA Interrogatory 4

Please identify and describe the financial controls that the IESO has in place with respect to capital spending and which controls were implemented in advance of capital spending on the MRP. Please describe the following in detail:

- a) How capital spending (e.g., amount, timing, levels, changes) is monitored and reported
- b) The type of controls applied relative to the level of spending (e.g., budget process, proposal review, variance analysis, review of any proposed or actual overspending, actual activity vs planned activity)
- c) How proposed changes to previously approved capital spending plans are:
 - Reviewed
 - Either approved or denied
- d) How materiality is:
 - assessed on a line-item basis and in-total
 - used as a control mechanism
- e) The mitigation techniques that are available to the IESO to manage changes in capital spending, and identify those that have been used by the IESO

Issue: 2.2 Is the methodology used to derive the IESO's proposed 2021 Usage Fees of \$1.271/MWh for domestic customers (including embedded generation) and \$1.0943 MWh for export customers to be paid commencing January 1, 2021 appropriate?

Evidence Reference: C/1/1/p2

EDA Interrogatory 5

- a) Please identify and discuss the analytical methods that the IESO uses to ensure that there is no undue cross subsidization between and among the IESO's fees and charges.
- b) Please state the assumptions used by each method and any assumptions that the IESO has made.

- c) Please describe how the IESO tests these methods and their results.

Evidence Reference: nil

EDA Interrogatory 6

- a) Please identify whether the IESO proposes to provide services to LDCs or to customers situated within LDCs' service areas that LDCs are capable of providing.
- b) Please discuss the appropriateness of assuming that the IESO will provide services under these conditions and quantify the level of revenues that the IESO assumes it will recover in 2021.

Evidence Reference: C/1/1

EDA Interrogatory 7

- a) Please identify and discuss alternative rate designs to the current IESO fee, including whether the IESO could use fully burdened ancillary services fees to recover its annual revenue requirement.
- b) Please discuss how the costs that are proposed to be recovered through the proposed fees could be allocated to support quantifying fully burdened ancillary services fees.

Issue: 3.1 Is the fee of up to \$50,000 per submission for electricity supply and capacity procurements, including ancillary services, appropriate?

Evidence Reference: C/3/1

EDA Interrogatory 8

- a) Please discuss the fairness of charging the party that submits to IESO procurements for electricity supply and capacity the proposed \$50,000 charge versus recovering the costs of the procurements from the parties that benefit from the procurement; please state all assumptions and simplifications.
- b) Please provide the IESO's analysis that demonstrates the unfairness of continuing to charge the party that submits to IESO procurements for electricity supply and capacity at the currently approved charge.

Issue 4.1 Is the reporting on financial and operational performance of the MRP appropriate?

Evidence Reference: G/2/1/p7 T4

EDA Interrogatory 9

Please restate the 2019 budget amounts to show the amount that was planned to be incurred in 2019 after the decision to delay the deployment of MRP was made and discuss whether the remainder will be incurred in a future period:

- a) in the same amount
- b) a lesser amount
- c) a greater amount.

Please be detailed and state all assumptions.

Issue 4.4 Is the IESO's MRP Baseline Schedule and Budget for each year of the MRP appropriate?

Evidence Reference: G/2/1/p4

Preamble

The IESO's evidence references that MRP will go live in November 2023 and that this is approximately 8 months later than the originally proposed go live date.

EDA Interrogatory 10

- a) Please quantify the impact of this delay on costs to be incurred in 2021, including incremental OM&A and incremental carrying charges on MRP assets.
- b) Please discuss how these incremental costs are to be recovered and the appropriateness of this proposal.