

**ONTARIO ENERGY BOARD**

**Enbridge Gas Inc.**

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

**INTERROGATORIES OF  
CANADIAN MANUFACTURERS & EXPORTERS (“CME”)  
TO THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR (“IESO”)**

**CME # 1**

**Ref: Exhibit A, Tab 1, Schedule 4, pages 3 of 6 – Issue 1.2**

At page 3, the IESO stated “These increases will mostly be offset through judicious management of resources and labour capitalization (aligned to higher capital portfolio in accordance to IESO capitalization practices), reduction of COVID-19 pandemic expenses, and an update of cost allocation rates to reflect IESO’s overhead cost reality”

- (a) Please explain further how an update to cost allocation rates will help offset the increases referred to in the paragraph.

**Ref: Exhibit A, Tab 1, Schedule 4, page 3 of 6 – Issue 1.2**

At page 3, the IESO stated “In addition, management will be limiting other operating cost impacts by shifting more work in-house, absorbing incremental work with existing staff, and reprioritizing and adjusting the timelines of discretionary projects that can be deferred with minimal risk.”

- a) Please define ‘minimal risk’ and explain the types of risks that the projects which will be deferred possessed, and why the IESO determined that those risks were acceptable.

**CME # 2**

**Ref: Exhibit A, Tab 2, Schedule 2, Attachment 1, pages 2 and 4 of 6 – Issue 5.2**

At page 4 the IESO indicated that it targets improvement to affordability, reliability and sustainability with a 10% outcome improvement to “right size” the system.

- a) Please define what outcome improvements are in this context, how they are measured, and what initiatives the IESO is undertaking to achieve that 10% improvement.

At page 2 the IESO indicated that it targets improvement to its operational efficiency such that it will increase the number of strategic initiatives that are completed on time from 80% to 90% by 2024.

- a) What initiatives are the IESO currently undertaking or plan to undertake during the time covered by this application that the IESO believes will increase its operational efficiency. Please provide details, and include the anticipated impact on efficiency of each measure.
- b) Please provide the IESO's view on whether any of the internal performance management measures and targets should be incorporated into the regulatory scorecard. Why or why not?

CME # 3

**Ref: Exhibit E, Tab 1, Schedule 2, page 3 of 3 – Issues 1.5 and 1.6**

At page 3, the IESO states: "During the inception phase, the IESO assesses project submissions against a set of criteria, which consider: strategic objectives, mitigation of strategic risk, business value and deliverability. The IESO then scores, ranks and prioritizes the projects accordingly. After assessing the resource needs for each of the projects and considering IESO's resource capacity to support these enterprise projects, the IESO establishes an annual project portfolio. This exercise is performed annually as part of business planning and establishes an appropriate capital envelope for each year within the business planning outlook. At this stage of the project lifecycle, project estimates are "order of magnitude" estimates, reflecting a higher level of uncertainty."

- a) Please confirm that the IESO's budgeting process for capital projects creates a project funding envelope after the desired projects are established as part of the annual portfolio. It does not develop the portfolio as a consequences of a capital spending envelope.
- b) Does the IESO ever determine that the priority projects that it has the resource capacity to support would require too high of a budget envelope?
- c) What is the IESO's process if the order of magnitude estimates turn out to be significantly lower than what is actually required. Does the capital envelope expand to meet the increased cost, or would that cause a reprioritization or removal of projects?

CME # 4

**Ref: Exhibit D, Tab 1, Schedule 3, page 3 of 6 – Issue 1.4**

At page 3 the IESO provides a table of the initiatives it is engaging in to bring compensation to the 50<sup>th</sup> percentile.

- a) Does the IESO forecast how impactful each initiative will be, or in other words, how much closer it will bring compensation to the 50<sup>th</sup> percentile during the term of the application?
- b) If yes, please provide the forecast impact of each initiative. If not, why not?