



PUBLIC INTEREST ADVOCACY CENTRE
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August 19, 2021

VIA E-MAIL

Christine E. Long
Board Secretary and Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Long:

**Re: EB-2020-0230 – Independent Electricity System Operator
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

Please find attached the interrogatories of VECC to the HVAC Coalition in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark Garner
Consultants for VECC/PIAC

Email copy:
Ms. Miriam Heinz, Advisor, Regulatory Affairs
regulatoryaffairs@ieso.ca

REQUESTOR NAME	VECC
TO:	Independent Electricity System Operator (IESO)
DATE:	August 19, 2021
CASE NO:	EB-2020-0230
APPLICATION NAME	2021-2022 Revenue Requirement and Fees

1.0 Revenue Requirement, Operating Costs and Capital Spending

1.3 Are the IESO's 2020 staffing levels and compensation (including salaries, benefits, pensions and other post-employment benefits) appropriate?

1.3-VECC-1

Reference: Exhibit G, Tab 2, Schedule 1, page 9

- a) After the initial implementation of the MRP will there be a net increase in the number of FTEs as compared to the number currently engaged in operationalizing market rules?
- b) If yes, please provide the net increase and explain why the MRP requires more full time staff than the existing market rules implementations.
- c) What is the anticipated reduction in MACD staff once the MRP is fully implemented?

1.3-VECC-2

Reference: Exhibit A, Tab 2, Schedule 2, page 1

"The IESO has taken steps to improve organizational efficiency by shifting more work in-house, and absorbing new incremental work with existing staff (see Exhibit D-1-3). The IESO also limited the overall impact to compensation and benefits costs by managing vacancies and temporary positions. The IESO has also started an assessment of office space needs in response to the COVID-19 pandemic impact, which has the potential to allow the IESO to reconfigure and reduce overall office footprint by exploring a hybrid working model for returning to the office."

- a) When is IESO's lease next renewed?
- b) What cost savings are anticipated as part of lease renewal?

3.0 Registration and Application Fees

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

3.1-VECC-3

Reference: Exhibit A, Tab 1, Schedule 3, page 2

- a) Please explain how the \$50,000 fee is derived.
- b) Is the implementation of the MRP expected to significantly change the revenue from this fee?
- c) What is the forecast revenue from this fee if approved in each of 2022 through 2024?

3.2 Is the \$1,000 Application Fee for market participation appropriate?

3.1-VECC-4

Reference: Exhibit A, Tab 1, Schedule 3, page 2

- a) When was the \$1,000 application fee last changed?
- b) What was the annual revenue from this fee over the past 3 years?
- c) Why is appropriate to change the supply and capacity procurement fees and leave the application fees unchanged?

4.5 Is the IESO's MRP Business Case appropriate?

4.5-VECC-5

With respect to the MRP the IESO identifies the value of three potential benefits: (1) Constrained-On CMSC \$450M; (2) Constrained-off CMSC \$450M and (3) Market Efficiency Benefits \$525M.

- a) We are unable to locate the derivation of those values. If not provided please provide the underling calculation for these figures.

4.5-VECC-6

Reference: Exhibit G-2-1, Attachment 1 MRP Energy Stream Business Case, page 60

- a) IESO notes that the introduction of the SSM would eliminate the HOEP. Are there are any cost ramifications to stakeholders (other parties) who are reliant upon or use the HOEP as part of their business processes? If so, please explain what these might be and what cost/benefit might ensue with the HOEP elimination.

4.5-VECC-7

Reference: Exhibit G-2-1, Attachment 1 MRP Energy Stream Business Case, page 48

The IESO looked to other system operators who have completed significant market change programs to determine if they had any insight into participant costs that might be leveraged. For various reasons, including the nature of the market change programs completed and different market participation models, it was found that market participant costs varied considerably. As a result, the IESO has no effective way of estimating potential cost or saving impacts to stakeholders at this time. The IESO cannot track Market Participant costs and therefore these impacts have not been included as part of the costs in the business case.

- a) Having completed a review of other operators please provide what were the low and high cost scenarios to market participants arising from a significant change to market rules such as those contemplated by the MRP?
- b) Please confirm (or correct) that the summarized cost-benefit analysis shown at page 62 of the G-2-1, Attachment 1, does not include any stakeholder costs.
- c) Why should the cost-benefit analysis of the MRP not be considered seriously deficient if it does not incorporate an estimate of the cost of the proposed market rule changes to market stakeholders?

5.0 Other Commitments from Previous OEB Decisions

5.1 Has the IESO adequately described the progress made towards reaching the 50th percentile for total compensation?

5.1-VECC-8

Reference: Exhibit B-2-1-, page 34 Of 41

“The current comparator group was amended in 2018 from a hybrid of public and private sector employers to Canadian public sector organizations. This change was required under the regulations in effect at that time under the Broader Public Sector Executive Compensation Act, 2014 (2016 Executive Compensation Framework Regulation).”

- a) Which of the list of firms shown at page 34 are considered “private” companies?
- b) Why are Ontario government employees not considered a comparator?
- c) In the last 5 years (2016-2020 years) what percentage of the total full time employees were recruited from the Ontario civil service or an agency of the Ontario Government?

5.2 Are the IESO's proposed changes to the regulatory scorecard appropriate?

5.2-VECC-9

Reference: Exhibit G, Tab 2, Schedule 3, page 1

- a) Please explain how (if) the new CDDM scorecard measures are related to executive or other employee compensation.

5.2-VECC-10

Reference: EB-2019-0002, SEC Interrogatory 7

In the prior Fees proceeding EB-2019-0002 the IESO provided the following response to an SEC interrogatory asking *"how the IESO has and plans to further its engagement with both low and medium volume customers and/or groups representing low and medium volume customers."*

"In the IESO report on Governance and Decision Making, it was recommended that the IESO fund low-volume consumer participation and representation in IESO engagements. The IESO has committed to conduct research by the end of Q4 to understand different practices across other jurisdictions and at the OEB, to inform the potential adoption of funding for low volume consumer representation. The IESO report on Governance and Decision Making is provided as Attachment 1 to this response."

- b) Please provide the result of the noted research and explain if the IESO has changed how it supports low-income participation in its planning.