

EB-2020-0230

Independent Electricity System Operator

Application for approval of 2019 revenue requirement,
expenditures and fees

AMPCO Interrogatories August 19, 2021

1.0-AMPCO-1

Ref: Exhibit A Tab 2 Schedule 2 Attachment #1 Page 2

Culture & Workforce Transformation Align culture, mindset, skills and capabilities to deliver on strategy	3. Operational Efficiency - Percentage of Strategic Initiatives that are completed on time	90% of Strategic Initiatives are completed on time (i.e. within 50% of assigned schedule contingency) as established by the internal IESO Integrated Project Plan and Project Charter. Strategic Initiatives are a newly defined measure attribute, therefore 2021 will be the first time this is being measured.	80%	80%	85%	90%	90%
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With respect to the 5-Year Measure #3 - Operational Efficiency - Percentage of Strategic Initiatives that are completed on time:

- Please provide the percentage of strategic initiatives completed on time within 0% of the assigned schedule contingency for each of the years 2016 to 2020.
- Please provide the percentage of strategic initiatives completed on time within 50% of the assigned schedule contingency for each of the years 2016 to 2020.
- Please provide the percentage of strategic initiatives completed on time within 100% of the assigned schedule contingency for each of the years 2016 to 2020.
- Please explain how deferred projects are treated with respect to this measure.
- Please explain if a measure to track the percentage of strategic initiatives completed on budget was considered and why it was rejected if applicable.

1.0-AMPCO-2

Ref: Exhibit B Tab 1 Schedule 2 P5

The IESO indicates it is guided by the following core strategies:

- Ensure cost-effective reliability
- Enable competition
- Advance sector leadership
- Drive business transformation
- Prepare for the sector of the future

Please provide the core IESO strategies in the last approved Business Plan and explain any differences.

1.0-AMPCO-3

Ref: Exhibit D-1-1, Attachment 2 Appendix 2-JB

Please add 2019 OEB Approved to Appendix 2-JB (excel).

1.0-AMPCO-4

Ref: Exhibit D Tab 1 Schedule 2 Page 1 Table 1

Please map the FTEs to each IESO Business Unit for the years 2019 to 2021.

1.0-AMPCO-5

Ref: Exhibit E Tab 1 Schedule 2 Page 3

Actual cost and schedule performance is measured against approved values during the project closure phase along with the reason or variances. Verification that the business objectives have been achieved and lessons learned are also captured during this phase. The post closure phase is utilized whenever business objectives cannot be verified until some time after project closure. This allows the measurement of business objectives to happen following project completion.

- a) Please provide the cost and schedule performance of projects against approved values completed in each of the years 2018 to 2020.
- b) Please identify any completed projects where the business objectives were not achieved.

1.0-AMPCO-6

Exhibit B Tab 2 Schedule 1 Page 7

The Business Plan states “In 2019, following stakeholder feedback, the IESO released its first Innovation Roadmap, which prioritized the areas of focus that will guide its efforts to continue providing a stable and affordable electricity system in the face of ongoing transformation. In setting out its approach to enabling innovation, the IESO aimed to ensure the strategic allocation of funds, while developing a robust work plan to guide project development. The Roadmap positions the IESO to act on these priorities, while undertaking, supporting or participating in projects that will benefit the sector, and result in the lowest cost to consumers.”

- a) Please provide the date the Innovation Roadmap was released.
- b) Please provide a copy of the Innovation Roadmap and workplan.
- c) Please identify the areas of focus for 2019, 2020 and 2021.
- d) Please provide the total OM&A and capital costs related to the Innovation Roadmap for each of the years 2019 to 2022.

e) Please identify all projects/initiatives and associated costs related to the Innovation Roadmap for 2019 to 2022.

f) Please provide any business cases related to the projects in part (e).

1.0-AMPCO-7

Exhibit E Tab 2 Schedule 2 Page 1 Table 1

a) Please add 2020 Minister Approved Capital Budget to Table 1.

b) Please provide an excel version of Table 1 in part (a).

1.1-AMPCO-8

Ref: Exhibit A Tab 1 Schedule 4 Page 3

One of the main drivers for the reduced spending in 2020 was increased labour capitalization rates.

Please explain this rate increase and impact.

1.2-AMPCO-9

Ref: Exhibit A Tab 1 Schedule 4 Page 3

The 2021 budgeted OM&A expenses represent an increase of \$3.9 million from the 2020 actual expenses, driven in part by the impact of collective agreement escalations.

a) Please provide the collective agreement escalations for compensation for each of the years 2019 to 2022.

b) Please provide the collective agreement escalations for benefits for each of the years 2019 to 2022.

1.2-AMPCO-10

Ref: Exhibit A Tab 1 Schedule 4 Page 3

The 2021 budgeted OM&A expenses increase of \$3.9 million from the 2020 actual expenses will be offset in part through an update of cost allocation rates to reflect IESO's overhead cost reality.

Please explain further.

1.5-AMPCO-11

In response to the COVID-19 pandemic, the IESO deferred a number of lower priority projects.

Please identify the projects and expenditures deferred.

4.0-AMPCO-12

Ref: Exhibit D Tab 1 Schedule 2 Attachment 1

Please provide the organizational chart for MRP.

4.0-AMPCO-13

Ref: Exhibit G Tab 2 Schedule 1 Page 2

The final detailed design was published in January of 2021.

- a) Does the IESO anticipate any scope changes to the detailed design during implementation?
- b) How will design scope changes be managed during implementation.

4.0-AMPCO-14

Ref: Exhibit G Tab 2 Schedule 1 Page 3

The MRP Business Case was approved by the IESO Board of Directors (IESO Board) on October 23, 2019. The business case estimates \$800 million in net system benefits expected to be realized in the first 10 years after implementation and a cost to deliver the project, including contingency, within a range from \$151 million to \$194 million.

- a) Please identify the top 5 highest cost projects managed by the IESO in the last ten years.
- b) Please identify any relevant lessons learned from these projects and how they have been incorporated into the implementation phase of MRP.

4.0-AMPCO-15

Ref: Exhibit G Tab 2 Schedule 1 Page 3

The evidence states “As the IESO transitioned from detailed design to implementation, it provided a natural point of review of the schedule, budget, and risks – a common practice based on project management principles.

Please identify the body of project management principles the IESO is using to manage and monitor MRP.

4.0-AMPCO-16

Ref: Exhibit G Tab 2 Schedule 1 Page 4 Table 2

Please add 2016 to 2020 actuals to the Table and add a column to present the Totals of each row.

4.0-AMPCO-17

Ref: Exhibit G Tab 2 Schedule 1 Page 9 Table 10

- a) Please add 2020 budget amounts to the table.
- b) Please add 2022 and 2023 budget amounts to the table.

4.0-AMPCO-18

Ref: Exhibit G Tab 2 Schedule 1 Page 9 Table 10

Please provide a further breakdown of Regular Staff into Executive, Management and Non-Management Regular.

4.1-AMPCO-19

Ref: Exhibit G Tab 2 Schedule 1 Page 4 Table 3

The IESO provides the annual CPI and SPI for the MRP work performed in 2019 and 2020.

- a) Please provide the calculations that underpin the CPI and SPI values for 2019 and 2020.
- b) Please provide the CPI and SPI results to date for 2021.

4.1-AMPCO-20

Ref: Exhibit G Tab 2 Schedule 1 Page 6

The SPI for MRP was below target due to delays associated with IT vendor contract negotiations and detailed design documents development, which impacted dependency tasks such as static testing and process design work.

- a) Please discuss how the delays associated with IT vendor contract negotiations and detailed design documents development are being addressed.
- b) Please discuss if these delays are an ongoing issue that could impact the schedule in 2021, 2022 and 2023.

4.1-AMPCO-21

Ref: Exhibit G Tab 2 Schedule 1 Page 6

With respect to Project Governance, the evidence states “Governance of the MRP is provided by the IESO Board who approve business objectives and an envelope on schedule and budget. An Executive Steering Committee (ESC), comprised of the IESO Executive Leadership Team, works within this envelope to provide strategic direction to the project team and approve scope and delivery strategy. The ESC and the project team are supported by an advisory group comprised of senior leaders throughout the organization who provide guidance and direction for the successful delivery of the program.

- a) Please provide the key metrics for MRP beyond CPI and SPI that the IESO is reporting on regarding the implementation phase of the project.
- b) Please provide the results for 2019 and 2020.

4.2-AMPCO-22

Ref: Exhibit G Tab 2 Schedule 1 Page 6

With respect to operating costs, please explain the nature of the delays in 2019 in adding resources to the program during the development of the detailed design and the resulting impact on schedule.

4.3-AMPCO-23

Ref: Exhibit G Tab 2 Schedule 1 Page 4 Table 2

- a) Please provide a breakdown and description of the Professional and Consulting capital costs for each year.
- b) Please provide a breakdown and description of Operating & Administration capital costs for each year.

4.3-AMPCO-24

Exhibit G Tab 2 Schedule 1 Page 7

With respect to capital costs, please explain the nature of the delays in 2019 in onboarding detailed design external support and the impact on the schedule.

4.3-AMPCO-25

Exhibit G Tab 2 Schedule 1 Page 8

In 2020, capital spending was lower than planned due to the delayed onboarding of implementation resources, including the external vendor for the DSO tool development.

Please explain the reasons for the delays and the impact on schedule and cost.

4.3-AMPCO-26

Exhibit G Tab 2 Schedule 1 Page 7

OPG identifies a change in the payment structure for the Dispatch Scheduling Optimization (DSO) procurement which moved a \$10 million upfront payment budgeted for 2019 into smaller milestone payments starting in 2020.

- a) Please explain why the DSO payment in 2019 was adjusted.
- b) Please provide the 2020 milestone payment for the DSO and the new schedule of smaller payments going forward.

4.4-AMPCO-27

Ref: Exhibit G Tab 2 Schedule 1 Page 3

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 summarize the lessons learned from the high-level and detailed-design phases and how they have been incorporated in the baseline schedule.
- b) Please explain how the six months of schedule contingency was determined.

4.4-AMPCO-28

Ref 1: Exhibit G Tab 2 Schedule 1 Page 3

The new go live date is an extension of eight months relative to the March 2023 go live date estimated in the MRP Business Case.

Ref 2: Exhibit G Tab 2 Schedule 1 Page 4

The new schedule is a result of a number of factors, including the need to take into account design considerations influenced by stakeholder feedback, vendor related constraints and the resulting impact on the development of Market Rules and manuals.

Please explain the vendor related constraints, and discuss the schedule contingency provided to address this issue.

4.4-AMPCO-29

Ref: Exhibit G Tab 2 Schedule 1 Attachment 2

Please advise of any new changes to the MRP Schedule.

4.5-AMPCO-30

Exhibit G-2-1, Attachment 1, Page 10

In 2017, the IESO commissioned an independent report: The Future of Ontario's Electricity Market - A Benefits Case Assessment of the Market Renewal Project, The Brattle Group, April 20, 2017.

Please provide a copy of the report or link to the report.

4.5-AMPCO-31

Ref: Exhibit G-2-1, Attachment 1 Page 8

The MRP Business Case indicates thorough financial assessment of the new market design has concluded that the program is financially viable, delivering at least \$750 million in net financial benefits to Ontario consumers over the first 10 years of implementation.

- a) Please explain how the Brattle Report was used in the financial assessment provide in the MRP Business Case.
- b) With respect to the Energy Stream financial assessment, please compare the findings of the Brattle Report to the findings in the MRP Business Case.

4.5-AMPCO-32

Ref: Exhibit G-2-1 Attachment 1 Page 8

The MRP costs are divided into five category components namely: IESO Labour, IT (Hardware and Software), Professional and Consulting, Contingency and Other (Interest and Rent).

The contingency component is \$16 million or 9%. Please provide a breakdown of the MRP contingency used to date.