

May 4, 2022

VIA Email and RESS



Ms. Nancy Marconi
Registrar
Ontario Energy Board
27th Floor 2300 Yonge Street
Toronto, ON M4P 1E4

Independent Electricity System Operator

1600-120 Adelaide Street West
Toronto, ON M5H 1T1
t 416.967.7474
www.ieso.ca

Dear Ms. Marconi,

**Re: Independent Electricity System Operator
2022 Expenditure and Revenue Requirement Submission
Ontario Energy Board File No.: EB-2022-0002**

General

On March 4, 2022, the Independent Electricity System Operator (IESO) filed its 2022 Revenue Requirement Submission with the Ontario Energy Board (OEB), seeking approval of its 2022 expenditure, revenue requirement and fees. On March 22, 2022, the OEB issued Procedural Order No. 1 which invited OEB Staff and intervenors to file written submissions on the draft Issues List prepared by the IESO by March 29, 2022.

Four parties indicated their satisfaction with the Issues List as drafted:

- Canadian Manufacturers and Exporters (CME)
- Coalition of Concerned Manufacturers & Businesses Canada (CCMBC)
- Environmental Defence (ED)
- Energy Probe Research Foundation (EP)

Six parties provided submissions with suggested changes to the Issues List:

- OEB Staff
- The Association of Major Power Consumers of Ontario (AMPCO)
- The Ontario Sustainable Energy Association (OSEA)
- The Canadian Renewable Energy Association, Energy Storage Canada and the Ontario Waterpower Association (REASCWA)
- School Energy Coalition (SEC)
- The Vulnerable Energy Consumers Coalition (VECC)

The OEB's Procedural Order No. 1 provided that the IESO may respond to the submissions of parties by May 4, 2022. The IESO's response to submissions is below.

OEB Staff Submission

OEB Staff proposed to rename Issue 3.0 to, "Application and Reliable Integration Fee" and to add a new Issue 3.2 of, "Is the \$1,000 Application Fee for market participation appropriate?". VECC supported OEB Staff's Submission on this Issue.

The IESO does not oppose the renaming of Issue 3.0 and the addition of a new Issue 3.2 on the Application Fee.

The IESO notes that the IESO's 2022 Revenue Requirement Submission is not seeking to change or eliminate the previously approved Application Fee. Section 25(6) of the *Electricity Act, 1998* (Act) stipulates that the IESO receive OEB approval before it establishes, eliminates or changes a fee. Unlike the Reliable Integration Fee for which the IESO is seeking OEB approval, the \$1,000 Application Fee was previously approved, and the Act does not require approval of an existing fee during each revenue requirement submission.

OEB Staff also proposed to replace Issue 5.1 with, "Has the IESO responded appropriately to all OEB directions from previous proceedings?". SEC and VECC supported OEB Staff's submission on this Issue.

The IESO opposes OEB Staff's submission given the unlimited scope it would provide to review any and all OEB directions from previous proceedings which the IESO submits is unreasonably broad and beyond the scope of the IESO's 2022 Revenue Requirement Submission. If the OEB considers the modification of Issue 5.1 it should limit the scope to include commitments made by the IESO in the last OEB-approved Settlement Agreement from EB-2020-0230. Expanding Issue 5.1 in the manner proposed by OEB Staff would be unreasonably burdensome by inviting interrogatories and discovery on commitments that have been previously made and addressed by the IESO.

The IESO submits that it would be reasonable to focus the Issue on those commitments made in the OEB-approved Settlement Agreement for EB-2020-0230 as these reflect the most recent commitments for which parties may have questions, and for which parties have not yet had an opportunity to examine through previous proceedings. The IESO therefore proposes to replace Issue 5.1 with, "Has the IESO responded appropriately to OEB directions included in the OEB-approved Settlement Agreement for EB-2020-0230?".

AMPCO Submission

AMPCO proposed to modify Issue 1.2 to remove the year "2022" from the Issue which currently reads, "Are the IESO's 2022 projected staffing levels and compensation (including salaries, benefits, pensions and other post-employment benefits) appropriate?". VECC supported AMPCO's Submission on this Issue

The IESO opposes the removal of the year 2022 from Issue 1.2. The IESO's 2022 Revenue Requirement Submission proceeding should be focused on the OM&A and capital expenditures for the year for which the IESO is seeking approval, in this case 2022. The IESO is not seeking OEB approval for expenditures in future years.

Further, the Minister of Energy's February 3, 2022 letter approving the IESO's Business Plan and Budget speaks only to approval for 2022 (filed as Exhibit B-1-3 in the IESO's 2022 Revenue Requirement Submission).

AMPCO also proposed to include an additional Issue of, "Is the IESO's 2022 Regulatory Scorecard appropriate?". VECC supported AMPCO's Submission on this Issue

The IESO opposes the inclusion of an additional Issue regarding the 2022 Regulatory Scorecard. AMPCO has not explained how the proposed addition would improve upon the draft Issues List and enhance the review of the IESO's 2022 Revenue Requirement Submission more effectively than the currently drafted Issues. AMPCO has said that "the scorecard assists the OEB in its decision-making process when reviewing the IESO's proposed expenditure and revenue requirements". The IESO agrees with this statement, and the Regulatory Scorecard has been included in evidence (filed as Exhibit G-2-3 in the IESO's 2022 Revenue Requirement Submission) and is therefore available to the OEB to assist in decision-making. It is unclear why including AMPCO's proposed Issue would enhance the ability of the Regulatory Scorecard to assist the OEB in its decision-making.

Additionally, in the IESO's 2020 and 2021 Revenue Requirement Submission (EB-2020-0230) the OEB established Issue 5.2 as, "Are the IESO's proposed changes to the regulatory scorecard appropriate?". OEB Staff's submission on this proposed issue recognized that the IESO had suggested changes to certain measures in the Regulatory Scorecard and that an Issue to cover these changes would allow parties the opportunity to comment on the appropriateness of the changes. The IESO has requested no such changes to the measures in the Regulatory Scorecard in this proceeding and so submits that adding an Issue on the Regulatory Scorecard is unnecessary.

OSEA Submission

OSEA proposed the addition of a new Issue 1.4 of, "Is the IESO's 2022 operating budget of \$186.5 million for OM&A for Fiscal year 2022 appropriate?".

The IESO opposes the proposed addition of a new Issue 1.4 that would deal narrowly with the IESO's 2022 operating budget. The existing Issue 1.1 covers the entirety of the IESO's proposed revenue requirement of \$201.5 million for Fiscal Year 2022, which in turn includes OM&A expenditures, among other items. The IESO submits that Issue 1.1 allows for examination of OM&A expenditures and adding a new Issue is unnecessary.

REASCWA Submission

REASCWA proposed to include an additional Issue 4.5 of, "Are the scope, timing, costs, and net benefits of the overall MRP project still appropriate given the IESO's forecast of significant increases in supply needs and the IESO's proposed procurement plans to secure needed supply resources?".

The IESO opposes the proposed addition of a new Issue 4.5. The IESO's revenue requirement submission is not a proceeding to consider the scope of market design under the Market Renewal Program (MRP). The MRP is in its implementation phase, and the IESO invites parties

to participate in this phase through the MRP implementation stakeholder engagement¹. The IESO's 2022 Revenue Requirement is based on a Business Plan that has been reviewed and approved by the Minister of Energy and the review of the IESO's application should be focused on the IESO's OM&A and capital expenditures. To the extent that parties wish to examine OM&A or capital expenditures related to MRP, the IESO submits that the existing Issues 4.2 and 4.3 allow for examination of OM&A and capital expenditures and adding a new Issue is unnecessary.

REASCWA also proposed to include an additional Issue 6a of, "Is the IESO's OMA budget for supply resource procurements sufficient to address the expanded supply needs that have been identified by the IESO since the Business Plan was filed with the Minister of Energy?", and an additional issue of 6c of, "Given the expected need for new supply resource project development and investment, is the IESO's OMA allocation to support System Impact Assessments and other requirements for supply resources to connect to the grid sufficient?".

The IESO opposes the proposed addition of new Issues 6a and 6c that would deal narrowly with the IESO's 2022 OM&A expenditures for resource procurements, System Impact Assessments and other work undertaken when connecting resources to the grid. The existing Issue 1.1 allows for examination of the IESO's proposed revenue requirement of \$201.5 million for Fiscal Year 2022, which in turn includes OM&A expenditures. The IESO submits that proposed Issues do not improve upon the draft Issues List and to the extent the above noted activities are material and relevant to the matters in this proceeding, they can be reviewed within the context of the existing wording of Issue 1.1.

REASCWA also proposed to include an additional Issue 6b of, "Given the increasing supply gap and the ability of energy storage, hybrid energy resources, renewable energy resources, and distributed energy resources to help meet supply needs, is the budget allocated to applicable IESO initiatives sufficient to accelerate the implementation of these resources?".

The IESO opposes the proposed addition of a new Issue 6b. The IESO's revenue requirement submission is not a proceeding to consider the implementation or procurement of particular supply resources. The IESO's 2022 Revenue Requirement Submission is based on a Business Plan that has been reviewed and approved by the Minister of Energy and the review of the IESO's application should be focused on the IESO's OM&A and capital expenditures.

To the extent that parties wish to examine OM&A or capital expenditures for planned initiatives, the IESO submits that the existing Issues 1.1 and 1.3 allow for examination of OM&A and capital expenditures and adding a new Issue would be redundant.

¹ <https://www.ieso.ca/en/Market-Renewal/Stakeholder-Engagements/Implementation-Engagement-Market-Rules-and-Market-Manuals>

Yours truly,



Devon Huber
Director, Regulatory Affairs & Market Rules

cc: Mr. Fred Cass, Aird & Berlis
Mr. Andrew Bishop, OEB
Mr. Ian Richler, OEB
All EB-2022-0002 Intervenors