



May 13, 2022

Nancy Marconi
Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto ON
M4P 1E4

Dear Ms. Marconi,

**RE: EB-2022-0002 IESO 2022 Revenue Requirement, Expenditures and Fees
CCMBC Interrogatories**

Attached are the interrogatories of the Coalition of Concerned Manufacturers and Business of Canada (CCMBC) to the applicant in the EB-2022-0002 proceeding, the application by the Independent System Operator to the Ontario Energy Board for approval of its 2022 Revenue Requirement, Expenditures and Fees.

As directed in Procedural Order No. 1, the CCMBC co-ordinated its efforts with the Canadian Manufacturers & Exporters (CME) to avoid any duplication. The CCMBC and CME however, do not always share similar interests. The CCMBC was formed by former members of CME who left that organization over their differing view and approaches towards issues facing the manufacturing community.

Respectfully submitted on behalf of CCMBC,

Tom Ladanyi
TL Energy Regulatory Consultants Inc.

cc. Andrew Bishop (OEB Staff)

Miriam Heinz (IESO)
Ian Richler (OEB Staff)
Catherine Swift (CCMBC)
Ben Weir (IESO)
Intervenors of Record

EB-2022-0002

IESO 2022 Revenue Requirement, Expenditures and Fees

Coalition of Concerned Manufacturers and Businesses of Canada

Interrogatories

May 13, 2022

1-CCMBC-1

Reference: Exhibit A-1-3, page 4, and Exhibit E-2-1

Preamble: *“Actual 2021 total capital expenditures were \$18.3 million lower than budget, largely attributable to \$12 million lower MRP expenses and delays in the initiation of a number of larger projects and in vendor progress towards milestones (see Exhibit E-2-1 – Capital Budget Overview and Progress on Capital Projects).”*

- a) Is the IESO concerned about the delays in the initiation of a number of larger capital projects? Please explain your answer.
- b) What is the IESO doing to bring the capital projects that are behind schedule back on schedule?
- c) Does the IESO expect that it will be able to complete the projects on schedule? Please explain your answer.

1-CCMBC-2

Reference: Exhibit E-1-1, pages 2 and 3, and Exhibit E-3-1, Attachment 1, Service Life and Amortization Expense

Did the IESO prepare the Service Life Comparison and Amortization Expense or did a consultant such as Kinectrics Inc. assist IESO in preparing it? If a consultant assisted IESO, please file the consultant’s report or other documents that the IESO received from the consultant. If the IESO was not assisted by a consultant, please explain why not.

1-CCMBC-3

Reference: Exhibit E-2-1 Attachment 2, Dynamic Limits in Real-Time (DLRT) project, pages 1 to 32, and Exhibit D-1-2, Table 1, page 1.

- a) Please confirm that the IESO seeking OEB approval for the \$5.1 million DLRT project? If the answer is no, please explain what approvals is IESO seeking.

- b) The total project cost of \$5,081,251 includes (page 12) operating costs of \$200,499 in 2021 and \$102,960 in 2022.
 - i. Please explain why a capital project would have operating expenses in 2021 and 2022 when it will not be completed until 2024.
 - ii. Where are these operating expenses included in Table 1: Summary of OM&A for Business Units (D-1-2, page 1)
- c) Please explain how the following quantities that are shown In the Appraisal of Alternatives (page 27) were determined:
 - i. The NPV of + \$1.7 million for this project, and
 - ii. The NPV of - \$ 4.4 million for implementing high voltage monitoring in EMS.
- d) Why is this project considered “low risk”? On what evidence or experience does the IESO base its conclusion that this is a low risk project?

1-CCMBC-4

Reference: Exhibit E-2-1 Attachment 3, Market Analysis and Simulation Toolset (MAST), Pages 1 to 22

- a) Please confirm that the IESO is seeking OEB approval for the \$6.8 million MAST project. If the answer is no, please explain your answer.
- b) The total project cost of \$6.8 million includes (page 8) operating costs of \$40,000 in 2021 and \$80,000 in 2022.
 - i. Please explain why a capital project would have operating expenses in 2021 and 2022 when it will not be completed until 2024.
 - ii. Where are these operating expenses included in Table 1: Summary of OM&A for Business Units (D-1-2, page 1)
- c) Considering that requirements with the vendor have not been validated (page 17) and the risks are “high” (pages 13-14) why should the OEB have confidence in the \$6.8 million cost estimate for this project?

2-CCMBC-5

Reference: Exhibit C-1-1, Attachment 1

- a) Please explain why the transmission line losses for 2022 are forecast to be 3.0 TWh when the actual transmission line losses for 2021 were only 1.9 TWh.

- b) Please explain why the forecast of exports for 2022 is 15.9 TWh which is lower than any of the past 6 years which range from 17.2 TWh to 20.4 TWh.

3-CCMBC-6

Reference: Exhibit C-3-1-1

Preamble: *“The IESO is seeking to expand its cost recovery activities and requests approval to charge a Reliable Integration fee at an hourly rate to proponents for the activities to reliably integrate new or modified facilities. The fee is proposed to be based on the average hourly cost of IESO labour plus overhead recovery of \$145 per hour and would be calculated based on the number of hours taken to perform the reliable integration activities.”*

Please explain how the \$145 per hour fee was determined showing all calculations.

4-CCMBC-7

Reference: Exhibit G-2-1, Attach. 1, Market Renewal Program (MRP) Baseline Schedule

- a) Did the MRP actually start on New Year’s Day, January 1, 2021, as indicated in the schedule or did it start on an earlier day?
- b) Why do colour bars for some of the activities not correspond with the dates of those activities? For example, the colour bar for Solution Development starts at January 1, 2021, but the dates for Solution Development shown are 13 August 2021 to 8 March 2022.
- c) When was the MRP first approved by IESO Board of Directors?
- d) Please file the original MRP schedule when it was first approved by the IESO Board of Directors.
- e) Does the IESO track its spending versus results achieved for the MRP? If the IESO uses earned value analysis, please file it. If it does not, please prepare an earned value diagram for the MRP that shows money spent compared to results achieved on the same chart and file it.

5-CCMBC-8

Reference: Exhibit A-1-3, Page 3, and Exhibit D-1-3, Att.3

Preamble: *“When comparing the IESO roles to the energy sector, the results of the review conducted show 2% progress towards the 50th percentile since the IESO’s last review in 2018 (see Exhibit D-1-3 Attachment 3 – Non-Executive Total Remuneration Review).”*

- a) Is the IESO satisfied with the 2% its progress towards the 50th percentile target?
Please explain your answer.
- b) When does the IESO expect to reach the 50th percentile target?

5-CCMBC-9

Reference: Exhibit A-2-2, Att.1, page 2

Preamble: The 5-year measure of Operational Efficiency is Percentage of Strategic Initiatives that are completed within only 50% of schedule contingency. The 5-year target is 90% of Strategic Initiatives are completed on time. The 2021 Target was that 80% of Strategic Initiatives were to be completed on time and the 2021 Result was that only 50% were.

Please file a table listing the 2021 Strategic Initiatives that includes the following information:

- Original 2021 schedule for each initiative including milestones
- Final 2021 schedule for each initiative showing results for each milestone.

5-CCMBC-10

Reference: Exhibit A-2-1, page 7

Preamble: *“Stakeholder and community engagement is integral to the IESO's decision-making process and the goal of the process is to provide individuals and organizations with the opportunity to provide input to proposed decisions or changes that affect them. As such, the IESO uses the perspectives brought forward in this process to inform its decision making.”*

Please describe ten instances where input from stakeholder engagement has caused IESO to change its initiatives, plans or processes.