

1 **CCMBC INTERROGATORY 8**

2 Issue 5.0 Commitments from Previous OEB Decisions

3 5-CCMBC-8

4 **INTERROGATORY**

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

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

9 a) Is the IESO satisfied with the 2% its progress towards the 50th percentile target? Please
10 explain your answer.

11 b) When does the IESO expect to reach the 50th percentile target?

12 **RESPONSE**

13 a) As the IESO is a unionized environment and any changes to compensation, pension and
14 benefits must be negotiated, the IESO is encouraged by the progress it has made thus
15 far in progressing toward the 50th percentile target.

16 b) In its Decision and Order for EB-2019-0002, the OEB stated "the IESO shall, as part of
17 all future expenditures, revenue requirement, and fees applications, report on the
18 progress made towards reaching the 50th percentile for total compensation." The IESO is
19 committed to continuing to make efforts to make progress on this commitment but
20 given that the IESO must negotiate all compensation and benefit/pension plan changes,
21 it is not possible to determine a timeline for reaching the 50th percentile target.

1 **CCMBC INTERROGATORY 9**

2 Issue 5.0 Commitments from Previous OEB Decisions

3 5-CCMBC-9

4 **INTERROGATORY**

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

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

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

- 11 • Original 2021 schedule for each initiative including milestones
12 • Final 2021 schedule for each initiative showing results for each milestone

13 **RESPONSE**

14 a) See response to Schedule 1 – 1.1 OEB STAFF 2(a).

CCMBC INTERROGATORY 10

Issue 5.0 Commitments from Previous OEB Decisions

5-CCMBC-10

INTERROGATORY

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.

RESPONSE

- a) The following are examples of how engagement feedback has informed IESO decision-making, with links to IESO documents within the specific engagements.

Energy Efficiency Auction Pilot¹ – the original proposed two-year commitment period was revised to a one-year commitment period, the forward period was extended to 20 and 24 months for summer and winter resources, the original proposed reference price was revised, the auction pilot moved to a single-year commitment period, plus a number of additional changes.

Energy Efficiency Opportunities for Grid-Connected First Nation Communities² – based on feedback received through the engagement process, a survey and technical meetings, a number of challenges were identified. In the July 2021 meeting, the IESO presented the detailed program design for the First Nation Community Buildings Retrofit Program and showed how the design was informed by feedback from communities.

Energy Storage Advisory Group – Storage Design Project³ – stakeholder input was used throughout the process to evolve the design proposals, and several changes were made to the Market Rule amendments based on feedback, including rewording of terms and amendments to the testing of the Operating Reserve.

¹ Energy Efficiency Auction Pilot: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/eeap/eeap-20210217-final-engagement-summary-report.ashx>

² Energy Efficiency Opportunities for Grid-Connected First Nation Communities: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/eeefn/eeefn-20210916-final-engagement-summary-report.ashx>

³ Energy Storage Advisory Group – Storage Design Project: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/esag/esag-20210413-final-engagement-summary-report.ashx>

1 Gas Phase-Out Impact Assessment⁴ – feedback from a diverse group of interested
2 participants led to the IESO to refining the scope for its assessment of phasing out
3 natural gas generation in Ontario. The input and perspectives from those who
4 participated allowed the IESO to carefully consider if the scope, assumptions and
5 scenarios used in the report were appropriate and fulsome.

6 Hybrid Integration Project⁵ – while engagement is still active on this project, early
7 feedback has led the IESO to pursue two foundational models rather than just one as
8 originally proposed.

9 Market Renewal Project – Energy Detailed Design⁶ – during this engagement, the IESO
10 worked closely with stakeholders to present the design documentation, answer
11 questions and provide rationale. The stakeholder community came forward with well
12 over 800 detailed and constructive comments. As per IESO practice, each of these sets
13 of comments was published, and responded to individually, including creation of a
14 master tracker document of all of the comments and where precisely changes were
15 made in the detailed design documentation.

16 Reliability Standards Review⁷ – stakeholder feedback led the IESO to undertake a review
17 of how weather is modeled in its various demand forecasts with a commitment to share
18 the updated methodology with stakeholders once complete. The IESO also committed to
19 reviewing the recommendations for improving the forecasting ability for managing non-
20 discretionary outages based on feedback on the forecasting analysis for non-
21 discretionary outages, and the IESO updating the non-firm import capacity assumption
22 using the most recent four years of data.

23 Updates to Performance Requirements: Market Rules 4.2 and 4.3⁸ – changes were made
24 to the related Market Rules and Market Manuals based on feedback from stakeholders
25 and the Technical Panel.

26 West of London bulk planning⁹ – in response to engagement feedback asking for greater
27 transparency and data around the need and potential options to help the market
28 respond, the IESO provided additional datasets around forecast load, interface data and
29 assumptions used for resource needs/sizing.

⁴ Gas Phase-Out Assessment: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/qpia/qpia-20211014-response-to-feedback.ashx>

⁵ Hybrid Integration Project: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/hip/hip-20211216-presentation.ashx>

⁶ Market Renewal Project – Energy Detailed Design: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/market-renewal/MRP-Energy-Detailed-Design-Version-2,-d,-0-Updates.ashx>

⁷ Reliability Standards Review: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/rsr/rsr-20210409-final-engagement-summary-report.ashx>

⁸ Updates to Performance Requirements: Market Rules 4.2 and 4.3: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/upr/upr-20210630-final-engagement-summary-report.ashx>

⁹ West of London Bulk Planning: https://www.ieso.ca/-/media/Files/IESO/Document-Library/regional-planning/southwest-ontario/WOL_Bulk_Report_Final_20210923.ashx

1 Windsor-Essex regional planning¹⁰ – information received about load patterns and
2 capabilities from municipalities and local greenhouses in the Kingsville-Leamington area
3 resulted in the IESO's targeted call for indoor agriculture GIF projects as well as the
4 greenhouse LED lighting incentives.

¹⁰ Windsor-Essex Regional Planning: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/regional-planning/Windsor-Essex/Windsor-Essex-IRRP-Addendum-Report.ashx>

OEB STAFF INTERROGATORY 21

Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous proceedings?

5-Staff-21

INTERROGATORY

a. Exhibit D / Tab 1 / Schedule 3 / pp. 3-7

Preamble:

Table 2 at the above reference lists the ongoing and planned efforts being undertaken by the IESO to advance towards the 50th percentile of total remuneration. Table 2 organizes the ongoing and planned efforts by the following categories: Compensation, Pension, Benefits and Culture and Values.

Questions:

- a) Target area one indicates efforts related to a reduced number of Society employees compensated above a revised maximum salary range. Please indicate if the IESO has also revised the maximum salary range for non-represented/Management employees.
 - i. If applicable, please describe the revision made to the non-represented/Management employee salary range.
 - ii. If a revision to the non-represented/Management salary range has not been made, please describe the reasons for why.
- b) Target area three references Guidelines and Oversight. It describes the guidelines the IESO follows with respect to the amount of compensation that can be applied to certain hiring decisions. Exhibit D-1-3 Attachment 2 details these compensation guidelines.
 - i. Please specifically identify all revisions that have been made to the compensation guidelines shown at Exhibit D-1-3 Attachment 2 since the OEB required to IESO to bring total remuneration towards the 50th percentile in its Decision on the IESO's 2019 Revenue Requirement application.
- c) Amongst other things, Table 2 describes actions being taken by the IESO related to benefits. The actions identify specific areas of benefits-related cost savings being sought in collective agreements. Please identify the specific areas of benefits-related cost savings (including those related to pensions) being pursued related to non-Unionized/Management positions. If there are none, please explain why.

RESPONSE

a) The IESO has not revised the maximum salary range for non-represented Management employees.

i. This is not applicable as noted in response to a) above.

ii. The non-represented group is, on average, positioned within the competitive range on base salary, and slightly below the competitive range for total cash (includes Short Term Incentives, Long Term Incentives etc.). Revisions to the salary ranges are not required at this time.

b)

i. The following revisions were made to the IESO Compensation Guidelines, particularly to reflect arbitrated settlements and clarify existing processes:

- Clarification on how to convert the annual salary to a weekly rate for pay processing for Management/Non-Union employees.
- Direction on how to administer the Society arbitrated settlement which mandates that the minimum promotion increase for Society employees must be 3%.
- Clarification on how to administer PWU promotion increases that are less than 3%. This has been part of the Collective Agreement for some years but further clarification in the guidelines was required.

c) The Mercer Non-Executive Total Remuneration Review notes that compared to the Energy Sector peer group, the IESO, in particular the Non-Unionized/Management jobs, are generally within 1% of the market 50th percentile when considering the overall value of active benefits (including life insurance, accidental death and dismemberment, short-term disability, long term disability, health, dental and health-care spending accounts). Similarly, the IESO pension arrangement for the Non-Unionized/Management group is positioned at the 50th percentile as compared to the Energy Sector Peers. Based on those reasons, there are no reductions being pursued at this time for Non-Unionised/Management benefits or pensions.

OEB STAFF INTERROGATORY 22

Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous proceedings?

5-Staff-22

INTERROGATORY

a. Exhibit D / Tab 1 / Schedule 3 / Attachment 3

Preamble:

At the above reference, the IESO provides a report entitled "Non-Executive Total Remuneration Review (Mercer Report)." The report demonstrates the movement made by the IESO towards the 50th percentile of total compensation since the last report was issued in 2018 (2018 Report).

Questions:

a) At Exhibit D-1-3, p. 3, the IESO states that:

Mercer Canada Limited ("Mercer") was engaged to assist the IESO in conducting a Total Remuneration review for non-executives. The results from the review show positive movement towards the 50th percentile since the IESO's last review in 2018. When comparing the IESO roles to the energy sector, the IESO has improved its position as it relates to Total Remuneration by 2%. In 2018, the IESO was positioned 11% over market (50th percentile) and in 2021 is now 9% over market.

Tables 9 and 10 have been created by OEB staff. They compare changes in total remuneration (TREM) for management, Society and PWU grade employees between the 2018 Report and the Mercer Report.

Table 9: IESO TREM Comparison

	2018 Report	Mercer Report	Variance	
	IESO TREM (000)	IESO TREM (000)	\$(000)	%
Management	\$187	\$203	\$16	9%
Society Total	\$160	\$174	\$14	9%
PWU Total	\$116	\$123	\$7	6%

Table 10: Energy Sector TREM Comparison

	2018 Report	Mercer Report	Variance	
	Energy Sector TREM (000)	Energy Sector TREM (000)	\$(000)	%
Management	\$197	\$199	\$2	1%
Society Total	\$139	\$156	\$17	12%
PWU Total	\$101	\$102	\$1	1%

As shown, results of the Mercer Report show that IESO TREM for the Management grade has increased by \$16,000, or 9% since the 2018 Report whereas the Energy Sector comparable has only increase by \$2,000, or 1%.

In response to OEB staff IR 30 (a) from the IESO's 2020/2021 Revenue Requirement proceeding, the IESO stated the following related to management staff:

Since the OEB direction provided in the 2019 revenue requirement decision, the IESO has made a number of concessions to help work toward compensation that is at the market median.

For the management cadre, the IESO used the direction from the OEB to guide their annual salary increase (merit) recommendations. As such the IESO provided conservative and modest increases to the management salaries and pay bands in both 2019 and 2020 (2021 to be determined in Q1 2022).

In 2019, the average merit increase provided in the Energy sector was 2.9%. With the OEB decision in mind, the IESO recommended to the Board of Directors a modest merit envelope of 2%. In 2019, the IESO also recommended to the Board a nominal increase to the salary range of 1.7% which again was below the Energy sector benchmark for 2019 salary range increases.

In 2020, the average merit increase provided in the Energy sector was 2.2%. Again, with the OEB decision in mind, the IESO recommended to the Board of Directors a modest merit envelope of 2% again below the average merit increases in the Energy sector. In 2020, the IESO also recommended a 1.8% increase to its salary bands which was below the average increase to the ranges in the Government/Public sector average of 2% and in line with the Energy Sector average.

The IESO stated in its response to OEB staff IR 30 a) that for the management grade, the average merit increase provided in the Energy Sector in 2019 and 2020 were 2.9% and

2.2%, respectively, and that the IESO's merit increases were set based on these amounts. However, as shown in 6, according to the Mercer Report, the Energy sector TREM for management grade employees has only increased by 1% in total since the 2018 Report was completed. Please explain how the IESO determined that the average merit increase provided in the Energy sector for 2019 and 2020 were 2.9% and 2.2%, respectively, as well as why these increases were not reflected in the Mercer Report.

b) In response to 1-Staff-13, amongst other things, the IESO was requested to calculate both "management" and "non-management regular" compensation per average capital employee in 2022 and compensation per average operations employee in 2022.

If applicable, please fully explain any variances between the average compensation calculated for both "management" and "non-management regular" employees in response to 1-Staff-13 and the TREMs shown in the Mercer Report.

RESPONSE

a) The IESO determined the average merit increases provided in the Energy Sector based on survey data provided by the firms listed in Table 1 below. The listed firms were used to determine the average merit increases as well as the annual % they provided in their annual reports. These average increases were based on a point in time for which the IESO did their own independent review of the results reported by the survey companies noted below. Mercer would not have had line of sight into the IESO's review hence why it's not included in their report.

Table 1: Survey Companies

Power/Energy/Utilities Industry		
Survey Company	2019 Average Merit Increases	2020 Average Merit Increases
Conference Board of Canada	2.8%	2.0%
WorldatWork	3.0%	2.6%
Mercer	2.5%	2.0%
Towers Watson	3.1%	
Morneau Shepell		2.6%
Wynford		1.7%
Average	2.9%	2.20%

- 1 b) The compensation per average capital employee and operations employee in 2022
2 provided in response to Schedule 1 – 1 Staff 13 from the IESO's 2020/2021 Revenue
3 Requirement Submission, includes compensation elements not included in the Mercer
4 Report, such as overtime, severance, and other allowances. Differences may occur as
5 well due to Mercer using a sample of IESO staff positions versus the information
6 provided in response to Schedule 1 – 1 Staff 13 which details the entirety of IESO's staff
7 funded through the OEB approved Usage Fee.

OEB STAFF INTERROGATORY 23

Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous proceedings?

5-Staff-23

INTERROGATORY

- a. Exhibit D / Tab 1/ Schedule 3 / Attachment 3 / p. 3 (Mercer Compensation Study)
- b. EB-2019-0002 / Exhibit C / Tab 4 / Schedule 1 / Attachment 1 / p. 3 / January 28, 2019
- c. EB-2019-0002 / Decision and Order / December 5, 2019 / p. 8

Preamble:

The Mercer Study filed in the current application notes that the IESO's positioning above the 50th percentile on a total remuneration basis is primarily a result of the high employer provided value of pension plans in place at the IESO for PWU and the Society represented jobs.

OEB staff notes that a similar finding regarding the value of pension plans was made in the prior Mercer Study submitted in the 2019 revenue requirement proceeding, which was also referenced in the OEB decision of that proceeding.

Questions:

- a) Please discuss the IESO's interpretation of the Mercer results. Specifically, given Mercer's findings in the study filed in the 2019 revenue requirement proceeding regarding the value of pension plans, are there any reasons for why the IESO has not made more progress towards bringing its compensation to the market median levels?
- b) Regarding pension and OPEB amounts, please provide an update on how the IESO is continuing its efforts to control costs in collective bargaining meetings, as well as costs applicable to management/non-union staff, including potentially increasing employee contributions.

RESPONSE

- a) As noted in the Mercer Study IESO Total Target Cash compensation is indeed aligned with the 50th percentile for the Energy Sector (within 1%). The IESO continues to include cost reductions for both pensions and benefits in the IESO Management mandates. The IESO also puts forward pension and benefit bargaining items each of the negotiations with our Union but it can be difficult to gain agreement on these items in bargaining.

- 1 b) Similar to the response to a), the IESO continues to include cost containment items in
- 2 each bargaining mandate which include the reduction of the indexation as well as
- 3 increased employee contributions. These continue to be ongoing bargaining/mandate
- 4 items but it can be difficult to gain agreement on these items.

1 **AMPCO INTERROGATORY 18**

2 Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous
3 proceedings?

4 5.1-AMPCO-18

5 **INTERROGATORY**

6

7 The IESO updated the IESO Grid Innovation Fund, Conservation Fund and Technology
8 Development Fund Project Portfolio spreadsheet in response to the EB-2020-0230 Settlement
9 Agreement.

10 Please provide the IESO's proposed schedule to update the spreadsheet publicly

11 **RESPONSE**

12 a) The IESO updates the spreadsheet publicly after contracts are signed and
13 announcements are made with successful proponents. This typically occurs on an annual
14 basis.

CME INTERROGATORY 5

Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous proceedings?

5.1-CME-5

INTERROGATORY

Ref: Exhibit D, Tab 1, Schedule 3, p. 3 of 7

At p. 3, the IESO provides a table showing the ongoing and planned efforts to make progress towards the 50th percentile for total remuneration.

- a) Please provide the IESO's view of whether or not rapid inflation in Ontario will make the IESO's work to progress towards the 50th percentile for remuneration easier or more difficult. Please explain fully.

RESPONSE

- a) With the wage restriction (Bill 124, *Protecting a Sustainable Public Sector for Future Generations Act, 2019*) in place and given that all the organizations that are part of the benchmarking survey are affected by the rise in inflation, the IESO does not believe that this rise in inflation will affect progress towards the 50th percentile for remuneration.

OSEA INTERROGATORY 5

Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous proceedings?

5-OSEA-5

INTERROGATORY

Reference: Exhibit G-1-1, Attachment 1

Preamble: In the OEB approved settlement proposal as part of the OEB's Decision and Order in EB-2020-0230, the IESO made the following commitment related to the public availability of planning data "With respect to IESO's planning activities, the IESO commits to increase the public availability of planning data". OSEA is interested in the progress and work plan for continuing the accessibility of planning data.

Questions:

- a) Please provide a summary of the IESO's vision and strategy for meeting the commitment to increase public availability of planning data.
- b) Has the IESO developed a strategy and framework to measure the objective and success measures for sharing planning data publicly?
 - i. If so, please provide documentation and supporting analysis used to develop the framework and justify the approach.
 - ii. If no strategy or framework has been established, please explain how the IESO intends to determine if the commitment in the settlement agreement has been met.
- c) Please provide a summary of capital expenditures related to supporting the commitment for increasing public availability of planning data, including funding commitments along with explanation and justification for capital expenditures.
- d) Please provide a summary of operating expenditures related to supporting the commitment for increasing public availability of planning data, including funding commitments along with explanation and justification for operating expenditures.
- e) The IESO provided an example of enhanced planning data related to the West of London information sharing summary. Please provide a list of all other information sharing summaries that meet or exceed the information provided in the West of London example (e.g., other bulk system planning areas where information has been shared or is intended to be shared). If no other summaries exist, please explain why the IESO has not made efforts to share more such enhanced planning data.
- f) Has the IESO considered create a centralized repository for planning data for stakeholders and rate-payers to access for information on system needs and plans? If no centralized data repository has been considered, please explain why.

RESPONSE

- a) The IESO's approach to date for increasing availability of planning data has centred around continuous improvement and responding to stakeholder feedback. For instance, the IESO responded to stakeholder feedback for additional data in the West of London bulk plan by engaging on a proposed data set, providing the data, and then carrying forward the additional data in future plans as the new baseline for what data is made publicly available. The IESO has also communicated to stakeholders' process changes that will improve data availability and sought their feedback. This communication occurred during the bulk and regional planning process webinar held on October 19, 2021, for both process improvements related to identification of non-wires alternatives¹ in regional planning and the formalization of the bulk planning process².
- b) The IESO utilizes our established engagement processes as the main input to assess if we are being sufficiently transparent and to drive associated improvement to data availability. This ensures a broad group of stakeholders, including those in the area impacted by the plan, can effectively provide input on the data, and format, they feel is most valuable. The IESO carries out continuous engagement on both its plan and process development and welcomes and responds to feedback received through these forums, as noted for the West of London Bulk Plan. The IESO has also more broadly implemented this feedback by applying the new "baseline" level of data availability established in the West of London Bulk plan to all plans going forward – where those data sets are applicable to the needs and alternatives studied in the plan. The improvements achieved with this approach, and the IESO's intention to continue to consider future feedback on any additional improvements, meet the intention of the obligation the IESO made. The RPPAG working group has provided recommendations to the OEB that have been accepted, which may result in changes to the IESO's licence regarding data sharing. The IESO will assess these changes once they have been defined.
- c) In 2022, there were no capital expenditures related to supporting the commitment for increasing public availability of planning data. For 2022, the work to support increasing the availability of planning data is currently being performed within the existing budget and resources of the business unit for core work. Therefore, a summary of expenditures is not available, as the IESO does not perform activity-based accounting.
- d) Additional plans completed since the West of London bulk plan have shared planning data in the same format, as applicable based on the needs and options being identified. As well, plans that have been recently initiated have provided greater granularity of planning data earlier in the process, opposed to only in the appendices of the final document, in accordance with the process changes outlined in the October 19, 2021

¹ Non Wires Alternatives: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/derr/derr-20211019-presentation.ashx>

² Bulk Planning Process: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/bspp/bspp-20211019-presentation.ashx>

planning process webinar. Table 1 below summarizes planning data shared since the West of London bulk plan was completed in September 2021.³

Table 1: Planning Data Shared Since the West of London Bulk Plan

Plan (Regional/Bulk)	Plan Publication	Detailed Data Table(s) Shared Throughout Process	Detailed Data Table Appendix, Economic Assumptions
Peterborough to Kingston IRRP (Regional)	November 5, 2021		Data Tables: https://www.ieso.ca/-/media/Files/IESO/Document-Library/regional-planning/Peterborough-to-Kingston/p2k-bulk-appendices-20211105.ashx Economic Evaluation Assumptions (p 32): https://www.ieso.ca/-/media/Files/IESO/Document-Library/regional-planning/Peterborough-to-Kingston/p2k-IRRP-appendices-20211104.ashx
Windsor-Essex IRRP Addendum (Regional)	February 10, 2022		Data Tables: https://www.ieso.ca/-/media/Files/IESO/Document-Library/regional-planning/Windsor-Essex/Windsor-Essex-IRRP-Addendum-

³ Table summarizes location of incremental data sets for each plan. A subset of the data provided for the West of London plan has traditionally been provided in every plan (i.e. transmission interface capabilities) and can be found in the finalized plan document itself and is not listed here.

			Appendices-20220210.ashx Economic Evaluation Assumption: N/A, no non-wires alternative was fully costed as part of the analysis. Economic evaluation was limited to capital cost comparison of wires alternatives.
Northwest IRRP (Regional)	Ongoing	Draft demand forecast & historical load profiles: https://www.ieso.ca/-/media/Files/IESO/Document-Library/regional-planning/Northwest-Ontario/nw-ontario-20220425-draft-demand-forecast-and-load-profiles.ashx	
Niagara IRRP (Regional)	Ongoing	Draft demand forecast: https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/Niagara/Niagara-IRRP-Draft-Load-Forecast.ashx Hourly need forecast: https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/Niagara/Niagara-IRRP-Draft-Load-Forecast.ashx	

		Library/engage/Niagara/Niagara-IRRP-Draft-Hourly-Load-Forecast-Public.ashx	
Renfrew IRRP (Regional)	Ongoing	Draft demand forecast: https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/Renfrew/Renfrew-IRRP-Draft-Load-Forecast.ashx	
North and East of Sudbury IRRP (Regional)	Ongoing	Draft demand forecast: https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/ne-sudbury/ne-sudbury-draft-load-forecast.ashx	

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- e) The IESO continues to investigate opportunities to improve access to planning data in future years, including opportunities to provide data in a more centralized manner. Any evolution or additions to the IESO's current approach will be communicated and stakeholdered through stakeholder engagement with opportunities for feedback. As part of considering implementation of further improvements to data availability, either as identified through the engagement process or in implementing future changes that may be required to meet the recommendations outlined in the RPPAG's recommendations once they have been defined, the IESO will also need to assess any additional resources or expenditure that may be required to produce or host the data.

PWU INTERROGATORY 7

Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous proceedings?

5-PWU-7

INTERROGATORY

Ref: Exhibit G/Tab 1/Schedule 1/P. 6

The reference indicates that as per the Settlement Agreement in EB-2020-0230, the parties agreed to defer consideration of the proposed procurement registration fee until after the IESO had developed a more detailed fee structure and completed its related stakeholder engagement efforts and that the IESO held the stakeholder consultation session on November 23, 2021.

Question:

- a) When does the IESO expect to complete the stakeholder consultations on the issue and does the IESO anticipate requesting registration fee for electricity supply and capacity procurements in its next revenue requirements application?

RESPONSE

- a) The IESO has concluded stakeholder engagement on proposed registration fees for upcoming procurements, including the Long-Term RFP. Per the 2020-2022 settlement agreement (EB-2020-0230) with the OEB and intervenors, the IESO conducted additional stakeholder engagement on a more detailed fee setting framework, including information on the cost of past IESO procurements and the fees collected. The IESO held the stakeholder consultation session on November 23, 2021. In light of stakeholder feedback, and the time that would be required to continue to consult on that feedback, the IESO concluded that there was insufficient time to move forward with a change to the registration fee and to have the new fee in effect in advance of procurement initiatives directed by the Minister of Energy on January 28, 2022. As such, the IESO withdrew its request for OEB approval to charge registration fees of up to \$50,000 per proposal for electricity supply and capacity procurements, including ancillary services. The OEB accepted the IESO's request to withdraw the request increase to the registration fee. The IESO does not anticipate requesting an increase in its registration fee for procurements in the next revenue requirement submission. The IESO will move forward with its planned procurements using previously approved registration fees of up to \$10,000 per submission for electricity supply and capacity procurements, including ancillary services.

1 **SEC INTERROGATORY 17**

2 Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous
3 proceedings?

4 5.1-SEC-17

5 **INTERROGATORY**

6 [G-1-1, p.3] With respect to IESO's response to previous OEB decisions, please explain why the
7 updated IESO Grid Innovation Fund, Conservation Fund and Technology Development Fund
8 Project Portfolio spreadsheet, only included projects up until 2019.

9 **RESPONSE**

10 a) The portfolio list is updated and includes all contracted projects up until 2021.

1 **SEC INTERROGATORY 18**

2 Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous
3 proceedings?

4 5.1-SEC-18

5 **INTERROGATORY**

6 [G-1-1, Attach 3, p.5] Please provide a full copy of the Project Management internal audit.

7 **RESPONSE**

8 a) In the OEB's Decision and Order in EB-2020-0230, the OEB approved the settlement
9 proposal in which the IESO made the following commitment related to internal audits:
10 "With respect to internal audits, the IESO will provide the following information in the
11 next Revenue Requirement Submission, in line with the findings of the OEB in its Motion
12 Decision in EB-2013-0326, dated July 24, 2014: The details of the subject matter of the
13 Audit Reports, the recommendations, the action(s) taken as a result of each
14 recommendation, and the status of the implementation of that action. The information
15 should be clear and comprehensive."
16 The IESO has provided the required information in Exhibit G-1-1 Attachment 3 – Details
17 of Internal Audit Reports, pg. 5.

1 **SEC INTERROGATORY 19**

2 Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous
3 proceedings?

4 5.1-SEC-19

5 **INTERROGATORY**

6 [G-1-1, Attachment 5] Please provide a copy of the underlying cost allocation model
7 spreadsheet.

8 **RESPONSE**

9 a) See Attachment 1 to this Exhibit.

2022 IESO Cost Allocation Model

Version: February 18, 2022

Functionalized Accounts

Revenue Requirement (\$)	\$201,500,000
Net Fixed Assets (\$)	\$102,646,990

Expense Accounts (Revenue Requirement)

Accounts	Forecast Financial Statement	Reclassify accounts	Reclassified Balance	Allocator
CEO - CEO Office	1,800,000		\$1,800,000	O&A
CEO - Internal Audit	1,300,000		\$1,300,000	O&A
Markets & Reliability - VP Office	800,000		\$800,000	M&R
Markets & Reliability - Power System Assessments	14,900,000		\$14,900,000	TWh
Markets & Reliability - Market Operations	15,700,000		\$15,700,000	TWh
Markets & Reliability - Wholesale Market Development	3,700,000		\$3,700,000	TWh
Markets & Reliability - Reliability Assurance	800,000		\$800,000	TWh
Planning, Conservation and Resource Adequacy - Resource Planning	6,000,000		\$6,000,000	DOM
Planning, Conservation and Resource Adequacy - Transmission Planning	4,400,000		\$4,400,000	DOM
Planning, Conservation and Resource Adequacy - Resource & System Adequacy	5,200,000		\$5,200,000	DOM
Planning, Conservation and Resource Adequacy - Energy Efficiency	6,200,000		\$6,200,000	DOM
Corporate Relations, Stakeholder Engagement and Innovation - VP Office	604,027		\$604,027	CRSEI
Corporate Relations, Stakeholder Engagement and Innovation - Corporate Affairs	9,060,403		\$9,060,403	DOM
Corporate Relations, Stakeholder Engagement and Innovation - Innovation, Research & Development	5,335,570		\$5,335,570	DOM
Information and Technology Services - VP Office	1,303,009		\$1,303,009	ITS
Information and Technology Services - CIO Office	1,102,546		\$1,102,546	O&A
Information and Technology Services - Information Security	4,710,880		\$4,710,880	O&A
Information and Technology Services - Business Services & Solution Delivery	15,535,880		\$15,535,880	O&A
Information and Technology Services - IT Infrastructure & Operations	20,647,685		\$20,647,685	O&A
Legal Resources and Corporate Governance - VP Office	1,505,338		\$1,505,338	LRCG
Legal Resources and Corporate Governance - General Counsel	10,236,299		\$10,236,299	TWh
Legal Resources and Corporate Governance - Market Rules and Regulatory Affairs	2,308,185		\$2,308,185	TWh
Legal Resources and Corporate Governance - OEB assessment fees	903,203		\$903,203	TWh
Legal Resources and Corporate Governance - Board	702,491		\$702,491	TWh
Legal Resources and Corporate Governance - NERC and NPCC Membership	4,716,726		\$4,716,726	HALF
Legal Resources and Corporate Governance - Contract Management	7,827,758		\$7,827,758	DOM
Corporate Services - VP Office	700,000		\$700,000	CS
Corporate Services - Procurement	5,700,000		\$5,700,000	O&A
Corporate Services - Corporate Finance	2,000,000		\$2,000,000	O&A
Corporate Services - Risk, Performance & Reliance	700,000		\$700,000	O&A
Corporate Services - Settlements	5,100,000		\$5,100,000	TWh
Corporate Services - Enterprise Change	9,200,000		\$9,200,000	O&A
Corporate Services - Facilities	3,100,000		\$3,100,000	O&A
Market Assessment and Compliance Division	1,300,000		\$1,300,000	TWh
Market Renewal	5,200,000		\$5,200,000	TWh
Human Resources	5,000,000		\$5,000,000	O&A
Corporate Adjustment - General	1,200,000		\$1,200,000	O&A
Amortization	20,000,000		\$20,000,000	TWh
Interest	- 5,000,000		(\$5,000,000)	TWh
Total Expenses (Revenue Requirement)	\$201,500,000	\$0	\$201,500,000	

Fixed Asset Accounts

Accounts	Forecast Financial Statement	Reclassify accounts	Reclassified Balance	Allocator
Assets - Assets	56,423,729		\$56,423,729	TWh
Assets - Market systems & applications	338,405,073		\$338,405,073	TWh
Assets - Infrastructure & other assets	77,009,334		\$77,009,334	TWh
Assets - Assets Under Construction	26,492,185		\$26,492,185	TWh
Accumulated Amortization	(\$395,683,332)		(\$395,683,332)	Assets
Net Fixed Assets	\$102,646,990	\$0	\$102,646,990	

Note: The IESO does not have a Rate Base similar to rate regulated utilities. Fixed Assets are allocated to test the assumption that TWh is a sensible allocator for Interest and Amortization.

Revenue Worksheet

		1	2
	Total	Domestic	Export
<u>Billing Data</u>			
Gross MWh	155,000,000	139,100,000	15,900,000
IESO MWh Rate		\$1.2710	\$1.0943 (EB-2020-0230)
Net Class Revenue	\$194,195,470	\$176,796,100	\$17,399,370
<u>Single Charge Scenario</u>			
Revenue Requirement	\$201,500,000		
Uniform Rate		\$1.3000	\$1.3000
Revenue at Uniform Rate		\$180,830,000	\$20,670,000

Demand Data Worksheet

<u>Customer Classes</u>			1	2
		Total	Domestic	Export
Volume				
Demand			132.0	15.9
Less Transmission Line Losses		3.0	2.7	0.3
Demand with Losses		144.900	129.3	15.6
Embedded Generation		7.1	7.1	
Gross MWh	TWh	155.00	139.1	15.9
Domestic MWh	DTWh	139.1	139.1	

Gross MWh Matches 'Revenue' MWh

Revenue to Cost Summary Worksheet

Class Revenue, Cost Analysis

		1	2
		Domestic	Export
Revenue at Existing Rates	\$194,195,470	\$176,796,100	\$17,399,370
Factor required to recover Revenue Requirement	1.03761		
Revenue at Status Quo Rates	\$201,500,000	\$183,446,165	\$18,053,835
Revenue at Single Rate	\$201,500,000	\$180,830,000	\$20,670,000
Expenses			
CEO CEO	\$3,100,000	\$2,858,010	\$241,990
M&R Markets & Reliability	\$35,900,000	\$32,217,355	\$3,682,645
PCRA Planning, Conservation and Resource Adequacy	\$21,800,000	\$21,800,000	\$0
CRSEI Corporate Relations, Stakeholder Engagement and Innovation	\$15,000,000	\$15,000,000	\$0
ITS Information and Technology Services	\$43,300,000	\$39,919,945	\$3,380,055
LRCG Legal Resources and Corporate Governance	\$28,200,000	\$24,290,682	\$3,909,318
CS Corporate Services	\$26,500,000	\$24,302,934	\$2,197,066
MACD Market Assessment and Compliance Division	\$1,300,000	\$1,166,645	\$133,355
MR Market Renewal	\$5,200,000	\$4,666,581	\$533,419
HR Human Resources	\$5,000,000	\$4,609,693	\$390,307
CA Corporate Adjustment - General	\$1,200,000	\$1,106,326	\$93,674
Int Corporate Adjustment - Interest	(\$5,000,000)	(\$4,487,097)	(\$512,903)
Dep Corporate Adjustment - Depreciation on fixed assets	\$20,000,000	\$17,948,387	\$2,051,613
Revenue Requirement	\$201,500,000	\$185,399,462	\$16,100,538
Revenue Requirement Input equals Output			
Rate Revenue Required	\$201,500,000	\$185,399,462	\$16,100,538
Revenue to Expense at Status Quo Rates	100.00%	98.95%	112.13%
Revenue to Expense at Single Rate	100.00%	97.54%	128.38%
Volume (MWh)	155,000,000	139,100,000	15,900,000
Separate Rates		\$1.3329	\$1.0126
Rate Weight (percent of domestic rate)			76.0%
Rounded Rates		\$1.3329	\$1.0126
Revenue at Rounded Rates	\$201,506,730	\$185,406,390	\$16,100,340
Surplus (Shortfall) - Rounded Rates	\$6,730	\$6,928	(\$198)
Current Rates		\$1.2710	\$1.0943
Rate Change (\$)		\$0.0619	(\$0.0817)
Rate Change (%)	3.76%	4.87%	-7.47%

Summary of Allocation by Class & Accounts

ALLOCATION BY RATE CLASSIFICATION

			1	2
Accounts	O1 Grouping	Total	Domestic	Export
CEO - CEO Office	CEO	\$1,800,000	\$1,659,490	\$140,510
CEO - Internal Audit	CEO	\$1,300,000	\$1,198,520	\$101,480
Markets & Reliability - VP Office	M&R	\$800,000	\$717,935	\$82,065
Markets & Reliability - Power System Assessments	M&R	\$14,900,000	\$13,371,548	\$1,528,452
Markets & Reliability - Market Operations	M&R	\$15,700,000	\$14,089,484	\$1,610,516
Markets & Reliability - Wholesale Market Development	M&R	\$3,700,000	\$3,320,452	\$379,548
Markets & Reliability - Reliability Assurance	M&R	\$800,000	\$717,935	\$82,065
Planning, Conservation and Resource Adequacy - Resource Planning	PCRA	\$6,000,000	\$6,000,000	\$0
Planning, Conservation and Resource Adequacy - Transmission Planning	PCRA	\$4,400,000	\$4,400,000	\$0
Planning, Conservation and Resource Adequacy - Resource & System Adequacy	PCRA	\$5,200,000	\$5,200,000	\$0
Planning, Conservation and Resource Adequacy - Energy Efficiency	PCRA	\$6,200,000	\$6,200,000	\$0
Corporate Relations, Stakeholder Engagement and Innovation - VP Office	CRSEI	\$604,027	\$604,027	\$0
Corporate Relations, Stakeholder Engagement and Innovation - Corporate Affairs	CRSEI	\$9,060,403	\$9,060,403	\$0
Corporate Relations, Stakeholder Engagement and Innovation - Innovation, Research & Development	CRSEI	\$5,335,570	\$5,335,570	\$0
Information and Technology Services - VP Office	ITS	\$1,303,009	\$1,201,295	\$101,715
Information and Technology Services - CIO Office	ITS	\$1,102,546	\$1,016,480	\$86,066
Information and Technology Services - Information Security	ITS	\$4,710,880	\$4,343,142	\$367,737
Information and Technology Services - Business Services & Solution Delivery	ITS	\$15,535,880	\$14,323,128	\$1,212,751
Information and Technology Services - IT Infrastructure & Operations	ITS	\$20,647,685	\$19,035,900	\$1,611,786
Legal Resources and Corporate Governance - VP Office	LRCG	\$1,505,338	\$1,405,918	\$99,420
Legal Resources and Corporate Governance - General Counsel	LRCG	\$10,236,299	\$9,186,253	\$1,050,046
Legal Resources and Corporate Governance - Market Rules and Regulatory Affairs	LRCG	\$2,308,185	\$2,071,410	\$236,775
Legal Resources and Corporate Governance - OEB assessment fees	LRCG	\$903,203	\$810,552	\$92,651
Legal Resources and Corporate Governance - Board	LRCG	\$702,491	\$630,429	\$72,062
Legal Resources and Corporate Governance - NERC and NPCC Membership	LRCG	\$4,716,726	\$2,358,363	\$2,358,363
Legal Resources and Corporate Governance - Contract Management	LRCG	\$7,827,758	\$7,827,758	\$0
Corporate Services - VP Office	CS	\$700,000	\$641,964	\$58,036
Corporate Services - Procurement	CS	\$5,700,000	\$5,255,050	\$444,950
Corporate Services - Corporate Finance	CS	\$2,000,000	\$1,843,877	\$156,123
Corporate Services - Risk, Performance & Reliance	CS	\$700,000	\$645,357	\$54,643
Corporate Services - Settlements	CS	\$5,100,000	\$4,576,839	\$523,161
Corporate Services - Enterprise Change	CS	\$9,200,000	\$8,481,836	\$718,164
Corporate Services - Facilities	CS	\$3,100,000	\$2,858,010	\$241,990
Market Assessment and Compliance Division	MACD	\$1,300,000	\$1,166,645	\$133,355
Market Renewal	MR	\$5,200,000	\$4,666,581	\$533,419
Human Resources	HR	\$5,000,000	\$4,609,693	\$390,307
Corporate Adjustment - General	CA	\$1,200,000	\$1,106,326	\$93,674
Amortization	Dep	\$20,000,000	\$17,948,387	\$2,051,613
Interest	Int	(\$5,000,000)	(\$4,487,097)	(\$512,903)
Assets - Assets	rb	\$56,423,729	\$50,635,747	\$5,787,983
Assets - Market systems & applications	rb	\$338,405,073	\$303,691,262	\$34,713,811
Assets - Infrastructure & other assets	rb	\$77,009,334	\$69,109,666	\$7,899,667
Assets - Assets Under Construction	rb	\$26,492,185	\$23,774,600	\$2,717,585
Accumulated Amortization	rb	(\$395,683,332)	(\$355,093,880)	(\$40,589,451)
Total Allocation		\$304,146,990	\$277,516,857	\$26,630,133
Total Expense Allocation		\$201,500,000	\$185,399,462	\$16,100,538
Check		Okay		

Composite Allocator Detail Worksheet

	1	2
Demand Total	Domestic	Export

Fixed Assets

Assets - Assets	\$56,423,729	\$50,635,747	\$5,787,983
Assets - Market systems & applications	\$338,405,073	\$303,691,262	\$34,713,811
Assets - Infrastructure & other assets	\$77,009,334	\$69,109,666	\$7,899,667
Assets - Assets Under Construction	\$26,492,185	\$23,774,600	\$2,717,585

Gross Fixed Assets	\$498,330,321	\$447,211,275	\$51,119,046
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Accumulated Amortization

Assets - Assets	(\$28,494,311)	(\$25,571,346)	(\$2,922,965)
Assets - Market systems & applications	(\$302,900,825)	(\$271,829,063)	(\$31,071,762)
Assets - Infrastructure & other assets	(\$64,288,196)	(\$57,693,471)	(\$6,594,725)
Assets - Assets Under Construction	\$0	\$0	\$0

Accumulated Amortization	(\$395,683,332)	(\$355,093,880)	(\$40,589,451)
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Net Fixed Assets	\$102,646,990	\$92,117,395	\$10,529,594
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Amortization Expense

Assets - Assets	\$634,998	\$569,860	\$65,139
Assets - Market systems & applications	\$14,784,028	\$13,267,473	\$1,516,555
Assets - Infrastructure & other assets	\$4,580,974	\$4,111,054	\$469,919
Assets - Assets Under Construction	\$0	\$0	\$0

Accumulated Amortization Total	\$20,000,000	\$17,948,387	\$2,051,613
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Identifiable O&A

Markets & Reliability - VP Office	\$800,000	\$717,935	\$82,065
Markets & Reliability - Power System Assessments	\$14,900,000	\$13,371,548	\$1,528,452
Markets & Reliability - Market Operations	\$15,700,000	\$14,089,484	\$1,610,516
Markets & Reliability - Wholesale Market Development	\$3,700,000	\$3,320,452	\$379,548
Markets & Reliability - Reliability Assurance	\$800,000	\$717,935	\$82,065
Planning, Conservation and Resource Adequacy - Resource Planning	\$6,000,000	\$6,000,000	\$0
Planning, Conservation and Resource Adequacy - Transmission Planning	\$4,400,000	\$4,400,000	\$0
Planning, Conservation and Resource Adequacy - Resource & System Adequacy	\$5,200,000	\$5,200,000	\$0
Planning, Conservation and Resource Adequacy - Energy Efficiency	\$6,200,000	\$6,200,000	\$0
Corporate Relations, Stakeholder Engagement and Innovation - VP Office	\$604,027	\$604,027	\$0
Corporate Relations, Stakeholder Engagement and Innovation - Corporate Affairs	\$9,060,403	\$9,060,403	\$0
Corporate Relations, Stakeholder Engagement and Innovation - Innovation, Research & Development	\$5,335,570	\$5,335,570	\$0
Legal Resources and Corporate Governance - VP Office	\$1,505,338	\$1,405,918	\$99,420
Legal Resources and Corporate Governance - General Counsel	\$10,236,299	\$9,186,253	\$1,050,046
Legal Resources and Corporate Governance - Market Rules and Regulatory Affairs	\$2,308,185	\$2,071,410	\$236,775
Legal Resources and Corporate Governance - OEB assessment fees	\$903,203	\$810,552	\$92,651
Legal Resources and Corporate Governance - Board	\$702,491	\$630,429	\$72,062
Legal Resources and Corporate Governance - NERC and NPCC Membership	\$4,716,726	\$2,358,363	\$2,358,363
Legal Resources and Corporate Governance - Contract Management	\$7,827,758	\$7,827,758	\$0
Corporate Services - Settlements	\$5,100,000	\$4,576,839	\$523,161
Market Assessment and Compliance Division	\$1,300,000	\$1,166,645	\$133,355
Market Renewal	\$5,200,000	\$4,666,581	\$533,419

O&A Total	\$112,500,000	\$103,718,102	\$8,781,898
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Allocator Worksheet

Details:

The worksheet below details how allocators are derived.

			1	2
Explanation	ID and Factors	Total	Domestic	Export
Energy				
System TWh	TWh	100.00%	89.74%	10.26%
Domestic TWh	DTWh	100.00%	100.00%	0.00%
CUSTOMER ALLOCATORS				
Composite Allocators				
Gross Assets	GA	100.00%	89.74%	10.26%
Net Fixed Assets	NFA	100.00%	89.74%	10.26%
Identifiable O&A	O&A	100.00%	92.19%	7.81%
Dedicated to Domestic	DOM	100.00%	100%	0%
Dedicated to Export	EXP	100.00%	0%	100%
Equal Halves	HALF	100.00%	50.00%	50.00%
Markets & Reliability	M&R	100.00%	89.74%	10.26%
Planning, Conservation and Resource Adequacy	PCRA	100.00%	100.00%	0.00%
Corporate Relations, Stakeholder Engagement and Innovation	CRSEI	100.00%	100.00%	0.00%
Information and Technology Services	ITS	100.00%	92.19%	7.81%
Legal Resources and Corporate Governance	LRCG	100.00%	93.40%	6.60%
Corporate Services	CS	100.00%	91.71%	8.29%

Allocation Detail Worksheet

This sheet shows what accounts are included in the COSS and how the categorized costs are allocated.

Accounts	Classification and Allocation
CEO - CEO Office	O&A
CEO - Internal Audit	O&A
Markets & Reliability - VP Office	M&R
Markets & Reliability - Power System Assessments	TWh
Markets & Reliability - Market Operations	TWh
Markets & Reliability - Wholesale Market Development	TWh
Markets & Reliability - Reliability Assurance	TWh
Planning, Conservation and Resource Adequacy - Resource Planning	DOM
Planning, Conservation and Resource Adequacy - Transmission Planning	DOM
Planning, Conservation and Resource Adequacy - Resource & System Adequacy	DOM
Planning, Conservation and Resource Adequacy - Energy Efficiency	DOM
Corporate Relations, Stakeholder Engagement and Innovation - VP Office	CRSEI
Corporate Relations, Stakeholder Engagement and Innovation - Corporate Affairs	DOM
Corporate Relations, Stakeholder Engagement and Innovation - Innovation, Research & Development	DOM
Information and Technology Services - VP Office	ITS
Information and Technology Services - CIO Office	O&A
Information and Technology Services - Information Security	O&A
Information and Technology Services - Business Services & Solution Delivery	O&A
Information and Technology Services - IT Infrastructure & Operations	O&A
Legal Resources and Corporate Governance - VP Office	LRCG
Legal Resources and Corporate Governance - General Counsel	TWh
Legal Resources and Corporate Governance - Market Rules and Regulatory Affairs	TWh
Legal Resources and Corporate Governance - OEB assessment fees	TWh
Legal Resources and Corporate Governance - Board	TWh
Legal Resources and Corporate Governance - NERC and NPCC Membership	HALF
Legal Resources and Corporate Governance - Contract Management	DOM
Corporate Services - VP Office	CS
Corporate Services - Procurement	O&A
Corporate Services - Corporate Finance	O&A
Corporate Services - Risk, Performance & Reliance	O&A
Corporate Services - Settlements	TWh
Corporate Services - Enterprise Change	O&A
Corporate Services - Facilities	O&A
Market Assessment and Compliance Division	TWh
Market Renewal	TWh
Human Resources	O&A
Corporate Adjustment - General	O&A
Amortization	TWh
Interest	TWh
Assets - Assets	TWh
Assets - Market systems & applications	TWh
Assets - Infrastructure & other assets	TWh
Assets - Assets Under Construction	TWh
Accumulated Amortization	Assets

Reconciliation Worksheet

Details:

The worksheet below shows reconciliation of costs included and excluded in the Trial Balance.

Accounts	Financial Statement	Balance in Summary by Class and Accounts	Difference
CEO - CEO Office	\$1,800,000	\$1,800,000	\$0
CEO - Internal Audit	\$1,300,000	\$1,300,000	\$0
Markets & Reliability - VP Office	\$800,000	\$800,000	\$0
Markets & Reliability - Power System Assessments	\$14,900,000	\$14,900,000	\$0
Markets & Reliability - Market Operations	\$15,700,000	\$15,700,000	\$0
Markets & Reliability - Wholesale Market Development	\$3,700,000	\$3,700,000	\$0
Markets & Reliability - Reliability Assurance	\$800,000	\$800,000	\$0
Planning, Conservation and Resource Adequacy - Resource Planning	\$6,000,000	\$6,000,000	\$0
Planning, Conservation and Resource Adequacy - Transmission Planning	\$4,400,000	\$4,400,000	\$0
Planning, Conservation and Resource Adequacy - Resource & System Adequacy	\$5,200,000	\$5,200,000	\$0
Planning, Conservation and Resource Adequacy - Energy Efficiency	\$6,200,000	\$6,200,000	\$0
Corporate Relations, Stakeholder Engagement and Innovation - VP Office	\$604,027	\$604,027	\$0
Corporate Relations, Stakeholder Engagement and Innovation - Corporate Affairs	\$9,060,403	\$9,060,403	\$0
Corporate Relations, Stakeholder Engagement and Innovation - Innovation, Research & Development	\$5,335,570	\$5,335,570	\$0
Information and Technology Services - VP Office	\$1,303,009	\$1,303,009	\$0
Information and Technology Services - CIO Office	\$1,102,546	\$1,102,546	\$0
Information and Technology Services - Information Security	\$4,710,880	\$4,710,880	\$0
Information and Technology Services - Business Services & Solution Delivery	\$15,535,880	\$15,535,880	\$0
Information and Technology Services - IT Infrastructure & Operations	\$20,647,685	\$20,647,685	\$0
Legal Resources and Corporate Governance - VP Office	\$1,505,338	\$1,505,338	\$0
Legal Resources and Corporate Governance - General Counsel	\$10,236,299	\$10,236,299	\$0
Legal Resources and Corporate Governance - Market Rules and Regulatory Affairs	\$2,308,185	\$2,308,185	\$0
Legal Resources and Corporate Governance - OEB assessment fees	\$903,203	\$903,203	\$0
Legal Resources and Corporate Governance - Board	\$702,491	\$702,491	\$0
Legal Resources and Corporate Governance - NERC and NPCC Membership	\$4,716,726	\$4,716,726	\$0
Legal Resources and Corporate Governance - Contract Management	\$7,827,758	\$7,827,758	\$0
Corporate Services - VP Office	\$700,000	\$700,000	\$0
Corporate Services - Procurement	\$5,700,000	\$5,700,000	\$0
Corporate Services - Corporate Finance	\$2,000,000	\$2,000,000	\$0
Corporate Services - Risk, Performance & Reliance	\$700,000	\$700,000	\$0
Corporate Services - Settlements	\$5,100,000	\$5,100,000	\$0
Corporate Services - Enterprise Change	\$9,200,000	\$9,200,000	\$0
Corporate Services - Facilities	\$3,100,000	\$3,100,000	\$0
Market Assessment and Compliance Division	\$1,300,000	\$1,300,000	\$0
Market Renewal	\$5,200,000	\$5,200,000	\$0
Human Resources	\$5,000,000	\$5,000,000	\$0
Corporate Adjustment - General	\$1,200,000	\$1,200,000	\$0
Amortization	\$20,000,000	\$20,000,000	\$0
Interest	(\$5,000,000)	(\$5,000,000)	\$0
Assets - Assets	\$56,423,729	\$56,423,729	\$0
Assets - Market systems & applications	\$338,405,073	\$338,405,073	\$0
Assets - Infrastructure & other assets	\$77,009,334	\$77,009,334	\$0
Assets - Assets Under Construction	\$26,492,185	\$26,492,185	\$0
Accumulated Amortization	(\$395,683,332)	(\$395,683,332)	\$0
Total	\$304,146,990	\$304,146,990	\$0

SUP INTERROGATORY 7

Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous proceedings?

5.1-Society-7

INTERROGATORY

Reference: B-1-3

Minister of Energy, Northern Development and Mines letter approving the 2022-2024 Business Plan, dated February 3, 2022. Page 2

The next IESO Business Plan (to be submitted September 2022) is to elaborate upon how it meets government priorities including:

d) Workforce Management

g) Diversity and Inclusion

a) Please explain what the government priorities are regarding both Workforce Management and Diversity and Inclusion and how they impact upon IESO.

RESPONSE

a) The IESO is not able to speak on behalf of government or the government's priorities. The IESO identified in its Business Plan, approved by the Minister of Energy, that it is committed to continuing to invest in education and training to create a diverse and inclusive workforce in order to meet the objectives set out in the Business Plan.

In the Minister's February 2022 letter approving the Business Plan it is noted that Ministry staff will provide details on their expectations on the noted government priorities (see Exhibit B-1-3 – Minister's Letter Approving the IESO's 2022-2024 Business Plan, pg. 2).

SUP INTERROGATORY 8

Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous proceedings?

5.1-Society-8

INTERROGATORY

Reference: B-1-3

Minister of Energy, Northern Development and Mines letter approving the 2022-2024 Business Plan, dated February 3, 2022. Page 2

The minister states in his letter that he expects the IESO business plan to provide updates on:

2 Progress with execution on government priority initiatives discussed in the Consolidated Business Plan, including those outlined in my letters to the IESO dated October 7, 2021 and November 10, 2021.

6 Collective bargaining and alignment with broader government priorities on broader public sector compensation.

- a) Please provide the Minister's two letters to the IESO dated October 7, 2021 and November 10, 2021 and explain what progress has been made by IESO on execution of the government priority initiatives outlined in them.
- b) Please explain what the "broader government priorities on broader public sector compensation" are.
- c) Please explain what IESO intends to do in order to become in "alignment with broader government priorities on broader public sector compensation".

RESPONSE

- a) The Minister's letters dated October 7, 2021¹ and November 10, 2021² are publicly available on the IESO website. The initiatives outlined in the letters and their status are included in Table 1 below.

¹ Minister of Energy Letter, October 7 2021: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/corporate/ministerial-directives/Letter-from-Minister-Gas-Phase-Out-Impact-Assessment.ashx>

² Minister of Energy, November, 2021: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/corporate/ministerial-directives/Letter-from-the-Minister-of-Energy-MC-994-2021-717.ashx>

1 **Table 1: Initiatives and Status**

Letter	Initiative	Status	Website Link
October 7, 2021	Evaluate a moratorium on the procurement of new natural gas generating stations in Ontario and develop and achievable pathway to zero emissions in the electricity sector	The IESO has begun the detailed analysis with the aim to report back to the Minister by November 2022 as required. A consultation was launched on February 3, 2022 to engage stakeholders on the study approach	https://www.ieso.ca/en/Sector-Participants/Engagement-Initiatives/Engagements/Pathways-to-Decarbonization
November 10, 2021	Future Competitive Procurement Mechanisms	The IESO has developed a Resource Adequacy Framework that is an enduring approach to identifying the type of acquisition activity suited to address system needs	https://www.ieso.ca/en/Sector-Participants/Engagement-Initiatives/Engagements/Resource-Adequacy-Engagement
November 10, 2021	Ensuring Short-Term System Reliability	As part of the Resource Adequacy framework, the IESO continues to run an annual capacity auction to address short-term system reliability needs.	https://www.ieso.ca/en/Sector-Participants/Engagement-Initiatives/Engagements/Resource-Adequacy-Engagement
November 10, 2021	Approach for Re-contracting Biomass Generation Facilities;	A new contract has been finalized Atlantic Power for the Calstock biomass generating facility.	https://www.ieso.ca/en/Sector-Participants/IESO-News/2022/03/New-Contract-with-Calstock-GS-Finalized

November 10, 2021	Program for Re-contracting Small Hydroelectric Facilities	This consultation falls under the broader resource adequacy framework and engagement with stakeholders on this item has been initiated	https://www.ieso.ca/en/Sector-Participants/Engagement-Initiatives/Engagements/Resource-Adequacy-Engagement
November 10, 2021	Update to 2016 Study on Energy Storage in Ontario;	A new report was published March 31, 2022 that provides an update on status of obstacles to storage resources in Ontario	https://ieso.ca/-/media/Files/IESO/Document-Library/ieso/update-on-obstacles-to-storage-resources-in-Ontario.ashx
November 10, 2021	Gate 2 Review for Marmora, Meaford and Schreiber Pumped Storage Projects;	The IESO is currently conducting its review and will report back to the Minister by January 31, 2023.	
November 10, 2021	Gate 3 Contract Negotiations on the Oneida Energy Storage Project and Lake Erie Connector Transmission Project	<p>As per the April 21, 2022 directive from the Minister, the IESO is working with Oneida Energy Storage LP to enter into a contract for their proposed storage facility.</p> <p>Per the March 31, 2022 directive from the Minister, the IESO is working with Lake Erie LP to enter into a contract by August 15, 2022, if certain conditions are met.</p>	https://www.ieso.ca/-/media/Files/IESO/Document-Library/corporate/ministerial-directives/MC-994-2021-352.ashx https://www.ieso.ca/-/media/Files/IESO/Document-Library/corporate/ministerial-directives/Letter-from-the-Minister-of-Energy-20220331-lake-erie-connector.ashx

- 1 b) The IESO cannot speak on behalf of government on their priorities. The IESO complies
2 with application legislation that the IESO is bound by including Bill 124, *Protecting a*
3 *Sustainable Public Sector for Future Generations Act, 2019* as well as Regulation 304/16:
4 Executive Compensation Framework under the Broader Public Sector Executive
5 Compensation Act, 2014 (BPSECA).
- 6 c) The IESO complies with application legislation that the IESO is bound by as noted
7 response to b).

SUP INTERROGATORY 9

Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous proceedings?

5.1-Society-9

INTERROGATORY

References:

D-1-3 Staffing and Compensation

Table 2: Ongoing and Planned Efforts to Make Progress towards the 50th Percentile for Total Remuneration p4

The Power Worker's Union (PWU) Collective Agreement expired as of April 1, 2020. Through collective bargaining, the PWU salary increases were set at 1% for the April 1, 2020 to March 31, 2021 period (one- year contract). The IESO is currently in negotiations for the contract beginning April 1 2021.

Society's Collective Agreement expired as of December 31, 2021. The IESO and Society engaged in collective bargaining in 2021 which resulted in an arbitrated settlement of a 1% economic salary increase for 2022. The terms of the Collective Agreement are in place for 2022 and will expire as of December 31, 2022.

Exhibit D-1-3 Attachment 3, "Non-Executive Total Remuneration Review", Mercer dated 2022 February 18. p4

All compensation data are reflective of the most recently available data as of April 1, 2021, and are aged to reflect April 1, 2022 compensation levels, based on sector.

a) As per the first reference, SUP wages in 2022 were increased by 1% and PWU's wages have not been increased since 2020. Meanwhile inflation in Canada in 2021 and 2022 has exceeded 3% and 5% respectively¹. As per Mercer, how has this impacted SUP's and PWU's as well as IESO's overall standing in its remuneration review where it has "aged" data from April 1, 2021 to reflect April 1, 2022 compensation levels? Or has Mercer not taken this into account? Please explain Mercer's rationale for the methodology which it has applied.

b) As per Mercer, how would the referenced contract wage increases impact SUP's and PWU's as well as IESO's overall standing in a remuneration review based on 2022 compensation data?

¹ EB-2021-0110 Exhibit O-1-2 Attachment 1.1 p2 Scotiabank Inflation Forecast dated 2022-03-31 "Our forecast is for Canadian inflation to equal 5.9% in 2022, 3.1% in 2023, 2 1/2% in 2024 and then return toward the Bank of Canada's 2% inflation target in subsequent years."

RESPONSE

- a) Market compensation information in published compensation surveys was reflective of 2021 information. As such, market information was aged to an effective date of April 1, 2022 based on market movements as per the Conference Board of Canada's and Mercer's Canadian Compensation Planning survey, which gathers information on merit increases and salary structure adjustments from organizations across the public and private sectors
- b) Mercer anticipates that the IESO's positioning relative to the market would decrease. The SUP and PWU increases of 1% are less than the reported average Canadian market movement in our surveys, bringing them closer to the 50th percentile.

SUP INTERROGATORY 10

Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous proceedings?

5.1-Society-10

INTERROGATORY

References:

D-1-3 Staffing and Compensation

Table 2: Ongoing and Planned Efforts to Make Progress towards the 50th Percentile for Total Remuneration p4,5

Negotiated plan changes, not yet implemented, that will have a positive impact on future cost containment

- *Effective March 31, 2025 the undiscounted early retirement rule for PWU and Society will change to reflect the Rule of 85 (age & service) from the Rule of 82. This will ensure employees have to contribute to their pensions for a longer period of time, reducing the cost burden on the IESO.*

- *Effective March 31, 2025 an averaging period of 60 months, rather than 36 months, will determine pensionable earnings for both PWU and Society.*

Exhibit D-1-3 Attachment 3, "Non-Executive Total Remuneration Review", Mercer dated 2022 February 18. p4

For the retirement and benefits program review, Mercer benchmarked the IESO against the energy, private and public sector peer groups for organizations available in the Mercer Plan Design databases considering their relative employer provided value ("EPV"). Relative value analysis focuses only on the plan design as it sets all other cost drivers at a common level and is more consistent when comparing the value of the benefit programs of several organizations.

As per the first reference, effective March 31, 2025 both SUP and PWU represented employees will contribute to the pension plan for three additional years and newly retired staff after that date will collect a smaller annual pension [due to the calculation being based on the last five years of pensionable earnings in place of the last three years].

- a) Please explain in detail how this material reduction in IESO's pension liability has been reflected in Mercer's retirement and benefits program review as provided in the second reference. If this has not been reflected in the Mercer remuneration review, please explain in detail Mercer's rationale for ignoring this material reduction in IESO's pension liability.

1 **RESPONSE**

- 2 a) The early retirement rule change to use the Rule of 85 (age & service), and earnings
3 averaging period of 60 months for service accrued from March 31, 2025 has not been
4 reflected in the calculation of the pension value for PWU and Society members. The
5 pension value is calculated as the value of the pension for one year of future accrual to
6 be comparable to other elements of compensation. Since PWU and Society members will
7 still be accruing pension benefits under the current provisions for additional years, the
8 value of the current provisions best reflects that one-year pension accrual.

SUP INTERROGATORY 11

Issue 5.1 Has the IESO responded appropriately to outstanding OEB directions from previous proceedings?

5.1-Society-11

INTERROGATORY

Reference: D-1-3 Staffing and Compensation

Table 2: Ongoing and Planned Efforts to Make Progress towards the 50th Percentile for Total Remuneration p7

Target Area: Culture and Values

Ongoing and planned efforts to align Total Remuneration to the 50th percentile:

Continue to focus on initiatives that support engagement, productivity and help retain and attract a diverse workforce

- Ongoing embedding of the IESO Values
 - Ongoing recognition of employee accomplishments through the Employee Recognition Program
 - Ongoing embedding of the Learning and Development Framework
 - Ongoing focus on the action plan in support of the Equity, Diversity and Inclusion Strategy
 - Labour Relations Strategy that continues to recognize the principles of aligning Total Remuneration to the 50th percentile
- a) Please explain how each of the initiatives in a) are being achieved e.g. how is the “ongoing embedding of the IESO Values” being achieved.
- b) How will the IESO's pursuit of 50th percentile salaries impact its ability to attract and retain talent? Please explain.
- c) What impact has the tightening labour market, increased labour-side wage pressures, and persistently high inflation had on the IESO's pursuit of 50th percentile wages?

RESPONSE

- a) As the IESO progresses towards the 50th percentile, the initiatives noted below assist in the IESO's ability to attract and retain employees at the 50th percentile. As the IESO continue to make changes to the Total Remuneration it is critical that the IESO balance the changes with experiential initiatives. The initiatives noted in the Culture and Values sections of the referenced Exhibit D-1-3 – Staffing and Compensation, Table 2, are all initiatives that the IESO has focused on over 2021 and into 2022. Some of the embedment and focus of these initiatives include;

- i. Inclusion of the IESO Values in the IESO's strategy
- ii. Monthly communications and promotion of the IESO Recognition programs (peer to peer, service awards, annual events)
- iii. Robust Learning and Development initiatives including Learning Week, Harvard Mentor and Business Learning opportunities

Equity, Diversity and Inclusion (ED&I), along with the strategy, is a primary focus for the IESO. Below are some of the specific initiatives that were a focus in 2021 and continue to be in 2022;

- iv. All employees shared an objective related to modelling behaviours consistent with the IESO's values, and the vision for equity, diversity and inclusion (ED&I) in 2021
 - v. Members of the executive team participated in an executive 360 and coaching program, specific to ED&I, to better understand inclusive leadership gaps and strengths
 - vi. All of the IESO's leaders participated in an Inclusive Leadership program in 2021, designed to help leaders discover how diversity can elevate successful teams, and foster an inclusive environment where employees feel valued, trusted, and safe
 - vii. Approximately 20% of individual contributors participated in the Conscious Inclusion program in 2021, focuses on three key actions for conscious inclusion: own up (when we recognize our own biases), speak up (when we address exclusion and injustice); and, lift up (when we practice small acts of inclusion and micro-affirmations)
 - viii. In late 2021, the IESO conducted an assessment of its performance and talent practices, to identify areas for improvement to strengthen the fairness, inclusivity and objectivity of these practices
 - ix. The IESO celebrated a number of cultural days/ months of significance in 2021, including Black History Month, Pride, and Indigenous History Month among others; in addition, eight virtual events were held on topics like Black equity and inclusion, Indigenous History and Culture in Canada, LGBTQ2S+ inclusion and gender biases in the workplace
 - x. The IESO participated in a number of external conferences and panels related to ED&I, publicly highlighting the organization's commitment to this work
 - xi. The IESO signed Electricity Human Resources Canada's Leadership Accord on Equity, Diversity and Inclusion, a public commitment to integrate and prioritize ED&I as an organization
 - xii. The IESO became an Employer Partner of the Canadian Centre for Diversity & Inclusion, providing employees with access to ED&I content, like webinars, podcasts, and toolkits
- b) The IESO is cognisant that some roles are in high demand and are highly competitive in nature. This has been identified as an enterprise risk that is being mitigated through the development of Workforce Planning methodology, Talent Acquisition strategy, enhancement of the Recruitment platform as well as the development of an Employee Value Proposition.

- 1 c) Over the last year, like for many other organizations, talent has been in high demand
- 2 and as noted above, the IESO continues to look at its programs and strategies to ensure
- 3 that candidates continue to be attracted to and retained within the IESO.