

SETTLEMENT PROPOSAL

Independent Electricity System Operator

**EB-2022-0002: 2022 Revenue Requirement Submission for
Review**

July 13, 2022

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PREAMBLE

This Settlement Proposal is filed with the Ontario Energy Board (OEB) in connection with the Submission by the Independent Electricity System Operator (IESO) for the review of its proposed expenditure and revenue requirement for the fiscal year 2022 and the fees that it proposes to charge during the fiscal year 2022.

On November 23, 2021, the IESO filed a letter with the OEB requesting that its approved 2021 usage fees be made interim from January 1, 2022, until the end of the month in which the IESO received OEB approval of its final 2022 usage fees. An OEB Decision and Order (EB-2021-0318) was issued on December 2, 2021, approving use of the 2021 fees on an interim basis, effective January 1, 2022, until final 2022 usage fees were approved by the OEB.

In accordance with Procedural Order No. 1, a Settlement Conference was held on June 13, 14 and 15, 2022. Mr. Andrew Mandyam and Mr. Brandon Ott (Utilis Consulting) facilitated the Settlement Conference. This Settlement Proposal arises from the Settlement Conference.

The IESO and the following intervenors, as well as OEB technical staff (OEB Staff), participated in the Settlement Conference:

1. Association of Major Power Consumers in Ontario (AMPCO)
2. Canadian Manufacturers & Exporters (CME)
3. Canadian Renewable Energy Association, Energy Storage Canada, and Ontario Waterpower Association (REASCWA)
4. Coalition of Concerned Manufacturers & Businesses Canada (CCMBC)
5. Electricity Distributors Association (EDA)
6. Energy Probe Research Foundation (EP)
7. Environmental Defence (ED)
8. HQ Energy Marketing Inc. (HQEM)
9. Ontario Sustainable Energy Association (OSEA)
10. Power Workers Union (PWU)
11. School Energy Coalition (SEC)
12. Society of United Professionals (SUP)
13. Vulnerable Energy Consumers Coalition (VECC)

The Settlement Proposal deals with all of the relief sought in this proceeding. The IESO and all intervenors listed above have agreed to the settlement described on the following pages. Any reference to "Parties" in this Settlement Proposal is intended to refer to the IESO and the intervenors listed above. As set out in more detail below, a settlement has been reached on all issues.

Notwithstanding any other clause in this Settlement Proposal, HQEM and PWU take no position on any of the issues in the Settlement Proposal; SUP takes no position on Issue 1.2 "Projected Staffing Levels and Compensation"; and ED only takes a position on issues 1.1, 3.1 and 5.1 and takes no position with respect to, and does not oppose, the proposed settlement of any of the remaining issues.

All intervenors listed above participated in the Settlement Conference and subsequent

discussions. Although OEB Staff is not a party to the Settlement Proposal, once the Settlement Proposal is filed, OEB Staff are required under the OEB's Practice Direction on Settlement Conferences to file a submission commenting on two aspects of the settlement: whether the settlement represents an acceptable outcome from a public interest perspective, and whether the accompanying explanation and rationale is adequate to support the settlement. Also, as noted in the Practice Direction on Settlement Conferences, OEB Staff participants to the Settlement Conference are bound by the same confidentiality and privilege rules that apply to the Parties to the proceeding.

This document is called a "Settlement Proposal" because it is a proposal by the Parties to the OEB to settle the issues in this proceeding. It is termed a proposal as between the Parties and the OEB. However, as between the Parties, and subject only to the OEB's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth below, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the Parties, it is null and void and of no further effect. In entering into this agreement, the Parties understand and agree that, pursuant to the *Ontario Energy Board Act, 1998*, the OEB has exclusive jurisdiction with respect to the interpretation or enforcement of the terms hereof.

Best efforts have been made to identify all of the evidence that relates to each settled issue. The supporting evidence for each settled issue is identified individually by reference to its exhibit number in an abbreviated format; for example, Exhibit B, Tab 3, Schedule 1 is referred to as Exhibit B-3-1. The identification and listing of the evidence that relates to each settled issue is provided to assist the OEB.

The Settlement Proposal describes the agreements reached on the issues. The Settlement Proposal provides a direct link between each settled issue and the supporting evidence in the record to date. In this regard, the Parties are of the view that the evidence provided is sufficient to support the Settlement Proposal in relation to the settled issues and, moreover, that the quality and detail of the supporting evidence, together with the corresponding rationale, will allow the OEB to make findings agreeing with the proposed resolution of the settled issues.

None of the Parties can withdraw from the Settlement Proposal except in accordance with Rule 30 of the OEB's Rules of Practice and Procedure. Further, unless stated otherwise, a settlement of any particular issue in this proceeding is without prejudice to the positions Parties might take with respect to the same issue in future proceedings.

The Parties acknowledge that this Settlement Conference (including subsequent related discussions) is confidential in accordance with the OEB's Practice Direction on Settlement Conferences. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB's Practice Direction on Confidential Filings, and the rules of that latter document do not apply. Instead, in this Settlement Conference, and in this Settlement Proposal, the Parties have interpreted "confidential" to mean that the documents

and other information provided during the course of the Settlement Conference, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement of each issue during the Settlement Conference are strictly privileged and without prejudice. Unless otherwise agreed to by the Parties, none of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception, the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other information to persons who were not attendees at the Settlement Conference. However, the Parties agree that "attendees" is deemed to include, in this context, persons who were not in attendance at the Settlement Conference but were a) any persons or entities that the Parties engage to assist them with the Settlement Conference, and b) any persons or entities from whom they seek instructions with respect to the negotiations; in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions.

It is fundamental to the agreement of the Parties that none of the provisions of this Settlement Proposal are severable. If the OEB does not, prior to the commencement of the hearing of the evidence in this proceeding, accept the provisions of the Settlement Proposal in their entirety, there is no Settlement Proposal (unless the Parties agree that any portion of the Settlement Proposal that the OEB does accept may continue as a valid Settlement Proposal).

OVERVIEW

The Parties have reached a package settlement of issues in this proceeding (Package Settlement). Given the IESO's agreement to these settlement terms, the Package Settlement includes acceptance of the IESO's proposals in respect of all issues, subject to the terms set out below.

THE ISSUES

1.0 Revenue Requirement, Operating Costs and Capital Spending

1.1 Is the IESO's Fiscal Year 2022 revenue requirement of \$201.5 million appropriate?

As part of the Package Settlement, the Parties accept that the IESO's 2022 revenue requirement of \$201.5 million is appropriate.

With respect to the frequency of the IESO's revenue requirement submissions, intervenors strongly support the IESO moving to a multi-year revenue requirement and fees application and encourage the IESO to do so as soon as possible.

With respect to planning and market data, the IESO will engage an independent third-party to conduct a jurisdictional review of the types of market and planning information and data that are made available in other comparable jurisdictions and how such information and data is made available. The results of the jurisdictional review will be made public by the end of Q2 2023. The information and data that will be considered within the scope of the review, shall include, at a minimum:

- Real-time market clearing price
- Energy offers including price-quantity pairs for cleared and un-cleared entities
- Energy bids including price-quantity pairs for cleared and un-cleared entities
- Provincial, regional, and local demand for real-time energy dispatched (e.g., hourly data available by all planning regions and planning areas)
- Unit generation by real-time dispatch and schedule
- Forecast demand for different time periods including: pre-dispatch, day-ahead, month-ahead and long-term
- Impact assessments for new loads and generators
- Impact assessment for retirement of loads and generators
- Summary of access and details of regional and bulk electricity system planning documents including scoping, need, costs, plans and construction schedule
- Process, timelines, and cost to request data from data owners.

- Requirements to access confidential information including which entities are allowed to access, the process to retain confidential data access, the length of time confidential access is granted etc.

The jurisdictions reviewed should include AESO, NYISO, ISO-NE, MISO, PJM, ERCOT, and CAISO.

With respect to the IESO's Grid Innovation Fund, the IESO will provide an update in the next Revenue Requirement Submission on the progress of implementing recommendations made in the third-party evaluation of the Grid Innovation Fund.¹ The IESO will also undertake a third-party evaluation of the Grid Innovation Fund every two years and will publish those evaluations publicly soon after each is completed.

Evidence

- A-1-1 Exhibit List
- A-1-2 2022 Submission
- A-1-3 Executive Summary
- A-2-1 Stakeholder Engagement
- A-2-2 5-Year Performance Measures and Targets
 - Attachment 1 – Five Year Performance Measures and Targets and 2021 Results
- B-1-1 IESO's Letter to the Minister Requesting Approval of 2022-2024 Business Plan
- B-1-2 2022-2024 Business Plan
- B-1-3 Minister's Letter Approving the IESO's 2022-2024 Business Plan
- B-2-1 2021 Annual Report and Audited Financial Statements
- C-1-1 Revenue Requirement and Usage Fee Methodology
 - Attachment 1 – Load and Forecast Volumes (xlsx)
- C-2-1 2022 Revenue Requirement and Usage Fees
- C-3-1 Other Funding and Fees
 - Attachment 1 – Other Funding Sources (xlsx)
- D-1-1 OM&A Overview
 - Attachment 1 – Summary of OM&A Expenses (Appendix 2-JA) (xlsx)
 - Attachment 2 – OM&A Cost Driver Table (Appendix 2-JB) (xlsx)
 - Attachment 3 – OM&A Business Unit Table (Appendix 2-JC) (xlsx)
- D-1-2 Business Unit Detail
 - Attachment 1 – Organizational Chart
- D-1-3 Staffing and Compensation
 - Attachment 1 – Employee Costs (Appendix 2-K) (xlsx)
 - Attachment 1 – IESO Compensation Guidelines

¹ Exhibit G-1-1 – Summary of Responses to OEB Decisions, page 3.

- Attachment 3 – Non-Executive Total Remuneration Review
- D-1-4 Corporate Policy on Procurement
 - Attachment 1 – IESO Procurement Policy
- D-2-1 Interest and Investment Income
- E-1-1 Asset Management Process Overview
- E-1-2 Capital Expenditure Planning Process Overview
- E-2-1 Capital Budget Overview and Progress on Capital Projects
 - Attachment 1 – Capital Projects (Appendix 2-AA) (xlsx)
 - Attachment 2 – Project Charter (DLRT)
 - Attachment 3 – Project Charter (MAST)
- E-3-1 Gross Assets and Amortization
 - Attachment 1 – Service Life Comparison and Amortization Expense (xlsx)
- F-1-1 Forecast Variance Deferral Account
- G-1-1 Summary of Responses to OEB Decisions
 - Attachment 1 – Summary of Increased Public Availability of Planning data
 - Attachment 2 – Innovation Work Plan
 - Attachment 3 – Details of Internal Audit Reports
 - Attachment 4 – OEB Annual Update on MSP Recommendations
 - Attachment 5 – IESO Cost Allocation Methodology Review
- G-2-1 Market Renewal Program Cost Report
 - Attachment 1 – MRP Baseline Schedule
- G-2-2 Annual Status Report on 2017 Auditor General Recommendations
- G-2-3 IESO's 2022 Regulatory Scorecard

Interrogatories:

- Schedule 2 – 1.0 AMPCO 1
- Schedule 3 – 1.0 CME 1 to 2
- Schedule 5 – 1.0 CCMBBC 1 to 4
- Schedule 8 – 1.0 ED 7 to 8
- Schedule 8 – 1.0 ED 11 to 15
- Schedule 11 – 1.0 OSEA 1 to 2
- Schedule 14 – 1.0 SUP 1
- Schedule 1 – 1.1 OEB STAFF 1 to 6
- Schedule 2 – 1.1 AMPCO 2 to 3
- Schedule 4 – 1.1 REASCWA 1
- Schedule 6 – 1.1 EDA 1
- Schedule 7 – 1.1 EP 1 to 3
- Schedule 8 – 1.1 ED 1 to 5
- Schedule 8 – 1.1 ED 10
- Schedule 8 – 1.1 ED 16

- Schedule 12 – 1.1 PWU 1
- Schedule 13 – 1.1 SEC 1 to 8
 - 1.1 SEC 1
Attachment 1 – 2022-2024 Business Plan Budget Guidance
 - 1.1 SEC 2
Attachment 1 – 2022-2024 Business Plan Overview to IESO Board
Attachment 2 – 2022-2024 Business Plan IESO Board Resolution
Attachment 3 – Revised 2022-2024 Business Plan Overview to IESO Board
Attachment 4 – Revised 2022-2024 Business Plan IESO Board Resolution
- Schedule 14 – 1.1 SUP 2

1.2 Are the IESO’s 2022 projected staffing levels and compensation (including salaries, benefits, pensions, and other post-employment benefits) appropriate?

As part of the Package Settlement, the Parties accept that the IESO’s 2022 projected staffing levels and compensation are appropriate. However, SUP takes no position on the settlement reached for this issue.

With respect to compensation, the IESO will continue to work to make progress towards reaching the 50th percentile for total compensation, and:

- In the next Revenue Requirement Submission, the IESO will:
 - Report on the progress of actions taken to make progress towards meeting the 50th percentile for total compensation.
 - Include a forward-looking itemized plan identifying how the IESO proposes to continue make progress towards reaching the 50th percentile for total compensation including incremental steps taken or planned to be taken. The IESO will include forecast timelines for the actions identified in the itemized plan.
 - Re-file the current total compensation study (Exhibit D-1-3 Staffing and Compensation Attachment 3 – Non-Executive Total Remuneration Review), as evidence.
- In 2024 the IESO will undertake an updated total compensation study and will file that study as evidence in the subsequent Revenue Requirement Submission. The IESO does not plan to file a new total compensation study in its 2023 Revenue Requirement Submission as it believes that insufficient time will have elapsed since the filing of the current total compensation study for there to have been material

changes to the IESO's progress towards the 50th percentile.

- The IESO will include a management bargaining mandate to work towards a 50:50 employee-employer pension and other post-employment benefits (OPEB) contribution ratio for upcoming collective agreement negotiations with both the Society of United Professionals and Power Workers Union. The IESO will also continue to work towards a 50:50 employee-employer pension and OPEB contribution ratio for management employees.

Evidence:

- A-1-3 Executive Summary
- A-2-1 Stakeholder Engagement
- A-2-2 5-Year Performance Measures and Targets
 - Attachment 1 – Five Year Performance Measures and Targets and 2021 Results
- B-1-1 IESO's Letter to the Minister Requesting Approval of 2022-2024 Business Plan
- B-1-2 2022-2024 Business Plan
- B-1-3 Minister's Letter Approving the IESO's 2022-2024 Business Plan
- B-2-1 2021 Annual Report and Audited Financial Statements
- D-1-1 OM&A Overview
 - Attachment 1 – Summary of OM&A Expenses (Appendix 2-JA) (xlsx)
 - Attachment 2 – OM&A Cost Driver Table (Appendix 2-JB) (xlsx)
 - Attachment 3 – OM&A Business Unit Table (Appendix 2-JC) (xlsx)
- D-1-2 Business Unit Detail
 - Attachment 1 – Organizational Chart
- D-1-3 Staffing and Compensation
 - Attachment 1 – Employee Costs (Appendix 2-K) (xlsx)
 - Attachment 1 – IESO Compensation Guidelines
 - Attachment 3 – Non-Executive Total Remuneration Review
- D-2-1 Interest and Investment Income
- E-1-1 Asset Management Process Overview
- E-1-2 Capital Expenditure Planning Process Overview
- E-2-1 Capital Budget Overview and Progress on Capital Projects
 - Attachment 1 – Capital Projects (Appendix 2-AA) (xlsx)
 - Attachment 2 – Project Charter (DLRT)
 - Attachment 3 – Project Charter (MAST)
- E-3-1 Gross Assets and Amortization
 - Attachment 1 – Service Life Comparison and Amortization Expense (xlsx)
- G-1-1 Summary of Responses to OEB Decisions

- Attachment 1 – Summary of Increased Public Availability of Planning data
- Attachment 2 – Innovation Work Plan
- Attachment 3 – Details of Internal Audit Reports
- Attachment 4 – OEB Annual Update on MSP Recommendations
- Attachment 5 – IESO Cost Allocation Methodology Review
- G-2-1 Market Renewal Program Cost Report
 - Attachment 1 – MRP Baseline Schedule
- G-2-3 IESO’s 2022 Regulatory Scorecard

Interrogatories:

- Schedule 1 – 1.2 OEB STAFF 7 to 13
 - 1.2 OEB STAFF 9
 - Attachment 1 – PSAB YE Accounting Letter at December 31, 2021
 - Attachment 2 – 2021-2024 Expense and Funding Projections
 - Attachment 3 – AON Email for 2022 Budget Scenario
- Schedule 2 – 1.2 AMPCO 4 to 6
 - 1.2 AMPCO 6
 - Attachment 1 – 3-Year Audit Services Plan
- Schedule 3 – 1.2 CME 3
- Schedule 4 – 1.2 REASCWA 2
- Schedule 6 – 1.2 EDA 2
- Schedule 7 – 2.3 EP 4 to 8
- Schedule 8 – 1.2 ED 6
- Schedule 12 – 1.2 PWU 2 to 4
- Schedule 13 – 1.2 SEC 9 to 12
- Schedule 14 – 1.2 SUP 3 to 6

1.3 Is the IESO’s 2022 capital expenditure envelope of \$71.2 million for capital projects for Fiscal Year 2022 appropriate?

As part of the Package Settlement, the Parties accept that the IESO’s 2022 capital expenditure envelope of \$71.2 million for capital projects for Fiscal Year 2022 is appropriate.

With respect to capital project execution, the IESO will:

- File an update in the next Revenue Requirement Submission on the implementation of recommendations made in the Project Management Internal Audit Report.²
- Develop and include in its next Revenue Requirement Submission a

² Exhibit H-5.1-13 – Schedule 13 - 5.1 SEC 18 Attachment 1.

metric (including results) for cost performance of its strategic initiatives that mirrors its current 'Operational Efficiency - Percentage of Strategic Initiatives that are completed on time' measure included in its 5-year Strategic Objectives³.

Evidence:

- A-1-3 Executive Summary
- A-2-2 5-Year Performance Measures and Targets
 - Attachment 1 – Five Year Performance Measures and Targets and 2021 Results
- B-1-2 2022-2024 Business Plan
- E-1-2 Capital Expenditure Planning Process Overview
- E-2-1 Capital Budget Overview and Progress on Capital Projects
 - Attachment 1 – Capital Projects (Appendix 2-AA) (xlsx)
 - Attachment 2 – Project Charter (DLRT)
 - Attachment 3 – Project Charter (MAST)
- E-3-1 Gross Assets and Amortization
 - Attachment 1 – Service Life Comparison and Amortization Expense (xlsx)
- G-2-1 Market Renewal Program Cost Report
 - Attachment 1 – MRP Baseline Schedule

Interrogatories:

- Schedule 1 – 1.3 OEB STAFF 14
- Schedule 2 – 1.3 AMPCO 7 to 9
 - 1.3 AMPCO 9
 - Attachment 1 – Appendix 2-AA Revised (xlsx)
- Schedule 3 – 1.3 CME 4
- Schedule 6 – 1.3 EDA 3
- Schedule 7 – 1.3 EP 9
 - Attachment 1 – DLRT Alternative 2 NPV
 - Attachment 2 – DLRT Alternative 3 NPV
- Schedule 13 – 1.3 SEC 13 to 14

2.0 Usage Fees

2.1 Is the methodology used to derive the IESO's proposed 2022 Usage Fees of \$1.3329/MWh for domestic customers (including embedded generation) and \$1.0126/MWh for export customers to be paid commencing January 1, 2022, appropriate?

2.2 Is the IESO's request to charge (or rebate) market participants the difference between the approved 2022 IESO Usage Fees and the

³ Exhibit A-2-2 Attachment 1 – Five Year Performance Measures and Targets and 2021 Results, page 2.

interim fees they paid in the next billing cycle following the month in which OEB approval is received, appropriate?

2.3 Is the proposed January 1, 2022, effective date for the IESO's 2022 Usage Fees appropriate?

As part of the Package Settlement, the Parties accept that the methodology used to derive the IESO's proposed 2022 Usage Fees, the request to charge (or rebate) market participants the difference between the approved 2022 IESO Usage Fees and the interim fees they paid in the next billing cycle following the month in which OEB approval is received, and the proposed January 1, 2022 effective date for the IESO's 2022 Usage Fees, are all appropriate.

Evidence:

- A-1-2 2022 Submission
- C-1-1 Revenue Requirement and Usage Fee Methodology
 - Attachment 1 – Load and Forecast Volumes (xlsx)
- C-2-1 2022 Revenue Requirement and Usage Fees
- C-3-1 Other Funding and Fees
 - Attachment 1 – Other Funding Sources (xlsx)
- F-1-1 Forecast Variance Deferral Account

Interrogatories:

- Schedule 5 – 2.0 CCMB 5
- Schedule 1 – 2.1 OEB STAFF 15
- Schedule 6 – 2.1 EDA 4 to 7
- Schedule 7 – 2.1 EP 10 to 11

3.0 Application and Reliable Integration Fee

3.1 Is the IESO's proposal to charge proponents a Reliable Integration fee at an hourly rate of \$145/hour for activities the IESO undertakes to reliably integrate new or modified facilities to the IESO-Controlled Grid appropriate?

As part of the Package Settlement, the Parties accept that the IESO's proposal to charge proponents a Reliable Integration Fee at an hourly rate of \$145/hour for activities the IESO undertakes to reliably integrate new or modified facilities is appropriate:

- The Reliable Integration Fee will be charged for work the IESO undertakes to reliably integrate new or modified facilities that participate in the IESO-Administered Markets, which includes all facilities that are connected to the transmission system and facilities that are connected to the distribution system that participate in the IESO-Administered Markets. The Reliable Integration Fee will also be charged for work the

IESO undertakes to reliably integrate new or modified facilities that are connected to the distribution system with an installed capacity greater than 10 MW, regardless of whether they will participate in the IESO-Administered Markets.

- The Reliable Integration Fee will be effective as of December 8, 2022, which aligns with the effective date for the final round of updates to the IESO's Market Rules and Manuals in 2022.

With respect to data on the application of the Reliable Integration Fee, the IESO will provide aggregated data associated with the costs recovered from various resource types and sizes in the Revenue Requirement Submission following the implementation of the Reliable Integration Fee.

Evidence:

- A-1-2 2022 Submission
- A-1-3 Executive Summary
- C-3-1 Other Funding and Fees
 - Attachment 1 – Other Funding Sources (xlsx)
- D-1-2 Business Unit Detail
 - Attachment 1 – Organizational Chart

Interrogatories:

- Schedule 5 – 3.0 CCMBC 6
- Schedule 6 – 3.0 EDA 4 to 7
- Schedule 11 – 3.0 OSEA 3
- Schedule 1 – 3.1 OEB STAFF 16
- Schedule 4 – 3.1 REASCWA 3
- Schedule 8 – 3.1 ED 9
- Schedule 12 – 3.1 PWU 5
- Schedule 13 – 3.1 SEC 15

3.2 Application Fee for Market Participation

The IESO is not seeking any changes to the application fee for market participation. On that basis, and as part of the Package Settlement, the Parties accept that the current application fee for market participation remains appropriate.

Evidence:

- C-3-1 Other Funding and Fees
 - Attachment 1 – Other Funding Sources (xlsx)
- D-1-2 Business Unit Detail
 - Attachment 1 – Organizational Chart

Interrogatories:

- Schedule 1 – 3.2 OEB STAFF 17

4.0 Market Renewal Program (MRP)

4.1 Is the reporting on financial and operational performance of the MRP appropriate?

As part of the Package Settlement, the Parties accept that the IESO's reporting on the financial and operational performance of the MRP is appropriate.

With respect to further reporting on MRP, beginning for Q3 2022, the IESO will provide a quarterly report, made public on the IESO website within 30 days of the end of each quarter, that will include, as a minimum requirement:

- Schedule Performance Index (SPI) and Cost Performance Index (CPI) relative to the in-effect baseline schedule and budget.
- Actual schedule progress relative to the in-effect baseline schedule and the planned schedule progress relative to the baseline 4 schedule⁴ and the in-effect baseline schedule.
- Actual year to date spend compared to annual budget, and actual total spend compared to total budget, using the cost categories from Table 2 "MRP Baseline Budget by Operating and Capital Expenses" of the MRP Cost Report, for baseline 4 and the in-effect baseline budget.
- Any changes to cost forecast, schedule forecast, or project scope that have occurred since the last quarterly report.

In the first quarterly report after implementation of a new baseline schedule, the IESO will include information on the changes between the previous baseline schedule and the new in-effect baseline schedule that is clear and comprehensive.

Evidence:

- B-2-1 2021 Annual Report and Audited Financial Statements
- E-2-1 Capital Budget Overview and Progress on Capital Projects
 - Attachment 1 – Capital Projects (Appendix 2-AA) (xlsx)
- G-2-1 Market Renewal Program Cost Report
 - Attachment 1 – MRP Baseline Schedule
- G-2-3 IESO's 2022 Regulatory Scorecard

Interrogatories:

- Schedule 2 – 4.0 AMPCO 10 to 13

⁴ The baseline 4 (BL-4) schedule is the baseline schedule in-effect at the time of the filing of the Settlement Proposal and on which the information included in the pre-filed evidence and interrogatory responses are based.

- Schedule 5 – 4.0 CCMBC 7
 - Attachment 1 – Legacy MRP Schedule
- Schedule 6 – 4.0 EDA 11 to 12
- Schedule 7 – 4.0 EP 12 to 13
- Schedule 8 – 4.0 ED 17
- Schedule 11 – 4.0 OSEA 4
- Schedule 12 – 4.0 PWU 6
- Schedule 1 – 4.1 OEB STAFF 18 to 20
- Schedule 2 – 4.1 AMPCO 14 to 15
- Schedule 6 – 4.1 SEC 16
 - Attachment 1 – MRP Update to ESC
 - Attachment 2 – MRP Strategic Risk Update to IESO Board
 - Attachment 3 – MRP Strategic Risk Update to IESO Board (Appendix)
 - Attachment 4 – MRP Schedule Report

4.2 Are the IESO’s forecast 2022 operational costs for the MRP appropriate in the context of the scope and timing of the overall project?

4.3 Are the IESO’s forecast 2022 capital costs for the MRP appropriate in the context of the scope and timing of the overall project?

As part of the Package Settlement, the Parties accept that the IESO’s forecast 2022 operational and capital costs for MRP are appropriate in the context of the scope and timing of the overall project.

Evidence:

- B-1-2 2022-2024 Business Plan
- D-1-2 Business Unit Detail
 - Attachment 1 – Organizational Chart
- E-2-1 Capital Budget Overview and Progress on Capital Projects
 - Attachment 1 – Capital Projects (Appendix 2-AA) (xlsx)
- G-2-1 Market Renewal Program Cost Report
 - Attachment 1 – MRP Baseline Schedule

Interrogatories:

- Schedule 4 – 4.2 REASCWA 4
- Schedule 6 – 4.2 EDA 9
- Schedule 2 – 4.3 AMPCO 17

4.4 Is the IESO’s MRP Baseline Schedule and Budget for each year of the MRP appropriate?

As part of the Package Settlement, the Parties accept that the IESO’s MRP

Baseline Schedule and Budget for each year of the MRP are appropriate.

The IESO acknowledges that there is currently uncertainty with respect to the total cost and schedule of the MRP. The IESO is currently compiling the information necessary to more accurately build out an updated schedule and total project cost. As set out under Issue 4.1, the IESO agrees to provide additional public reporting regarding the MRP schedule, budget, and any changes in scope.

With respect to the MRP Business Case, the IESO will assess any changes to the MRP Energy Stream Financial Assessment since it was approved by the IESO Board of Directors and will provide a full update publicly on the results of that assessment, including any revisions to the MRP Energy Stream Financial Assessment, within 3 months of the OEB decision in EB-2022-0002 approving this Settlement Proposal.

Evidence:

- B-1-2 2022-2024 Business Plan
- D-1-2 Business Unit Detail
 - Attachment 1 – Organizational Chart
- E-2-1 Capital Budget Overview and Progress on Capital Projects
 - Attachment 1 – Capital Projects (Appendix 2-AA) (xlsx)
- G-2-1 Market Renewal Program Cost Report
 - Attachment 1 – MRP Baseline Schedule

Interrogatories:

- Schedule 2 – 4.4 AMPCO 17

5.0 Commitments from Past OEB Decisions

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

As part of the Package Settlement, the Parties accept that the IESO has responded appropriately to OEB directions from previous proceedings.

With respect to Market Surveillance Panel (MSP) recommendations, the IESO will file in the next Revenue Requirement Submission the latest OEB Annual Status Update and will link the MSP recommendations to any spending in that Revenue Requirement Submission.

With respect to internal audits, the IESO will file the following information, in a clear and comprehensive manner, in the next Revenue Requirement Submission: details of the subject matter of the internal audit reports, the recommendations, the action(s) taken as a result of each recommendation, the status of the implementation of each action, and the internal relative risk rating for each observation.

With respect to the IESO's transmission losses stakeholder engagement, the IESO has produced an internal transmission planning guideline as part of the engagement. The IESO has received stakeholder comments on the guideline and is currently finalizing the document to capture any accepted recommendations.

Evidence:

- D-1-3 Staffing and Compensation
 - Attachment 1 – Employee Costs (Appendix 2-K) (xlsx)
 - Attachment 1 – IESO Compensation Guidelines
 - Attachment 3 – Non-Executive Total Remuneration Review
- F-1-1 Forecast Variance Deferral Account
- G-1-1 Summary of Responses to OEB Decisions
 - Attachment 1 – Summary of Increased Public Availability of Planning data
 - Attachment 2 – Innovation Work Plan
 - Attachment 3 – Details of Internal Audit Reports
 - Attachment 4 – OEB Annual Update on MSP Recommendations
 - Attachment 5 – IESO Cost Allocation Methodology Review

Interrogatories:

- Schedule 5 – 5.0 CCMBC 8 to 10
- Schedule 1 – 5.1 OEB STAFF 21 to 23
- Schedule 2 – 5.1 AMPCO 18
- Schedule 3 – 5.1 CME 5
- Schedule 11 – 5.1 OSEA 5
- Schedule 12 – 5.1 PWU 7
- Schedule 13 – 5.1 SEC 17 to 19
 - 5.1 SEC 18
 - Attachment 1 – IESO Internal Audit Report_Project Management_REDACTED
 - 5.1 SEC 19
 - Attachment 1 – IESO 2022 Cost Allocation Model
- Schedule 14 – 5.1 SUP 7 to 11