



**Independent Electricity System Operator**

**Application for approval of 2023, 2024 and 2025 revenue requirements, expenditures and usage fees**

**PROCEDURAL ORDER NO. 1**

**May 4, 2023**

The Independent Electricity System Operator (IESO) filed an application with the Ontario Energy Board (OEB) on March 29, 2023, under section 25(1) of the *Electricity Act, 1998*, seeking approval of its revenue requirements, expenditures, and usage fees for fiscal years 2023, 2024 and 2025.

A Notice of Hearing was issued on April 14, 2023. The following parties applied for intervenor status:

- Association of Power Producers of Ontario (APPrO)
- Association of Major Power Consumers in Ontario (AMPCO)
- Environmental Defence (ED)
- Electricity Distributors Association (EDA)
- Energy Probe Research Foundation (Energy Probe)
- HQ Energy Marketing Inc (HQEM)
- Power Advisory (representing jointly): Canadian Renewable Energy Association, Energy Storage Canada and Ontario Waterpower Association (REASCWA)
- School Energy Coalition (SEC)
- Society of United Professionals (SUP)
- Vulnerable Energy Consumers Coalition (VECC)

APPrO, AMPCO, ED, Energy Probe, REASCWA, SEC, and VECC applied for cost eligibility.

No objection was received from the IESO.

APPrO, AMPCO, ED, EDA, Energy Probe, HQEM, SEC, SUP, VECC and REASCWA are approved as intervenors. The list of parties in this proceeding is attached as Schedule A to this Procedural Order. APPrO, AMPCO, ED, Energy Probe, REASCWA, SEC and VECC are eligible to apply for an award of costs under the OEB's [Practice Direction on Cost Awards](#).

Cost eligible intervenors should be aware that the OEB will not generally allow the recovery of costs for the attendance of more than one representative of any party unless a compelling reason is provided when cost claims are filed.

Being eligible to apply for recovery of costs is not a guarantee of recovery of any costs claimed. Cost awards are made by way of OEB order at the end of a hearing.

### **Confidentiality**

In the cover letter to its application, dated March 29, 2023, the IESO requested confidential treatment for certain information in Exhibit E-2-1 Attachment 2, Project Charter – Core Network Refresh and Exhibit E-2-1 Attachment 3, Project Charter – Enabling Resources Program. As shown in the IESO's summary of its confidentiality request in Appendix B to that letter, the IESO's proposed redactions relate to information the IESO asserts is both irrelevant to this proceeding and contain information that relates to the IESO's IT systems which if disclosed would create a cyber security risk.

In accordance with the OEB's [Practice Direction on Confidential Filings](#), the IESO filed redacted copies of the documents. Copies of the un-redacted documents were filed separately in confidence.

The OEB will review the confidential un-redacted information to confirm that it is not relevant. If required, the OEB will provide further instructions concerning any information that is relevant but for which the IESO has sought confidential treatment. To be clear, no objections to the IESO's confidentiality request should be filed until after the OEB has completed its relevance review and provided further directions.

### **Issues List**

In the cover letter to its application, dated March 29, 2023, the IESO filed a draft issues list. The OEB is making provision for submissions on the IESO's proposed draft issues list, which is attached as Schedule B to this Procedural Order. The OEB Panel will determine the final issues list prior to the filing of interrogatories.

### **Interrogatories**

At this time, provision is being made for written interrogatories. Parties should consult sections 26 and 27 of the OEB's [Rules of Practice and Procedure](#) regarding required naming and numbering conventions and other matters related to interrogatories. The OEB Panel will determine the final issues list prior to the filing of interrogatories.

### **Settlement Conference**

The OEB is making provision for a settlement conference.

It is necessary to make provision for the following matters related to this proceeding. Further procedural orders may be issued by the OEB.

**IT IS THEREFORE ORDERED THAT:**

**Issues List**

1. Any submissions by OEB staff and intervenors on the IESO's draft issues list in Schedule B shall be filed with the OEB and served on all parties by **May 11, 2023**.
2. The IESO may respond to the submissions of OEB staff and intervenors and all other parties may respond to the submissions of the other parties. The written submissions shall be filed with the OEB and served on all parties by **May 16, 2023**.

**Interrogatories:**

3. OEB staff and intervenors shall request any relevant information and documentation from the IESO that is in addition to the evidence already filed, by written interrogatories filed with the OEB and served on all parties by **May 25, 2023**.
4. The IESO shall file with the OEB complete written responses to all interrogatories and serve them on OEB staff and all intervenors by **June 15, 2023**.

**Settlement Conference:**

5. A settlement conference among the parties and OEB staff will be convened on **June 26-27, 2023**, starting at 9:30 a.m. If necessary, the settlement conference will continue on **June 28, 2023**. This will be a virtual event and information on how to participate will be provided in advance of the settlement conference. If OEB staff or intervenors intend to submit clarification questions to the IESO as part of the settlement process, they are encouraged to submit these questions as far in advance as possible of the commencement of the settlement conference, in the interests of making the settlement process as efficient as possible.
6. **Within 48 hours** of the conclusion of the settlement conference, the IESO shall file a letter informing the OEB of the status of the settlement discussions including whether a tentative agreement had been reached or if the parties propose to continue the settlement discussions.

7. If there is no settlement proposal arising from the settlement conference, the IESO shall file a statement to that effect with the OEB by **July 5, 2023**. In that event, parties shall file and serve on the other parties by **July 12, 2023**, any submissions on which issues shall be heard in writing, and for which issues the OEB should hold an oral hearing.
8. If there is a settlement, any settlement proposal arising from the settlement conference shall be filed with the OEB on or before **July 21, 2023**. In addition to outlining the terms of any settlement, the settlement proposal should contain a list of any unsettled issues, indicating with reasons whether the parties believe those issues should be dealt with by way of oral or written hearing.
9. Any submission from OEB staff on a settlement proposal shall be filed with the OEB and served on all parties by **July 28, 2023**.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2022-0318** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact [registrar@oeb.ca](mailto:registrar@oeb.ca) for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar at the address below and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Andrew Bishop at [Andrew.Bishop@oeb.ca](mailto:Andrew.Bishop@oeb.ca) and OEB Counsel, Ian Richler at [Ian.Richler@oeb.ca](mailto:Ian.Richler@oeb.ca) .

Email: [registrar@oeb.ca](mailto:registrar@oeb.ca)

Tel: 1-877-632-2727 (Toll free)

**DATED** at Toronto, **May 4, 2023**

**ONTARIO ENERGY BOARD**

**By delegation, before: Nancy Marconi**

Nancy Marconi  
Registrar

**SCHEDULE A**  
**LIST OF APPLICANT AND INTERVENORS**  
**PROCEDURAL ORDER NO. 1**  
**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**  
**EB-2022-0318**  
**DATED: May 4, 2023**

Independent Electricity System Operator  
EB-2022-0318

**APPLICANT & LIST OF INTERVENORS**

May 04, 2023

**APPLICANT**

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**APPLICANT & LIST OF INTERVENORS**

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**SCHEDULE B**  
**DRAFT ISSUES LIST**  
**PROCEDURAL ORDER NO. 1**  
**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**  
**EB-2022-0318**  
**DATED: May 4, 2023**

**Appendix B**  
**DRAFT ISSUES**  
**LIST**

**22 Issues**

**1.0 Revenue Requirement, Operating Costs and Capital Spending**

- 1.1** Is the IESO's Fiscal Year 2023 revenue requirement of \$208.4 million appropriate?
- 1.2** Is the IESO's Fiscal Year 2024 revenue requirement of \$218.4 million appropriate?
- 1.3** Is the IESO's Fiscal Year 2025 revenue requirement of \$229.7 million appropriate?
- 1.4** Is the IESO's 2023 projected staffing levels and compensation (including salaries, benefits, pensions and other post-employment benefits) appropriate?
- 1.5** Is the IESO's 2024 projected staffing levels and compensation (including salaries, benefits, pensions and other post-employment benefits) appropriate?
- 1.6** Is the IESO's 2025 projected staffing levels and compensation (including salaries, benefits, pensions and other post-employment benefits) appropriate?
- 1.7** Is the IESO's 2023 capital expenditure budget of \$86 million for appropriate?
- 1.8** Is the IESO's 2024 capital expenditure budget of \$75.9 million appropriate?
- 1.9** Is the IESO's 2025 capital expenditure budget of \$58.2 million appropriate?

**2.0 Usage Fees**

- 2.1** Is the methodology used to derive the IESO's proposed 2023 Usage Fees to be paid commencing January 1<sup>st</sup>, 2023 appropriate?
- 2.2** Is the methodology used to derive the IESO's proposed 2024 Usage Fees to be paid commencing January 1<sup>st</sup>, 2024 appropriate?
- 2.3** Is the methodology used to derive the IESO's proposed 2025 Usage Fees to be paid commencing January 1<sup>st</sup>, 2024 appropriate?
- 2.4** Is the IESO's proposal to charge or rebate the difference between the approved 2023 IESO Usage Fees and the interim fees in the billing cycle following the month in which OEB approval is received appropriate?
- 2.5** Is the proposed January 1<sup>st</sup>, 2023 effective date for the IESO's 2023 Usage Fees appropriate?
- 2.6** Is the proposed January 1<sup>st</sup>, 2024 effective date for the IESO's 2024 Usage Fees appropriate?
- 2.7** Is the proposed January 1<sup>st</sup>, 2025 effective date for the IESO's 2025 Usage Fees appropriate?

**3.0 Operating Reserve**

- 3.1** Is the IESO's proposal to retain an Operating Reserve of \$15 million in the Forecast Variance Deferral Account (FVDA) appropriate?



**3.2** Is the IESO's proposal to clear the amount of the 2022 year-end balance in the FVDA that exceeds the \$15 million Operating Reserve appropriate?

**4.0 Market Renewal Program (MRP)**

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

**4.2** Are the IESO's forecast 2023, 2024 and 2025 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 2023, 2024, and 2025 capital costs for the MRP appropriate in the context of the scope and timing of the overall project?

**5.0 Commitments from Previous OEB Decisions**

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