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BY EMAIL

May 12, 2023

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

Dear Ms. Marconi:

**Re: Ontario Energy Board (OEB) Staff Submission on Draft Issues List
Independent Electricity System Operator
Application for 2023, 2024 and 2025 Revenue Requirements, Expenditures
and Usage Fees
OEB File Number: EB-2022-0318**

Please find attached the OEB staff submission in the above referenced proceeding, pursuant to Procedural Order No. 2.

Yours truly,

Original Signed By

Thomas Eminowicz
Senior Advisor, Generation & Transmission

Encl.

cc: All parties in EB-2022-0318



ONTARIO ENERGY BOARD

OEB Staff Submission on Draft Issues List

Independent Electricity System Operator

**Application for 2023, 2024 and 2025 Revenue Requirements, Expenditures and
Usage Fees**

EB-2022-0318

May 12, 2023

Background

The Independent Electricity System Operator (IESO) filed an application with the Ontario Energy Board (OEB) on March 29, 2023, under subsection 25(1) of the *Electricity Act, 1998*, seeking approval of its 2023, 2024 and 2025 expenditures, revenue requirements, and fees (Application). The Application included a draft issues list. The following are the submissions of OEB staff on the draft issues list.

OEB Staff Submission

Issue 2.0 Usage Fees

OEB staff notes a minor typographical error appearing at Issue 2.3. As written, it references a January 1, 2024 commencement date for the IESO's proposed 2025 Usage Fees. OEB staff proposes that Issue 2.3 be worded as follows:

Is the methodology used to derive the IESO's proposed 2025 Usage Fees to be paid commencing January 1st, 2025 appropriate?

Issue 3.0 Operating Reserve

Forecast Variance Deferral Account (FVDA) and Usage Fee Adjustments

OEB staff proposes that the following issue be added as Issue 3.3:

- Is the IESO's proposal for adjusting the usage fees due to material unforeseen changes appropriate?***

The Application describes the IESO's proposed process for managing material unforeseen changes in the IESO's business after receiving the OEB approvals sought through the Application, and prior to the filing of its next revenue requirement application.¹ Although the IESO's discussion regarding material unforeseen changes is primarily focused on potential instances of a FVDA deficit, the IESO also indicated that it would review whether it is appropriate and feasible to apply for revised usage fees in the case of a FVDA surplus (greater than the requested \$15 million operating reserve threshold).²

OEB staff is of the opinion that the reasonableness of revisiting usage fees when the FVDA builds a surplus or deficit, the process for re-submission to the OEB, and the frequency at which to do so should be examined in this proceeding.

~All of which is respectfully submitted~

¹ EB-2022-0318, Application, Exhibit F, Tab 1, Schedule 1, p. 5

² EB-2022-0318, Application, Exhibit F, Tab 1, Schedule 1, p. 4