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May 25, 2023

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

Dear Ms. Marconi,

**RE: EB-2022-0318 IESO 2023, 2024 and 2025 Fees, Expenditure and Revenue Requirement Submissions - Energy Probe Interrogatories**

Attached are the interrogatories of Energy Probe to the applicant in the EB-2022-0318 Proceeding on IESO 2023, 2024 and 2025 Fees, Expenditure and Revenue Requirement Submissions.

Respectfully submitted on behalf of Energy Probe.

Tom Ladanyi  
TL Energy Regulatory Consultants Inc.

cc. Patricia Adams (Energy Probe Research Foundation)  
George Dimitropoulos (IESO)  
Roger Higgin (Sustainable Planning Associates Inc.)  
Parties to the Proceeding

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**Independent Electricity System Operator**

**2023, 2024 and 2025 Fees, Expenditure and Revenue Requirement Submissions**

**Energy Probe Research Foundation Interrogatories**

**May 25, 2023**

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

**1.1-EP-1**

**Reference:** Exhibit D-1-1, Page 9

Please file a list of Other Initiatives showing the amount budgeted for each initiative.

**1.2-EP-2**

**Reference:** Exhibit C-3-1 A1, Lines 18 and 19

- a) Where does IESO generate the funds for its ST and LT investments.
- b) List sources and annual amounts
- c) Please provide a summary of the short and long-term investment strategies
- d) Confirm IESO is financially-backed by the OEFC.
- e) What is the cost for this?
- f) Compare to Commercial Credit Facilities.

**1.3-EP-3**

**Reference:** Exhibit D-1-1, Appendix 2-JA, Line 9

- a) Please provide a full analysis of the Drivers for increases in the costs of the Legal Department 2022-2025
- b) Please provide a table showing legal costs per MWh and as % of total OM&A
- c) Please provide a projection of future legal fees for 2026-30

**1.3-EP-4**

**Reference:** Exhibit D-1-2, Page 6

**Preamble:** “2025 budgeted costs of \$3.8 million are \$1.3 million higher than 2024 due to the market power mitigation function returning assignment to MACD as MRP is completed.”

How is the market power mitigation function currently performed?

### **1.3-EP-5**

**Reference:** Exhibit B-1-2, 2023-2025 Business Plan, Page 18; D-1-1, pages 4 and 8

Please provide more detail of the new expenditure listed as “Culture, Employees, and Capabilities” that is shown as starting in 2023 including an itemized budget for each year.

### **1.5-EP-6**

**Reference.** Exhibit D-1-3, Attachment 1, Form 2K

- a) For each year, 2020-2025, please provide the number of employees (FTE) allocated to:
  - i. Regular IESO operations and
  - ii. Development of MRP
- b) For Regular IESO Operations provide the following OEB Utility Cost Benchmarks
  - i. FTE/Total MWh
  - ii. Compensation\$ per total MWh
  - iii. OM&A/MWh
  - iv. vi) OM&A /Market Participant
- c) Please Graph these data and provide a discussion on the trends in Total Compensation and OM&A
- d) Has IESO Benchmarked its costs to those of the other ISOs such as Alberta AESO, US ISOs. If so, provide these comparisons. If not, why has not this been done?

### **1.5-EP-7**

**Reference:** Exhibit B-1-2, Business Plan, Page 18

Please explain the reasons for the increase in Core Operations FTEs from 730 in 2022 Budget to 856 in the 2025 Budget. Specifically, is the scope of the activities included in Core Operations increasing? If it is increasing, please describe the increases in scope. If it is not increasing, please explain why more FTE’s will be required for the same scope of work.

### **1.6-EP-8**

**Reference:** Exhibit D-1-2, Attachment 2, Organization Charts

- a) How many IESO employees have the title of Vice President, Director, Senior Manager, and Manager?
- b) Does IESO have an initiative to reduce the number of staff with Vice President and Director titles?

### **1.7-EP-9**

**Reference:** Exhibit B-1-2, 2023-2025 Business Plan, Page 19

- a) Please provide more information on the “Space Needs Program & Facility Investment”. Specifically, what is the Space Needs Program and what is the Facility Investment and how much is budgeted in each of these two categories in 2023, 2024 and 2023?
- b) How much of the \$7.0 million budget has been spent so far in 2023?

## **3.0 Operating Reserve**

### **3.1-EP-10**

**Reference:** Exhibit A-1-3, Page 2

**Preamble:** Approval to retain \$15 million as an operating reserve in the Forecast Variance Deferral Account (FVDA).

- a) Please provide the opening and closing balances of the FDA for 2018-2022 and 2023 (estimate).
- b) please provide FDA dispositions:
  - i) Refunds to rate payers,
  - ii) Retention,
  - iii) Forward to next year,
  - iv) Interest earned in year.
  - v) Please reconcile to FDA opening and closing balances.

## **4.0 Market Renewal Program (MRP)**

### **4.1-EP-11**

**Reference:** Exhibit A-2-2, Attachment 1, 2023-2025 Performance Measures, Page 1

**Preamble:** Measure 1 Market Renewal Program delivery: Percentage of key milestones completed according to implementation plan target for 2023 is 60%.

- a) What is the total number of milestones and are they all similar in scope and difficulty of completion?
- b) What percentage of key milestones were completed according to plan in 2022?
- c) For 2023, what percentage of milestones have been completed so far this year?

#### **4.3-EP-12**

**Reference:** Exhibit B-1-2, 2023-2025 Business Plan, Page 25

**Preamble:** Under the Risk Assessment High, Mitigating Actions there is listed “Design, development and testing of mechanisms as such as Market Power Mitigation under the Market Renewal Program.”

Please explain what is Market Power Mitigation mechanism and how is it expected to work?

#### **4.3-EP-13**

**Reference:** Exhibit B-1-2, Business Plan, Page 20

**Preamble:** “In August 2022, the IESO Board approved revised program funding and a refreshed schedule, including an in-service date of May 2025.”

- a) Please file the program schedule and funding prior to the revisions and refreshing approved by the IESO Board in August 2022 and compare it to the refreshed schedule and funding explaining all changes.
- b) Please explain why the program schedule and funding were changed by the IESO Board in August 2022.

### **5.0 Commitments from Previous OEB Decisions**

#### **5-EP-14**

**Reference:** Exhibit G-2-3 Regulatory Scorecard Projects

- a) With regard to Projects please provide a graph showing performance to the +/-5% bands from 2020-2025.
- b) Please discuss based on the above whether the proposed Target was/was not appropriate.

**Submitted on behalf of Energy Probe by its consultants:**

**Tom Ladanyi**  
**TL Energy Regulatory Consultants Inc.**

**Roger Higgin**  
**Sustainable Planning Associates Inc.**