



BY EMAIL and RESS

Mark Rubenstein
mark@shepherdrubenstein.com
Dir. 647-483-0113

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

May 25, 2023
Our File: EB20220318

Attn: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: EB-2022-0318 – IESO 2023-2025 – SEC Interrogatories

We are counsel to the School Energy Coalition ("SEC"). Enclosed, please find SEC's interrogatories in this matter.

Yours very truly,
Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Brian McKay, SEC (by email)
Applicant and intervenors (by email)

ONTARIO ENERGY BOARD

IN THE MATTER OF subsection 25(1) of the *Electricity Act*, 1998;

AND IN THE MATTER OF a submission by the Independent Electricity System Operator to the Ontario Energy Board for the review of its proposed expenditure and revenue requirements for the fiscal years 2023 to 2025 and the fees it proposes to charge during the fiscal years 2023 to 2025.

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

1.1-SEC-1

Please provide a copy of all budget guidance documents that were issued regarding the budgets that underlie this application.

1.1-SEC-2

Please provide a copy of all documents that were provided to the Board of Directors in their decision to approve the underlying budget contained in the Business Plan and this Application.

1.1-SEC-3

Please provide details of all productivity and efficiency measures the IESO undertook in 2022, and plans to undertake in 2023, 2024 and 2025. Please quantify the savings.

1.1-SEC-4

[A-2-1, p.7] Please provide a full copy of the 2022 IESO Stakeholder and Community engagement survey results.

1.1-SEC-5

[A-2-2] With respect to the 2023-2025 Performance Measures:

- a. Is any of the IESO's employee compensation tied to the achievement of these performance metrics? If so, please provide details.
- b. The IESO states that: "As part of ongoing monitoring of the effectiveness of performance measures and targets, the IESO may revisit and revise measures to remain aligned with the key strategies of the IESO." Does this mean that the IESO may adjust these measures and targets for 2024 and 2025?
- c. Please provide details regarding other measures that were considered and why they ultimately were not chosen.
- d. For each measure, please explain the basis of the target.
- e. The IESO proposes a measure of "Resource Adequacy procurement: number of supply offers in open and competitive mechanisms [that] exceed the target capacity".

- a. Would the metric include all offers or only those offers that were deemed in compliance with any requirements in a given RFP?
- b. Please provide the total number of supply offers and the total capacity, both overall and those in compliance with the terms of the RFP, for the recently completed Expedited Long-Term RFP (E-LT RFP1)?
- c. Based on your answer to part (b), what would the measure score for the E-LT1 RFP be, please provide the full calculation.

1.1-SEC-6

[A-2-2, Attach 2] With respect to the 2022 Performance Measure Results:

- a. Please identify and provide details of the two Strategic Initiatives that deviate from their approved Project Plans.
- b. Please explain why the results in the first page of the document are '2022 actuals' while on the second page are 'year-to-date' numbers.
- c. Please confirm that the IESO missed its target on 5 of the 7 measures.

1.1-SEC-7

[G-1-1] With respect to reporting requirements and previous commitments:

- a. Is the IESO proposing in this application any public or regulatory reporting during the 2023 to 2025 term related to its performance? If so, please provide details.
- b. Please detail which commitments from the EB-2022-0002 Settlement Agreement continue during after the conclusion of this application.

1.1-SEC-8

[D-1-1, p.7] One of the IESO's 2023-2025 key initiatives is "Strengthening Engagement". Does the IESO plan to undertake any new or enhanced stakeholder engagement, specifically with non-market participant electricity consumers? If so, please provide details.

1.1-SEC-9

[D-1-2] For each listed IESO business unit, please provide a more detailed breakdown of their OM&A actual/forecast spending for each year between 2019 and 2025.

1.4-SEC-10

[D-1-2, Attach 2, p.2-10] For each management position included in the organizational chart, please provide the number of employees that report to each position, broken down by category (management, non-union regular, non-union temporary).

1.4-SEC-11

[D-1-3, Attach 1] Please provide a revised version of Appendix 2-K that separates both non-management categories (regular and temporary) into each of PWU, Society, and non-union.

1.4-SEC-12

[D-1-3, Attach 3] Please place all interrogatory responses from EB-2020-0002 related to the Mercer Non-Executive Total Remuneration Review on the record in this proceeding (note: it is sufficient to simply deem the responses on the record as opposed to filing copies of them).

1.4-SEC-13

[D-1-2] Please provide the Market Assessment and Compliance Division (MACD) actual and forecast OM&A spending for each year between 2019 and 2025, regardless of the source of revenue used.

1.7-SEC-14

[D-1-1, p.7] For each of the Resource and Transmission Adequacy, and Enabling Resources key initiatives, please provide the following information:

- a. For each of 2023, 2024 and 2025, a detailed breakdown of initiative costs.
- b. The document(s) used internally that identifies the initiatives (and its underlying projects) scope, the deliverables, work plan schedules, identifies risks and mitigation strategies, and includes its budget.

1.7-SEC-15

[E-2-1] SEC seeks to understand the IESO's ability to execute major capital projects. Please provide a table that shows for all material capital projects *completed* in the last 10 years, i) the initial approved budget, ii) final actual costs, iii) initial approved completion date, and iv) actual completion date. For each project where either the budget variance was +/-10%, or the schedule variance was +/- 1 year, please briefly explain the reasons, and the lessons learned.

1.7-SEC-16

[E-2-1, Attach 6, p.1-2] In the context of its Backup Operating Centre and Backup Data Centre Replacement Project, the IESO states: "Due to the high level of uncertainty all costs include 50% contingency which will be further refined in the planning phase of the project. It should be noted that the cost estimates of \$10.4 million shown in Appendix 3 of the 2023-2025 Business Plan does not reflect this contingency amount. Contingency is not allocated for each item within the Business Plan but rather managed across the overall portfolio of projects as part of our regular monitoring activities." SEC has reviewed other major capital project budgets in the application and they include contingency amounts within the project budgets (for example, see E-2-1, Attachments 2, 3, 6, and 9). Please explain the difference.

1.7-SEC-17

[E-2-1, p.5] With respect to the Replacement of the Settlement Systems Project:

- a. Please explain the 2022 cost variance for the Replacement Settlement Systems project.
- b. Please provide the total capital project cost forecast at the time of the 2022 application and the revised total project capital cost forecast.
- c. Please provide a copy of any briefing information, or other internal documentation, provided to the IESO senior management team regarding the cost overrun.
- d. Please provide a copy of the most recent project update, or similar document, used internally to track the progress of the project.

1.7-SEC-18

[E-2-1, p.7] For the purposed performance measure, please provide a list of the "Strategic Initiatives" and their specific project charter or integrated project plan which sets out the approved schedule and/or budget that will be used for the purpose of assessing performance of the two measures.

2.1-SEC-18

[C-1-1, p.2] The IESO states: "To calculate the 2023, 2024 and 2025 usage fees, the IESO requested Elenchus to rerun its model using the Business Plan and the charge determinants discussed in the sections that follow." Please provide a copy of the referenced model.

2.1-SEC-19

[C-2-1] Please provide a detailed explanation of the underlying methodology used to determine the domestic and export demand forecast for each of 2023, 2024, and 2025. Please include a detailed list off all assumptions and calculations made for the purpose of determining the export volumes.

3.1-SEC-20

[F-1-1, p.6] The IESO states that: “The IESO proposes that if the balance of its operating reserve reaches above \$30 million during the interim year period after the conclusion of the OEB proceeding, the IESO will refund this surplus over \$30 million within a month of the publication of its Annual Report on March 31st.”:

- a. Please confirm that the IESO would not bring forward an application to the OEB for specific approval to refund the surplus in such a situation.
- b. Please explain why the IESO would not agree to refund a balance over \$15 million over the interim period.

4.1-SEC-21

[G-1-1, p.8] With respect to the Market Renewal Program Business Case Validation Memorandum:

- a. Please file a copy of the memorandum.
- b. Page 4 of the Memorandum states: “Using the updated implementation and operating cost values and the same benefits, the net financial assessment of the Business Case was recalculated”. Please provide a copy (with formulas intact) of the model used to determine the recalculated net financial assessment.
- c. Please provide a probability distribution of the Net Present Value (“NPV”) for the Market Renewal Program based on the 2022 updated values.

4.1-SEC-22

[G-2-1] The IESO’s application provides very limited information regarding the specific issues that the IESO has encountered implementing the Market Renewal Program, which has led to a substantial cost increase and schedule delay. Please provide more information so parties can assess the reasonableness of the revised budget and schedule.

4.1-SEC-23

[G-2-1] With respect to the Market Renewal Program (MRP):

- a. Please provide a detailed comparison of the BL4 and BL5 schedules, and an explanation of the specific changes.
- b. Please provide a detailed comparison of the BL4 and BL5 budgets, and an explanation of the changes.
- c. Please provide a copy of all information provided to the IESO Board of Directors for the purposes of their approval of the BL5 budget and schedule.
- d. Please provide a copy of the last reports provided to the IESO senior management related to the MRP before the approval of the BL5 schedule, and the budget related to MRP cost performance, schedule performance, and risk.

4.1-SEC-24

[G-2-1] With respect to the Market Renewal Program (MRP):

- a. Please provide a copy of the most recent MRP cost performance, schedule performance, and risk reporting.
- a. In addition to your response to part (a), Please provide a copy of any other MRP reporting information provided to the IESO Board of Directors and executive management team in the last 60 days.
- b. Please provide a copy of all third-party assessments or reviews regarding MRP implementation that have been undertaken to date, that have not been produced in a previous fees application.
- c. Please detail any changes made since the last application regarding the MRP governance and project oversight.

5.1-SEC-25

[G-1-1, p.1] With respect to the third-party jurisdictional review of market and planning information:

- a. Please provide a copy of the report in advance of the Settlement Conference.
- b. Please provide a copy of the project work plan.

Respectfully, submitted on behalf of the School Energy Coalition, this May 25, 2023.

Mark Rubenstein
Counsel for the School Energy Coalition