

EP INTERROGATORY 14

5.0 Commitments from Previous OEB Decisions

5.0-EP-14

INTERROGATORY

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

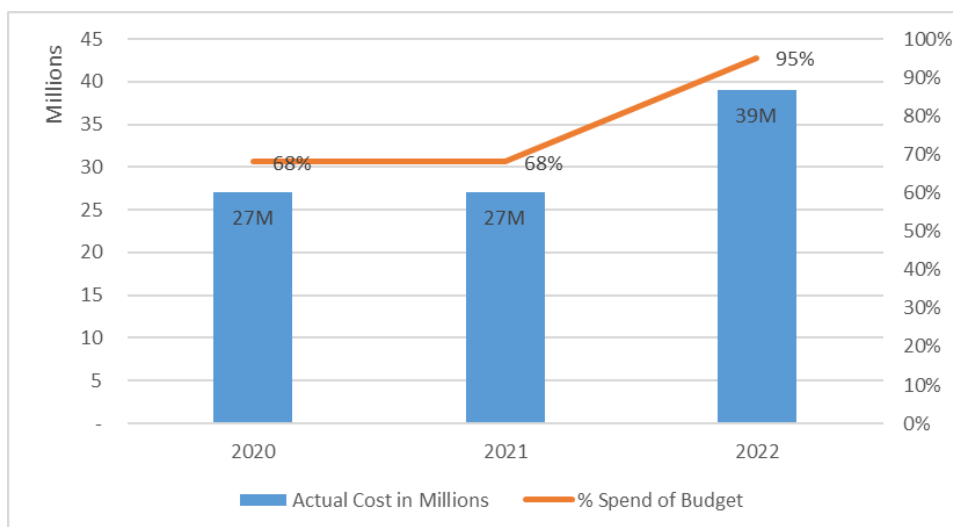
Questions:

- 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.

RESPONSE

- a) Please see the graph below, the IESO is only able to graph MRP Project performance to actual.

Graph 1 – MRP Performance to Actual



- b) These proposed targets were appropriate at the time, but with updates to the project schedule some projects costs are expected to be incurred in the later years.

OEB STAFF INTERROGATORY 25

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5.0-OEB STAFF-25

INTERROGATORY

Reference:

- a. Exhibit D / Tab 1/ Schedule 3 / Attachment 3 / p. 3 (Mercer Compensation Study)
- b. EB-2022-0002 / Exhibit D / Tab 1 / Schedule 3 / p. 3 – 7 “Table 2: Ongoing and Planned Efforts to Make Progress towards the 50th Percentile for Total Remuneration”
- c. Exhibit D / Tab 1 / Schedule 3 / p. 4 – 10 Table 2: “Ongoing and Planned Efforts to Make Progress towards the 50th Percentile for Total Remuneration”
- d. EB-2022-0002 / Settlement Proposal / Exhibit I / Tab 1 / Schedule 1 / p. 10 / July 13, 2022

Preamble:

In the current application, the IESO has filed the same Mercer Study that was filed in its application for 2022 revenue requirement. This study notes that the IESO’s positioning above the 50th percentile on a total remuneration basis is primarily a result of the high employer-provided value of pension plans in place at the IESO for PWU and the Society represented jobs.

OEB staff also notes that the IESO has not made any improvements related to the high employer-provided value of pension plans in place. Specifically, OEB staff has compared the Table 2: “Ongoing and Planned Efforts to Make Progress towards the 50th Percentile for Total Remuneration” filed in the current application to the same table filed in the application for 2022 revenue requirement and no progress has been made by the IESO with respect to pension and OPEB.

The settlement proposal for the 2022 revenue requirement application suggested that the IESO will work towards a 50:50 employee-employer pension and OPEB contribution ratio for

both represented employees (in collective agreement negotiations) and management employees.

Questions:

a) Please explain why no progress has been made by the IESO with respect to pension and OPEB, as observed by comparing Table 2: "Ongoing and Planned Efforts to Make Progress towards the 50th Percentile for Total Remuneration" filed in the current application to the same table filed in the application for 2022 revenue requirement.

b) Regarding pension and OPEB amounts, please provide an update on how the IESO is continuing its efforts to control costs in collective bargaining meetings, as well as costs applicable to management/non-union staff (i.e., unrepresented staff).

Please confirm that the amounts reflected in the Mercer Compensation Study to calculate the 50th percentile positioning are:

i. Driven by the level of employer contributions for pension and OPEB, and are different from the amounts reflected in the revenue requirements, which are determined by the IESO's actuary.

ii. Reflect the IESO's actual compensation remuneration values which are compared to a variety of organizations, but actual compensation is put forth in the revenue requirements requests.

c) If either of the above noted in part c) is not the case, please explain.

d) Please discuss any progress made by the IESO to work towards a 50:50 employee-employer pension and OPEB contribution ratio for both represented and un-represented employees, since its settlement proposal was filed in its 2022 revenue requirement application.

RESPONSE

a) As noted in Exhibit D, Tab 1, Schedule 3, Table 2, the IESO will include pension and OPEB changes as part of its bargaining mandate in forthcoming collective bargaining with

- 1 PWU (2023) and Society (2024). The outcome of the collective bargaining is not yet
- 2 known because it is forthcoming.
- 3 b) The IESO continues to include changes to Pension and OPEB provisions as part of its
- 4 bargaining mandates, as per Exhibit D, Tab 1, Schedule 3, Table 2 .
- 5 c) Confirmed.
- 6 d) Not applicable.
- 7 e) The IESO continues to include changes to Pension and OPEB provisions as part of its
- 8 bargaining mandates. Since the 2022 Revenue Requirement Submission proceeding the
- 9 outcome of collective bargaining is not yet known.

OEB STAFF INTERROGATORY 26

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5.0-OEB STAFF-26

INTERROGATORY

Reference:

a. Exhibit E / Tab 2 / Schedule 1 / p. 7-8

Preamble:

In Exhibit E-2-1, the IESO states that it has fulfilled its obligations outlined in the 2022 Revenue Requirement Submission Settlement Agreement (EB-2022-0002) with respect to capital project execution. The IESO quotes the obligation it committed to meet as follows:

The IESO will include *in its next revenue requirement submission* a 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 Objectives

(emphasis added)

The IESO then identifies that it will report on the results of the newly created performance measure in the 2026-2028 Revenue Requirement Submission.

Questions:

a) Since this application, EB-2022-0318, is the first subsequent revenue requirement application since EB-2022-0002, please provide the results for 2022 actual project execution as provided in E-2-1. Namely, please provide:

The percentage of "Strategic Initiatives that are progressing according to their approved schedule," which the IESO has stated is measured as the percentage of "Strategic Initiatives that are in-flight in any particular year that are progressing on schedule according to the approved project charter or integrated project plan."

And,

The percentage of "Strategic Initiatives that are progressing according to their approved budget," which the IESO has stated is measured as the percentage of "Strategic Initiatives that are in-flight in any particular year that are progressing on budget according to the approved project charter or integrated project plan."

- b) Please explain how each of the percentages were calculated.
- c) Please identify the strategic initiatives that are not progressing according to the schedule and the strategic initiatives that are not progressing according to the budget as set out in the approved project charter or integrated project plan. Please explain why they are not progressing according to the planned schedule or not progressing according to the planned budget.
- d) Of the strategic initiatives that were in-flight in 2022, please identify any that have had their target in-service dates revised since the IESO filed its 2022 fees application, EB-2022-0002. Please provide the new in-service date and what was in the plan in 2022, with the reason for the schedule revision.

RESPONSE

- a) Ten Strategic projects were included in the 2022 Portfolio. The schedule and budget were revised for the following two projects in 2022.

- i. Market Renewal Program – Please see Exhibit G, Tab 2, Schedule 1.
- ii. Improving Accessibility of Operating Reserve - requested an extension on schedule and an increase in the budget based on critical interdependencies with other tasks, external to this project. The project's capital cost was below the \$1 million threshold and was completed in Q2 2023.

Accordingly:

- 80% of Strategic Initiatives that were in-flight in 2022 progressed on schedule according to the approved project charter or integrated project plan; and,
- 80% of Strategic Initiatives that were in-flight in 2022 progressed on budget

1 according to the approved project charter or integrated project plan.

2
3 b) The calculation of the performance against these targets for 2022 is provided below:

- 4 • Number of Strategic Initiatives underway in 2022 = 10
- 5 • Number of Strategic Initiatives that did not proceed per their approved project
- 6 schedule = 2
- 7 • % Strategic Initiatives progressing on schedule = $8/10 = 80\%$
- 8 • Number of Strategic Initiatives that did not proceed per their approved project
- 9 budget = 2
- 10 • % Strategic Initiatives progressing on budget = $8/10 = 80\%$

11 c) See response to a) above.

12 d) See response to a) above.

1 **AMPCO INTERROGATORY 30**

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

4 5.0-AMPCO-30

5 **INTERROGATORY**

6 **Reference:** G-1-1 p.1

7 **Preamble:** With respect to planning and market data³, the jurisdictional review is
8 underway and the IESO expects to publish the results publicly by the end of Q2 2023.

9 Questions:

10 a) Please confirm the results are on track to be published by the end of June.
11

12 **RESPONSE**

13 a) Confirmed.

³ [EB-2022-0002 Settlement Agreement – Issue 1.1](#)

1 **AMPCO INTERROGATORY 31**

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

4 5.0-AMPCO-31

5 **INTERROGATORY**

6 **Reference:** G-1-1 Attachment #1

7 **Preamble:** The IESO provides the Progress on Implementing Recommendations from the
8 Third Party Evaluation of the Grid Innovation Fund provided at G-1-1 Attachment #1.

9 Questions:

10 a) Please confirm that all of the recommendations have been fully implemented. If not,
11 please discuss the scope of any additional work to be undertaken.

12 b) The GIF Portfolio reflects projects from 2005 – 2021. Please provide an updated GIF
13 Portfolio of projects for year-to-date 2023.

14 c) Please provide the total amount the IESO has invested and the total number of projects.

15 **RESPONSE**

16 a) Confirmed.

17 b) The Grid Innovation Fund (GIF) portfolio reflecting projects from 2005-2021 is accurate
18 and up to date. The DER Integration projects, listed as 2021 projects in the GIF Portfolio,
19 executed contracts and launched in 2022. No additional projects were contracted in
20 2022. In January 2023, the Minister of Energy directed the IESO to undertake a call for
21 proposals for a new Hydrogen Innovation Fund. The GIF team is focusing its efforts on
22 Hydrogen and will not issue a call for proposals under GIF in 2023.

- 1 c) Since 2005, the IESO has invested in 258 projects and committed a total IESO
- 2 contribution of \$85.4M. This is reflected in the up-to-date GIF Portfolio posted on the GIF
- 3 webpage¹.

¹ <https://www.ieso.ca/en/Get-Involved/Innovation/Grid-Innovation-Fund/Projects-Funded>

1 **AMPCO INTERROGATORY 32**

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

4 5.0-AMPCO-32

5 **INTERROGATORY**

6 **Reference:** G-1-1 Attachment #4

7 **Preamble:** The IESO provides the committed information for internal audits conducted in
8 2022.

9 Questions:

10 a) Please provide the audit plan (subject area and objective) for 2023 to 2025.

11 **RESPONSE**

12 a) See Attachment 1 - IESO Planned Internal Audits 2023 to 2025.

Planned Internal Audits 2023 to 2025

Note: Internal Audit defines the audit objective for a planned audit the year before it is executed. The Audit Services Plan, including the audit objectives for the audit planned in the following year, is approved on an annual basis by the Audit Committee of the board of directors. Therefore, audit objectives for planned internal audits in 2024 and 2025 are not yet available.

	2023	2023 Audit Objective	2024	2025
Governance				
IESO	TB/MBC directive compliance	Provide reasonable assurance, based on a sample of one, that the relevant by-laws, administrative policies and internal processes of the IESO comply with applicable directives to support the organization's attestation to compliance with the MOU with the Ministry.	TB/MBC directive compliance	TB/MBC directive compliance
	Corporate Performance Measures review	Annual external review of the CPM outcomes to verify they are accurately calculated and reported.	Corporate Performance Measures review	Corporate Performance Measures review
			Policy development and maintenance	Internal & External Emergency response
			Validation of key controls identified through ERM	Fraud risk assessment
ITS	Cyber Security program	External review of the IESO's Cyber Security Program to verify alignment with leading practices and identify opportunities for improvement.	IT & Data architecture	IT supply chain risk management (CIP 13)
	Disaster recovery	Provide reasonable assurance that the organization's Disaster Recovery program is effectively and efficiently controlled.		
Market Rule Oversight			Internal market monitoring & oversight	MACD process part 1
			Market rules exemption process	
IA	Internal Audit Quality Assurance	Execute annual self-assessment as part of Quality Assurance and Improvement Program to comply with IIA requirements.	Internal Audit Quality Assurance	Internal Audit Quality Assurance
Core				

	2023	2023 Audit Objective	2024	2025
Grid & Mkt. Ops.	Connection assessment	Provide reasonable assurance that the Connection Assessment process is effectively and efficiently controlled.	Real-time and day ahead dispatch algorithm review	Forecast variable generation
	NERC Mock Audit		Root cause analysis process	Market Power Mitigation
	Short-term Operations - Remedial Action Schemes	Provide reasonable assurance that the process to employ Remedial Action Schemes process is effective and efficiently controlled.	Mapping NBM to offline and combined models	Inputs to the dispatch system
Planning & Procure.	Annual Acquisition Report	Provide reasonable assurance that the Annual Acquisition Report is the product of an effective and efficient controlled process.		
	Provincial & Regional planning	Provide reasonable assurance that the Transmission Planning process is effectively and efficiently controlled.		
	Generation Procurements	Provide reasonable assurance that the Generation Procurement process is effectively and efficiently controlled.		
Market settlement	Market Settlement Service Organization Controls 1 + 2	External auditor to examine and evaluate compliance with control objectives and operational effectiveness of settlement processes and procedures. Both a SOC 1 and SOC 2, Type 2 will be conducted. IA to assist the business units involved in the settlements process to prepare control documentation and audit documents to reflect the new settlement processes; and facilitate the audit with the third-party services provider.	Prepare for Market settlement review	Market Settlement Service Organization Controls 1 + 2
	Metered Market Participant independence audit	External review of the IESO's Metering Installations audit results of metering installations for which the IESO it is the registered Metered Market Participant (MMP). The IESO wishes to demonstrate to its stakeholders that all metering installations, whoever the MMP, are treated equally by the IESO.	Metered Market Participant independence audit	Metered Market Participant independence audit
Res. Settle			Conservation contract management & settlement	

	2023	2023 Audit Objective	2024	2025
Enabling				
Corp. Relations			Internal communications	
Legal & Info	Handling of confidential information	The review will focus on the organization's governance and process to handle confidential information, and how the organization remediates data breaches.		Information Governance
Corporate services	Support annual control self-certification	Assist the Corporate Services group with the documentation of key controls, focused on insurance management.	Budget monitoring	Corporate Accounting
	Treasury	Provide reasonable assurance that the Treasury related processes are effectively and efficiently controlled.		Corporate contract & vendor management
	Corporate Procurement	Consulting review of the corporate procurement function to identify opportunities to improve the efficiency and effectiveness of the process.		Prudential management
	Project portfolio management	The review will focus on the delivery of projects within an effective project governance framework. This will include an examination of Project Sponsor's role and responsibility in ensuring that projects are complete on time, on budget, and that quality product/service is achieved.		
HR	Talent Acquisition	Provide reasonable assurance that the Talent Acquisition process is effectively and efficiently controlled.		
IT	Access Management	Provide reasonable assurance that the Access Management process is effectively and efficiently controlled.	Network and Perimeter Security & availability	Information Technology incident & problem
	Implement security patch, patch technology & change management	Provide reasonable assurance that the I&TS Change Management process is effectively and efficiently controlled.	System Development Lifecycle & QA	

APPrO INTERROGATORY 16

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

5.0-APPrO-16

INTERROGATORY

Reference: Exhibit G, Tab 2, Schedule 1, Pages 3 and 4 of 10

Preamble: : In the OEB's Decision and Order in EB-2022-0002, the OEB approved the settlement proposal in which the IESO agreed to certain items as italicized at Exhibit G, Tab 2, Schedule 1, Page 3.

Questions:

- a) While the reports published by the IESO for Q3 2022 and Q4 2022 meet the minimum requirements set out in the settlement proposal (e.g. SPI, CPI, actual to planned schedule progress, etc.), please advise if it is possible for the IESO to provide in future quarterly update reports more robust and detailed information on the development status of elements of the project that result in reported changes to the project schedule or expenses.

RESPONSE

- a) As per the settlement agreement, the IESO will publish a quarterly report which will include reporting on any changes to cost forecast, schedule forecast, or changes to project scope, that have occurred since the last quarterly report.

APPrO INTERROGATORY 17

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

5.0-APPrO-17

INTERROGATORY

Reference: Exhibit G, Tab 2, Schedule 1, Page 1 of 9

Preamble: As part of the settlement agreement approved by the OEB in EB-2022-0002, the IESO committed to engaging 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 that jurisdictional review were to be made public by the end of Q2 2023.

Questions:

a) Please provide an update on when the jurisdictional review will be published.

RESPONSE

a) Per the Settlement Agreement for the IESO's 2022 Revenue Requirement Submission, the IESO will make the results of the jurisdictional review public by the end of Q2 2023.

ED INTERROGATORY 9

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

5.0-ED-9

INTERROGATORY

Reference: Exhibit G, Tab 1, Schedule 1

Preamble:

Questions:

a) Please provide an update on the IESO's transmission losses consultation and an expected completion date.

b) Please provide the latest draft of the IESO's transmission losses guideline document.

c) Please provide a table with rows showing:

(i) the historical and forecast transmission losses from 2015 to 2025,

(ii) losses as a percent of total demand,

(iii) losses as a percent of peak system demand,

(iv) the value of the losses based on the full average wholesale price of electricity (HOEP & GA), and

(v) the value based on the IESO's latest draft of its transmission losses guideline document.

d) Please provide a table showing, from 2015 to 2025,

- (i) the losses at the peak (MWh and % of load), and
- (ii) the HOEP on those hours.

RESPONSE

- a) The IESO incorporated feedback from the stakeholder engagement and finalized the transmission losses guideline document. This guideline, which is available at the IESO's Planning Information and Data webpage, describes the IESO's process for determining when and how transmission losses will be considered in the development of system plans. With completion of the guideline, the Transmission Losses Stakeholder Engagement will be closed.
- b) The IESO's transmission losses guideline document can be downloaded at the following address¹.
- c) Table 1.1 and Table 1.2 below show the historical information requested in parts (i) through (iv) from 2018 to 2022. Forecast transmission losses, for the purpose of calculating the IESO Fee Submission Market Demand in Exhibit C-2-1 Attachment 1, is assumed to be 2.2% for 2023-2025. This corresponds to 3.0 TWh, 3.1 TWh, and 3.2 TWh for 2023, 2024, and 2025 respectively. The value of future losses cannot be calculated since the hourly forecast losses are not known. Regarding part (v), calculating the value for overall province-wide transmission losses based on the transmission losses guideline document is not possible because the process described in this document is for a different purpose. The purpose of the guideline is to aid IESO system planners in the consideration of transmission losses when developing power system plans, specifically in

a) ¹<https://www.ieso.ca/-/media/Files/IESO/Document-Library/regional-planning/Transmission-Planning-Guideline-Transmission-Losses.ashx>.

making comparative evaluations of different plan options for addressing transmission system needs. Therefore, the methodology for calculating the value of losses is forward looking based on projected marginal hourly energy costs and the cost of new entry in the capacity auction.

Table 1.1- Historical Transmission Losses Data from 2015 to 2018

	2015	2016	2017	2018
Actual annual transmission losses (MWh)	2,783,060	2,868,641	2,696,327	2,801,979
Actual annual transmission losses as a percent of annual demand (%)	1.77	1.84	1.81	1.82
Value of Losses (HOEP + GA) (Thousands \$)	44,656.28	47,558.59	106,427.45	48,703.49
Actual transmission losses at the time of system peak (MWh)	337.54	456.81	448.06	343.56
Actual transmission losses at the time of system peak demand as a percentage of system peak demand (%)	1.55 On July 28, 2015 in hour ending 17	2.04 On August 10, 2016 in hour ending 18	2.15 On September 25, 2017 in hour ending 17	1.54 On September 5, 2018 in hour ending 17
HOEP at System Peak (\$/MWh)	53.47	33.08	148.89	55.92

1

Table 1.2- Historical Transmission Losses Data from 2019 to 2022

	2019	2020	2021	2022
Actual annual transmission losses (MWh)	2,864,311	2,601,979	2,504,022	2,707,628
Actual annual transmission losses as a percent of annual demand (%)	1.88	1.73	1.68	1.78
Value of Losses (HOEP + GA) (Thousands \$)	69,666.66	123,777.86	68,704.41	40,384.23
Actual transmission losses at the time of system peak (MWh)	538.30	564.47	341.78	323.46
Actual transmission losses at the time of system peak demand as a percentage of system peak demand (%)	2.56 On July 5, 2019 in hour ending 17	2.39 On July 9, 2020 in hour ending 17	1.54 On August 26, 2021 in hour ending 14	1.48 On July 19, 2022 in hour ending 17
HOEP at System Peak (\$/MWh)	32.97	120.26	155.03	84.77

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3

d) Losses at peak and HOEP during the peak hours are provided in Table 1 above.

SEC INTERROGATORY 26

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

5.0-SEC-26

INTERROGATORY

Reference: [G-1-1,p.1]

Preamble:

With respect to the third-party jurisdictional review of market and planning information:

Questions:

a) Please provide a copy of the report in advance of the Settlement Conference.

b) Please provide a copy of the project work plan.

RESPONSE

a) The IESO expects to make a copy of the report publically available in advance of Settlement Conference.

b) The IESO did not develop a project plan for the third-party jurisdictional review of market and planning information. Per the requirements of the Settlement Agreement, the IESO retained a third party to conduct the independent review and specified: the planning and market information to be included, the applicable independent system operators/regional transmission organizations, and the timeline to complete and publicly post the review by the end of Q2 2023.