



Independent Electricity System Operator

Application for 2024 and 2025 Fees, Expenditure and Incremental Revenue Requirement

NOTICE OF HEARING AND PROCEDURAL ORDER NO. 1 February 12, 2024

The Independent Electricity System Operator (IESO) filed an application with the Ontario Energy Board (OEB) on January 12, 2024, under section 25(1) of the *Electricity Act, 1998*, seeking approval to modify its revenue requirements, expenditures, and usage fees for fiscal years 2024 and 2025 (Current Application). The OEB previously approved a settlement proposal for the IESO's 2023, 2024 and 2025 revenue requirement, expenditures, and fees¹ on August 29, 2023 (Previous Application). The IESO states that its incremental funding request for fiscal years 2024 and 2025 is intended to support specific initiatives outlined in the Minister of Energy's letter to the IESO in support of the Ministry of Energy's *Powering Ontario's Growth: Ontario's Plan for a Clean Energy Future* (POG) plan.² The incremental funding request is also consistent with the IESO's amended 2023-2025 Business Plan, which was approved by the Minister of Energy.³

The IESO is asking the OEB to approve the following:

- Proposed 2024 incremental revenue requirement of \$4.5 million⁴
- Proposed 2024 IESO usage fees of \$1.4516/MWh for domestic customers and \$1.2549/MWh for export customers to be effective on the next billing cycle following the month in which OEB approval is received

¹ IESO 2023-2025 Expenditures, Revenue Requirement, and Fees, EB-2022-0318

² [Minister of Energy's letter to IESO](#), dated July 10, 2023

³ [Minister of Energy's letter to IESO](#), dated November 28, 2023

⁴ When combined with the 2024 revenue requirement approved in the Decision and Order for the IESO's 2023-2025 Revenue Requirement and Fees application EB-2022-0318, the total 2024 revenue requirement is \$222.9 million.

- Proposed 2025 incremental revenue requirement of \$5.4 million⁵
- Proposed 2025 IESO usage fees of \$1.4854/MWh for domestic customers and \$1.4333/MWh for export customers to be paid effective January 1, 2025

Previous Application: 2023-2025 Expenditures, Revenue Requirement, and Fees

The IESO filed its 2023, 2024 and 2025 revenue requirement, expenditures, and fees application on March 29, 2023. The application represented the IESO's first application with a multi-year forecast of expenditures and revenue requirement. IESO applications have typically covered single year adjustments.

The IESO and participating intervenors (the Parties) reached a comprehensive settlement on all the issues in the application and a Decision and Order approving the settlement proposal was issued on August 29, 2023. In approving the settlement proposal, the OEB approved the IESO's proposed 2023, 2024, and 2025 revenue requirements⁶ and proposed capital expenditure envelopes,⁷ as well as the calculation of the usage fees for each of the three years. The settlement proposal also set out a process for adjusting the OEB-approved three-year revenue requirement and fees in the event of a material unforeseen change.⁸ The IESO states that its application does not rely on the adjustment mechanism described in the approved settlement proposal.

Settlement Conference

The IESO requested that the Current Application be approved without a hearing, or alternatively, by way of a written hearing. The OEB plans to proceed directly to a settlement conference among the parties to address whether it is appropriate for the OEB to approve the Application notwithstanding the Decision and Order on the Previous Application, which approved the settlement proposal, including the process for adjustments in the event of a material unforeseen change. Depending on the outcome of settlement discussions, the OEB will consider whether further procedural steps are necessary.

It is open to parties to come to a full agreement on the substance of the IESO's application or alternatively, to come to an agreement regarding further procedural steps for any hearing of the application. As part of settlement discussions, parties can develop a proposed issues list for consideration by the OEB.

⁵ When combined with the 2025 revenue requirement approved in the Decision and Order in EB-2022-0318, the total 2025 revenue requirement is \$235.1 million.

⁶ \$208.4 million, \$218.4 million and \$229.7 million for the three years respectively

⁷ \$86.0 million, \$75.9 million and \$58.2 million for the three years respectively

⁸ Settlement Proposal, EB-2022-0318, July 21, 2023, page 18

Intervenors and Cost Awards

All intervenors in the proceeding on the Previous Application are approved as intervenors in the current proceeding. Intervenors that were determined to be eligible for costs in the proceeding on the Previous Application are also eligible for costs in the current proceeding. If an intervenor in the proceeding on the Previous Application does not wish to participate in the current proceeding, please notify the OEB in writing by February 19, 2024.

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 proceeding.

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

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Intervenors from EB-2022-0318 who do not wish to participate in the current proceeding shall notify the OEB in writing by **February 19, 2024**.
2. A settlement conference among the parties and OEB staff will be convened on **February 27, 2024**, starting at 9:30 a.m. If necessary, the settlement conference will continue on **February 29, 2024**. 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 questions of clarification 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.
3. **Within 48 hours** of the conclusion of the settlement conference, the IESO shall file a letter informing the OEB of the status of settlement discussions including whether any agreement has been reached or if the parties propose to continue the settlement discussions.
4. If there is no agreement arising from the settlement conference, the IESO shall file a statement to that effect with the OEB by **March 7, 2024**. In that event, the IESO shall also advise the OEB of any agreement reached amongst parties regarding further procedural steps.
5. If there is an agreement arising from the settlement conference, any settlement proposal shall be filed with the OEB on or before **March 21, 2024**. In addition to outlining the terms of any agreement, the IESO shall notify the OEB of any

issues that remain in dispute and any agreement reached amongst parties regarding further procedural steps for addressing the unsettled issues.

6. Any submission from OEB staff on an agreement arising from the settlement conference shall be filed with the OEB and served on all parties by **March 28, 2024**.

Parties are responsible for ensuring that any documents they file with the OEB **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-2024-0004** 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 [Filing Systems 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 for assistance

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, Katherine Wang at katherine.wang@oeb.ca and OEB Counsel, Charlotte Kanya-Forstner at charlotte.kanyaforstner@oeb.ca.

Email: registrar@oeb.ca

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

DATED at Toronto, **February 12, 2024**

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar