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March 20, 2024

**By Email and RESS**

File No.: 1019261160

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

Attention: Nancy Marconi, Registrar

Dear Ms. Marconi:

**Re: Independent Electricity System Operator  
2024 to 2025 Fees, Expenditure and Incremental Revenue Requirement  
Ontario Energy Board File No. EB-2024-0004**

We write in response to Mr. Rubenstein's letter dated March 15, 2024 sent on behalf of the Customer Groups.

The IESO does not agree with the Customer Groups' interpretation of the approved settlement proposal in EB-2023-0318 (the "**Settlement Proposal**"). As a not-for-profit corporation without share capital, the IESO must fund any operating deficit using its line of credit and recover that amount (plus accrued interest) from future ratepayers. The adjustment mechanism in the Settlement Proposal was designed to provide the OEB and interveners with assurance that the IESO would review the appropriateness of its usage fees in the event of a negative Forecast Variance and Deferral Account balance at the end of Year 1 to avoid or minimize the use of debt. The existence of the adjustment mechanism in the Settlement Proposal does not preclude the IESO from seeking to adjust its usage fee during the three-cycle in the event of unplanned increases in operating costs in response to changes in government policy.

Mr. Rubenstein correctly notes that the IESO has secured federal funding from Natural Resources Canada through the Smart Renewables and Electrification Pathways Program for costs up to \$16.7 million to support the Enabling Resources Program. These additional funds support the expansion of the program up to 2028 to include the implementation of enhanced distributed energy resources, storage and hybrid participation models, going beyond the foundational work that was included in the IESO's 2023-2025 Business Plan.

The IESO reiterates its request to have this matter proceed without a hearing. In the event the OEB decides to proceed to a hearing, the OEB should not accept the Customer Groups' proposed revised wording for Issue 1.1. The wording is vague and fails to identify the basis upon which the Customer Groups assert that the requested relief is not permitted.

It is the IESO's position that it did not breach settlement privilege or the *Practice Direction on Settlement Conferences* by filing the clarification questions and responses from the settlement conference held on February 27 and 29, 2024. Nevertheless, the IESO asked OEB staff to refrain from placing the document

on the public record when it became aware of the Customer Groups' concerns. The IESO has since corresponded with the interveners that participated in the settlement conference and has obtained the consents necessary to file the clarification questions and responses with the OEB. Accordingly, we ask that the OEB now place the document submitted by the IESO on the public record.

Yours truly,

A handwritten signature in black ink, appearing to read "PDuffy".

Patrick G. Duffy

PGD/sb

cc. All parties to the proceeding