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File No. 316788/000436

July 9, 2026

Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, 27th floor
Toronto, ON, M4P 1E4

Dear Ritchie Murray:

Re: Independent Electricity System Operator ("IESO") Application for Approval of 2026, 2027, and 2028 Revenue Requirements, Expenditures, and Fees
Board File No.: EB-2026-0142

Please find attached Canadian Manufacturers and Exporter's interrogatories in the above-noted proceeding.

Yours truly,
BORDEN LADNER GERVAIS LLP

Lydia Salgo

LS/as

Borden Ladner Gervais

EB-2026-0142

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 tis proposed expenditure and revenue requirement for the fiscal years 2026-2028 and the fees it proposes to charge during the fiscal years 2026-2027

INTERROGATORIES OF CANADIAN MANUFACTURER & EXPORTERS ("CME") TO THE INDEPENDENT ELECTRICTY SYSTEM OPERATOR ("IESO")

Interrogatory CME-1

Ref: Exhibit C, Tab 2, Schedule 1, p. 1

The IESO indicates that it is committed to prudent cost management to support affordability, including the implementation of internal efficiencies. The IESO states that to support this objective, it has set a one per cent annual efficiency target over the business cycle, to be achieved through internal efficiencies including, but not limited to, leveraging Artificial Intelligence (AI), minimizing red tape and streamlining internal processes.

(a) Please explain how the IESO arrived at a one per cent annual efficiency target.

(b) Please explain in detail how the one per cent annual efficiency target will support cost management and affordability for ratepayers.

(c) What specific initiatives are the IESO currently undertaking or plan to undertake during the time covered by this application that the IESO believes will increase its internal efficiency. Please provide details and include the anticipated impact on efficiency of each measure.

(d) Please provide the IESO's view on whether this efficiency target should be incorporated into the regulatory scorecard. Why or why not?

Interrogatory CME-2

Ref: Exhibit D, Tab 1, Schedule 2, pp. 2-3

At page 3, Table 14, the IESO provides a summary of OM&A for M&R costs. The IESO states, "The 2026 budgeted costs of $63.9 million are higher than 2025 actual results by $4.7 million driven by additional resources to support market evolution operations and improve market efficiency through the Renewed Market. The 2027 and 2028 budgeted costs of $74.4 million and $77.5 million reflect annual increases of $10.5 million and $3.1 million respectively […]"

(a) Please explain and justify the year-over-year increase to OM&A expense for M&R, which represents an over 30% increase between 2025 and 2028, including the request for a $10.5 million increase in 2027.

Interrogatory CME-3

Ref: Exhibit D, Tab 1, Schedule 3, pp. 2-3

Tables 25 and 26 outline the Historic and Budgeted Average Number of Employees and Operating Compensation Expenses, respectively. For 2023, the IESO's average FTE count was 53 FTEs below the OEB-approved budget. For 2024, the IESO's average FTE count was 16 FTEs below the OEB-approved budget. Still, for those years, the IESO's compensation expenses were $26.5 million and $18.3 million higher than budget. Further, the 2025 actual operating compensation expense of $193 million was $38.5 million higher than the OEB approved budget.

The IESO indicates that part of this over-budget compensation stems from the repeal of Bill 124 and "increased benefit utilization post-COVID".

(a) Please indicate whether the IESO expects increased post-COVID benefit utilization to continue.

(b) Please explain what the IESO has learned from these budget overages and whether the IESO has made changes to its forecasting to better predict and budget for compensation-related changes.

Interrogatory CME-4

Ref: Exhibit D, Tab 2, Schedule 1, pp. 1-2

The IESO states that the interest expense on its OFA Note Payable and Credit Facility was higher than budgeted primarily due to higher than budgeted interest rates and credit facility usage.

(a) Please specify the quantum by which the actual interest expense was higher than the budgeted amount.

(b) Please explain why credit facility usage was higher than budgeted for the 2023-2025 fiscal years.

(c) Please state how the IESO is forecasting its credit usage to ensure that budgeted interest rates and credit facility usage are accurate for the 2026-2028 period.

Interrogatory CME-5

Ref: Exhibit E, Tab 2, Schedule 1, p. 6

The IESO indicates that in 2023 and 2025, there were strategic initiatives / projects included in its portfolio that had either a cost and/or schedule deviation:

(a) For the Clean Energy Credit Registry & Market initiative, please explain why the "last minute changes" to the process were unforeseen and outside of the control of the IESO.

(b) For initiatives where the "Lessons Learned" include requiring further external stakeholder consultation and/or stakeholder engagement, please explain why stakeholders were not sufficiently engaged and how the IESO plans to improve stakeholder engagement and/or consultation for strategic initiatives in the 2026-2028 period.