July 9, 2026 Submitted electronically

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

Attn: Ritchie Murray, Registrar

Re: Independent Electricity System Operator (IESO) 2023-25 Revenue Requirement, Expenditures and Fees EDA Interrogatories Board File No. EB-2026-0142

Dear Mr. Murray:

Attached please find EDA's interrogatories in the EB-2026-0142 proceeding on IESO 2026, 2027, and 2028 Revenue Requirement, Expenditures, and Usage Fees submissions.

Please do not hesitate to contact me if you have any questions or require further information.

Sincerely,

Brittany Ashby
Senior Regulatory Affairs Advisor

Copy to: IESO Applicant – Regulatory Affairs (by email)
Intervenors listed in the proceeding (by email)

Electricity Distributors Association
3700 Steeles Ave. W., Suite 1100, Vaughan, Ontario L4L 8K8 Tel/Fax 647.EDA.5300 1.877.262.8593 email@eda-on.ca www.eda-on.ca

1-EDA-1:
Ex. A-2-1 Stakeholder and Community Engagement Frameworks:

The IESO states that enabling Ontario's energy transition will require the active participation of stakeholders, municipalities and Indigenous communities, and that it seeks to bring together the many voices and perspectives that make up Ontario's electricity system. It does not mention the importance of the distribution sector. The IESO also states that it is committed to engaging with stakeholders. The engagement framework identifies municipalities, Indigenous communities and stakeholders as priority audiences.

a. Please explain how the IESO currently engages with LDCs at the executive leadership level on strategic issues affecting electricity distribution and implementation of the energy transition.
b. Please identify all formal executive-level forums, committees, or standing meetings through which the IESO engages directly with LDC leadership, including their purpose, frequency, and participating organizations.
c. Please explain whether the IESO considers the existing executive-level engagement described in part (b) sufficient to support strategic coordination, implementation of sector priorities, and collaboration with Ontario's LDCs. If so, please explain the basis for that conclusion.
d. Please discuss whether the IESO considered establishing a dedicated LDC leadership forum that meets at least twice annually. If such a forum was considered but not pursued, please explain why.
e. If the IESO has not considered establishing such a forum, please explain why it does not believe a semi-annual executive leadership forum with Ontario's LDCs would improve coordination, implementation, and stakeholder engagement in support of Ontario's energy transition.

1-EDA-2 Executive-Level Engagement:
Ex. A-2-1

Does the IESO intend to establish a structured executive-level forum with Ontario distributors to coordinate the implementation of:

- the Integrated Energy Plan;
- distribution planning;
- electrification;
- ERP;
- DER integration;
- cyber security;
- sector modernization; and
- major implementation initiatives?

If yes, please provide a response. If not, why not?

1-EDA-3 Committee Representation
Ex. A-2-1, p. 5-6

The IESO states that its engagement approach is intended to "collaborate to solve shared challenges and build enduring partnerships" and that the Strategic Advisory Committee, Associations Liaison Group, and Technical Panel support the transformation of Ontario's electricity sector.

a. Please explain how the IESO has assessed whether the current level of LDC representation on the Strategic Advisory Committee, Associations Liaison Group, and Technical Panel is sufficient to reflect the expanding role of LDCs in enabling electrification, integrating distributed energy resources, supporting regional planning, and implementing Ontario's energy transition. Please identify the current LDC representation on each committee, including the organizations represented, appointment process, and selection criteria.
b. Please provide any assessment, analysis, or stakeholder feedback the IESO has relied upon to determine whether the current level of LDC representation supports its objectives of collaborating to solve shared challenges, strengthening sector coordination, and implementing strategic initiatives. If no such assessment has been undertaken, please explain the basis for concluding that the current level of representation remains appropriate.
c. Please discuss whether additional executive-level participation by LDCs within the Strategic Advisory Committee, Associations Liaison Group, and Technical Panel, or the establishment of a semi-annual executive-level IESO–LDC Leadership Forum, would further support the IESO's objectives of improving strategic coordination, strengthening collaboration, and advancing implementation of Ontario's energy transition. If these options have not been considered, please explain why.

1-EDA-4 Cybersecurity
Ex. A-1-5; Ex. D-1-1 (OM&A Overview)

The IESO states that OM&A growth over the 2026-2028 period includes investments in enhancing cybersecurity. Please explain how the IESO will partner with Ontario distributors to strengthen cybersecurity resilience during the 2026-2028 period. In the response:

a. Please identify each planned cybersecurity engagement or information-sharing initiative, its objectives, implementation timeline, and the role of LDCs.
b. Please explain how Ontario distributors have been, or will be, engaged in the development and implementation of these initiatives.
c. Please identify any anticipated operational, staffing, technology, training, reporting, or financial impacts on distributors, including any estimated incremental costs or FTE requirements.
d. Please explain how the IESO will coordinate with existing distributor cybersecurity programs to minimize duplication, administrative burden, and downstream implementation costs.
e. Please explain how the IESO will ensure cybersecurity initiatives complement, rather than duplicate, existing distributor cybersecurity programs and investments in the sector.

1-EDA-5 Revenue Requirement Prioritization Committee
Ex.C-1-1, p.2; Ex.A-1-5, p.4-5

The IESO states **that it established a Prioritization Committee** which is comprised of cross-functional leaders, to review and prioritize investments that form the basis of the IESO's three-year operating and capital budget. The IESO further states that the Committee was established in response to the OEB's recommendation to enhance its process for assessing and re-prioritizing work during the business planning cycle.

a. Please describe the governance, mandate, membership, reporting structure, and decision-making authority of the Prioritization Committee.
b. Please identify all members of the Prioritization Committee, including their titles and the organizations they represent.
c. Please confirm whether the Prioritization Committee is comprised solely of IESO personnel. If not confirmed, please identify all external organizations represented.
d. Please explain how the IESO ensures that the Prioritization Committee's prioritization decisions reflect the perspectives of Ontario's electricity sector, including Local Distribution Companies, municipalities, transmitters, generators, Indigenous communities, and other affected stakeholders.
e. Please provide the prioritization criteria used by the Committee and explain how customer value, affordability and downstream implementation impacts are incorporated into investment decisions.
f. Please discuss whether the IESO has considered including executive-level representation from LDCs or other sector participants on the Prioritization Committee or establishing a formal stakeholder advisory mechanism to provide input into the Committee's prioritization decisions. If not, please explain why.
g. Please explain how the governance of the Prioritization Committee aligns with the IESO's stated objective of collaborating with stakeholders to solve shared challenges and build enduring partnerships.

1-EDA- 6 FORECASTING IMPACTS
Ex. A-2-2; Ex. A-1-5

The IESO's electricity demand, resource adequacy and long-term planning forecasts are relied upon by the sector, including LDCs to support distribution system planning, customer connection planning, capital investment decisions, distributed energy resource integration, and implementation of Ontario's energy transition. These forecasts also inform broader sector investment and policy decisions.

a. Please explain how the IESO measures the accuracy of its electricity demand, peak demand, resource adequacy and long-term planning forecasts, including the methodologies, performance metrics, governance processes and forecast-to-actual analyses used.
b. Please provide the forecast-to-actual results for each of the IESO's major forecasting activities for each of the last ten years, including all supporting calculations and an explanation of any material variances.

c. Please identify all forecast accuracy measures, targets, tolerances, key performance indicators, scorecards or other performance measures that are reported to the IESO's Board of Directors or Executive Leadership.

d. Please explain how the IESO evaluates the downstream impacts of forecast variances on the energy sector, including impacts on:
i. Capital Investment Planning;
ii. customer connection planning;
iii. distributed energy resource integration;
iv. staffing and resource planning; and
v. customer costs.

1-EDA-7
Ex. A-2-2, Ex. G-2-1, Ex. B-1-2 Regulatory Scorecard; Corporate Performance Measures; Integrated Energy Plan

The IESO states that one of its strategic objectives is to support a reliable, affordable and sustainable electricity system. Affordability is also identified as a foundational principle of Ontario's Integrated Energy Plan. The IESO's proposed Corporate Performance Measures and Regulatory Scorecard include operational and financial performance metrics; however, it does not appear to include standardized productivity or customer-value measures that would allow stakeholders to assess whether increases in operating costs and staffing levels are delivering value for Ontario electricity customers.

By comparison, electricity distributors are routinely required to provide information that enables the OEB to assess productivity and value for money, including employee cost schedules, FTE information, and metrics such as cost per customer through RRR reporting and Chapter 2 Filing Requirements for Rate Applications.

a. Please explain why the IESO's Corporate Performance Measures and Regulatory Scorecard do not include productivity, affordability, customer value or other efficiency metrics that would enable stakeholders to assess whether increases in the IESO's revenue requirement, staffing complement and operating costs are delivering measurable benefits to Ontario electricity customers.

b. Please complete Appendix 2-L (Recoverable OM&A Cost per Customer and per FTE) for each year from 2023 through 2028. In addition, please supplement the filed Appendix 2-K, where necessary, to present the employee cost information in the same format required of Ontario electricity distributors for the years 2023 through 2028 below.

Table 2-L – Recoverable OM&A Cost per Customer and per FTE

Appendix 2-L	2023 Actual	2024 Actual	2025 Actual	2026 Forecast	2027 Forecast	2028 Forecast
O&M Costs						
Administrative Expenses						
Total Recoverable OM&A						
Number of Customers						

Appendix 2-L	2023 Actual	2024 Actual	2025 Actual	2026 Forecast	2027 Forecast	2028 Forecast
Number of FTEs						
Customers per FTE						
O&M Cost per Customer						
Administrative Cost per Customer						
Total OM&A Cost per Customer						
O&M Cost per FTE						
Administrative Cost per FTE						
Total OM&A Cost per FTE						

Table 2-K – Employee Costs

Appendix 2-K	2023 Actual	2024 Actual	2025 Actual	2026 Forecast	2027 Forecast	2028 Forecast
Number of Employees (FTEs including Part-Time)						
Management (including executive)						
Non-Management (union and non-union)						
Total FTEs						
Salaries and Wages						
Pension Costs						
Other Benefits						
Incentive Compensation						
Other Employee Costs						
Total Employee Costs						

1-EDA-8

Executive Summary

Ex. A-1-5, p.2; Ex. B-1-2

The IESO states that it has "a demonstrated track record of delivering cost savings to ratepayers through market efficiencies and procurement activities" and that "actions taken to date will equate to more than $1 billion in savings over the next decade."

- **a.** Please identify each initiative included in the projected $1 billion in savings and provide the forecast savings attributable to each initiative by year.

b. For each initiative, please provide the methodology, assumptions, baseline, and calculations used to estimate the savings, including whether the savings represent cost reductions, avoided costs, procurement efficiencies, or other benefits.

c. Please indicate whether the savings are forecast or realized, whether they are expressed in nominal or present-value dollars, and identify the period over which they will be achieved.

d. Please explain how the IESO will measure, monitor, and publicly report progress toward achieving the projected $1 billion in savings, including the performance metrics and reporting frequency.

e. Please provide any internal business cases, analyses, Board materials, or supporting documentation relied upon in developing the estimate of more than $1 billion in savings.

1-EDA-9

Ex. D-1-2; Ex. D-1-3; Ex. G-1-1, Attachment 11; EDA Enforcement Modernization Submission] With respect to the Market Assessment and Compliance Division ("MACD"):

a. The application states that the 2026 budget reflects operating at "historical and approved headcount levels," but it does **not** provide the number of approved and actual MACD FTEs for each year. Please provide the number of approved and actual MACD FTEs for each year from 2023 through the forecast years 2026-2028.

b. The application provides total MACD OM&A by year (e.g., 2025 actual, 2026-2028 budgets) but does not break the budget into labour, consulting, IT, legal or other cost categories. Please provide the OM&A budget for MACD for each year from 2023 through 2028, identifying labour, consulting, information technology, legal and all other material cost categories.

c. The application says the 2026 budget reflects operating at **historical and approved headcount** levels, suggesting no net increase, but it never explicitly identifies FTE changes or responsibilities. This question remains useful because it forces the IESO to reconcile that statement. Please identify all incremental FTEs and OM&A funding requested for MACD in the 2026-2028 Revenue Requirement Application and describe the responsibilities associated with each incremental position.

d. Please explain the specific evidence demonstrating that additional MACD resources are required. In the response, please provide:
   i. annual investigations commenced and completed;
   ii. annual audits completed;
   iii. annual enforcement orders, negotiated settlements and notices issued;
   iv. average investigation timelines; and
   v. any performance indicators used by the IESO to assess MACD effectiveness.

e. The EDA notes that publicly reported enforcement activity has remained relatively low and declined for many years, and questions whether the IESO has demonstrated an “enforcement gap”. Please explain why additional MACD resources are required where the existing compliance and enforcement program appears to be operating effectively at current staffing levels.

f. Please quantify the expected operational improvements, efficiencies, service-level improvements, or risk reductions associated with the requested incremental MACD resources and explain how the IESO intends to measure whether those benefits have been achieved over the 2026-2028 period.

1-EDA-10
Ex. G-1-1, Attachment 11; Ex. D-1-2:

a. The Internal Audit Report identifies recommendations related to MACD case management and controls over access to enforcement information. Please provide the implementation status of each recommendation and identify any that remain outstanding.
b. Please confirm whether MACD investigative files and enforcement information are accessible only by MACD personnel. If not, identify:
   i. the IESO business units with access;
   ii. the nature and purpose of that access; and
   iii. the controls used to preserve MACD's independence.
c. Please describe the governance and information-sharing protocols between MACD and the Lighthouse cybersecurity program.

1-EDA-11 Funding Sources
Ex.C-3-1, Table 5

With respect to the proposed Schedule of Fees for Approval:

a. Please expand Table 5 for each fee category and for each year from 2023 through 2028 by completing the following table:

2023

Proponent	Application Type	Fee Category	No. of Applications	Fee Charged ($)	Fee Revenue ($)	Cost to Administer ($)
X						
Y						
Z						
Total						

b. Please explain how the proposed fee for each category was determined and provide the supporting calculation demonstrating that the proposed fee reflects the IESO's cost of administering the service.
c. Please quantify, by fee category and by year, the reduction in costs that would otherwise be recovered through IESO usage fees as a result of the proposed fee increases.
d. If the proposed fee increases are not expected to reduce costs recovered through IESO usage fees, please explain why.
e. Please discuss whether the IESO has assessed the downstream impacts of the proposed fee increases on Ontario electricity customers where proponents recover these costs from ratepayers. If so, please provide the assessment.

1-EDA-12 Funding Sources: Connection Assessment Fee IR
Ex. C-3-1, Attachment 2; Ex. A-1-5; Ex. B-1-2

a. The IESO proposes increases to Connection Assessment and System Impact Assessment fees while identifying electrification, Integrated Energy Planning, and timely customer connections as strategic priorities.

b. Please explain the evidence supporting the proposed fee increases, including whether the IESO first evaluated opportunities to improve efficiency or reduce costs.

c. For each year from 2023 to 2028, provide the number of Connection Assessment and System Impact Assessment applications received, completed, and outstanding, together with applicable service standards and actual performance.

d. Please explain how the proposed fee increases support the Province's objectives of accelerating electrification, enabling timely customer connections, and implementing Integrated Energy Planning.

e. Please identify which Connection Assessment and System Impact Assessment costs are recovered through applicant fees under the Market Rules and which are recovered through the Revenue Requirement, identifying any proposed changes to the current cost recovery approach.

f. Please explain whether the IESO assessed the downstream impacts of the proposed fee increases on Local Distribution Companies, connection proponents, and Ontario electricity customers. If so, provide the assessment, including whether the fee increases could discourage or delay customer connections. Please also explain whether the fees would be reduced if ongoing streamlining initiatives decrease the cost of delivering these services.

1-EDA-13: Cost Allocation
Ex. C-1-1; Ex. C-2-1; Ex. G-1-1 Attachment 7.
Reference: Exhibit C-1-1; Exhibit G-1-1, Attachment 7 (London Economics Canada Limited Review of IESO's Cost Allocation Methodology); EB-2022-0318, LECL Report, Figure 7.

Preamble:
The **London Economics Canada Limited (LECL) Cost Allocation Review** included **Figure 7 – IESO Business Units, Divisions, Allocators, and Net Revenue Requirement Expenses**, which identified each IESO business unit, the applicable cost allocator, and the associated net revenue requirement. This information provided transparency into how IESO costs were allocated among customer classes and supported an assessment of whether costs were being assigned in accordance with the principle of cost causation.

The current 2026-2028 Revenue Requirement Application references the LECL review but does not include an updated version of this summary table.

a. Please provide an updated version of **Figure 7 – IESO Business Units, Divisions, Allocators, and Net Revenue Requirement Expenses** for each of the 2026, 2027 and 2028 test years using the Business Units updated.
b. For each business unit and division, please identify:
i. the applicable cost allocator;
ii. the net revenue requirement allocated;
iii. whether the allocator has changed since EB-2022-0318; and
iv. where an allocator has changed, the rationale for the change and the resulting impact on domestic and export customer cost responsibility.

Please present the response in the following format:

Business Unit	**Division**	**Cost Allocator (EB-2022-0318)**	**Cost Allocator (2026-2028)**	**2026 Net Revenue Requirement ($M)**	**2027 Net Revenue Requirement ($M)**	**2028 Net Revenue Requirement ($M)**	**Change from EB-2022-0318 (Y/N)**	**Explanation for Change**

1-EDA-14
Reference: Exhibit G-1-1, Attachment 7 (LECL Cost Allocation Review)

a. LECL recommends that, over the longer term, the IESO consider using Activity-Based Costing ("ABC") for certain shared costs, such as information technology, subject to an appropriate cost-benefit analysis. Please advise whether the IESO has undertaken, or intends to undertake, such a cost-benefit analysis.
b. If yes, please provide:
i. the scope and status of the review;
ii. the anticipated implementation timeline;
iii. the categories of costs being evaluated for ABC treatment; and
iv. the expected impact on cost causation, transparency, and the allocation of costs between domestic and export customers.
c. If no, please explain why the IESO has not pursued LECL's recommendation and whether it intends to continue relying on its current allocation methodology for the foreseeable future.

1-EDA-15
Ex. F-1-1; Ex. A-1-5 (Executive Summary)

The OEB previously approved an operating reserve of $10 million and did not approve the IESO's request for a $15 million reserve in its last multi-year application. Please explain what new evidence justifies increasing the operating reserve directly from $10 million to $30 million, and demonstrate why such a significant increase is prudent, reasonable, and in the best interests of Ontario ratepayers. In the response, provide the quantitative analysis, risk assessment and alternatives considered in determining that $30 million represents the minimum prudent reserve.

The IESO proposes to increase the operating reserve in the Forecast Variance Deferral Account ("FVDA") from $10 million to $30 million. The application states that recent deficits were driven in part by the repeal of Bill 124 and other extraordinary cost pressures, while those higher costs have also been incorporated into the proposed revenue requirement.

Please explain why it is reasonable to both permanently increase the revenue requirement to reflect these costs and triple the operating reserve. In the response, please:

i. identify which risks supporting the $30 million reserve are recurring rather than one-time;
ii. explain why a threefold increase in the operating reserve is justified where Bill 124 was a one-time event; and
iii. provide the analysis demonstrating why lower reserve levels (e.g., $15 million or $20 million) would be insufficient.

1-EDA-16
Exhibit G-1-1, Attachment 12 – Market Renewal Program Full Time Equivalents / Exhibit D-1-2; Ex. D-1-2 Attachment 1 (Appendix 2-JC) and Ex. D-1-3 Attachment 1 (Appendix 2-K).

a. Please identify all Full-Time Equivalents (FTEs), employee costs, consulting costs and other OM&A expenditures previously assigned to the Market Renewal Program (MRP) that have been transferred to ongoing operations following MRP implementation.
b. For each transferred resource, please identify:
   i. the originating MRP function or work program;
   ii. the receiving business unit, division or department;
   iii. the year in which the transfer occurred;
   iv. the associated annual FTEs and OM&A costs transferred; and
   v. whether the transferred work represents:
c. continuation of existing MRP responsibilities,
d. new ongoing operational responsibilities, or
e. new activities not previously performed under the MRP.
f. Please identify all new business units, divisions or organizational functions established since approval of the previous Revenue Requirement Application, indicating whether each was created, in whole or in part, using former MRP resources.
g. Please provide the following summary:

Receiving Business Unit / Division	MRP Function Transferred	Transfer Year	FTEs Transferred	Annual Cost ($000)	New Division Created (Y/N)	Description of Ongoing Responsibilities
Total						

a. Please reconcile the total transferred FTEs and costs identified above to:
   - Attachment 12 (Market Renewal Program Full Time Equivalents);
   - Appendix 2-JC (OM&A Business Unit Table); and
   - Appendix 2-K (Employee Costs),

showing how former MRP resources have been reflected in the 2026-2028 Revenue Requirement.

1-EDA-17 Enabling Resources Program (ERP) – Divisional Resource Allocation
Ex. E-2-1; Ex. D-1-2 (OM&A Business Unit Detail); Ex. D-1-3 (Staffing and Compensation); Ex. B-1-2 (Business Plan)

The IESO's 2026-2028 Business Plan includes significant investments in the Enabling Resources Program (ERP) to support Ontario's energy transition. As LDCs will play a key role in implementing ERP initiatives, an understanding of the IESO's organizational resource allocation is necessary to assess downstream implementation impacts and enable LDC resource planning.

Please provide, for each year from 2023 through 2028, the operating budget, capital budget, FTE complement, consulting expenditures, and other material costs attributable to ERP, by IESO business unit and division.

a. Please identify the IESO business units and divisions responsible for delivering ERP initiatives and describe the responsibilities assigned to each.
b. Please identify all FTEs and funding reallocated to ERP from other IESO business units or divisions since 2023, identifying the originating business unit/division, receiving business unit/division, and the associated operating and capital budget transfers.
c. Please explain how the IESO has assessed the downstream staffing, operational, information technology, training, and financial resource requirements that ERP implementation is expected to impose on Ontario LDCs, and how the IESO's ERP resource planning supports coordination with distributors to enable implementation.

1-EDA-18
Exhibit B-1-2 (Business Plan) / Exhibit A-1-5 (Executive Summary) – Integrated Energy Plan Resource Alignment

The IESO states that implementation of Ontario's Integrated Energy Plan (IEP) will require expanded planning, coordination and implementation activities across the electricity sector, including LDCs. The Application requests additional staffing and funding to support these responsibilities.

a. Please explain whether the IESO has assessed the resource, operational and financial impacts of the Integrated Energy Plan on Ontario's LDCs.
b. If such an assessment has been completed, please provide the assessment, including:
   i. the anticipated incremental responsibilities expected of distributors;
   ii. the estimated incremental FTE, capital and OM&A requirements for distributors;
   iii. the expected implementation timelines; and
   iv. any assumptions regarding distributor capacity and funding.

c. If no such assessment has been completed, please explain how the IESO determined that distributors possess sufficient capacity and resources to implement the additional responsibilities contemplated under the Integrated Energy Plan.
d. Please identify all mechanisms the IESO has established, or proposes to establish, to coordinate resource planning with distributors to ensure that responsibilities assigned under the Integrated Energy Plan are supported by appropriate funding, staffing and implementation timelines.
e. Please discuss how the IESO considered the downstream cost impacts on electricity distributors and their customers when developing the staffing and funding requests included in this Application.