



EB-2008-0340

IN THE MATTER OF the Ontario Energy Board Act,
1998, S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF the Independent Electricity
System Operator Fiscal 2009 Fees Submission for
Review.

PROCEDURAL ORDER NO. 1

BACKGROUND

On October 27, 2008 the Independent Electricity System Operator (the “IESO”) filed its proposed Fiscal 2009 Fees Submission for Review with the Ontario Energy Board for review in accordance with sections 18 and 19 of the *Electricity Act, 1998*. The Board assigned file number EB-2008-0340 to this matter.

The Board issued a Notice of Application (“Notice”) dated November 19, 2008 with respect to this matter. A draft issues list, prepared by Board staff, was included with the Notice and potential intervenors were given the opportunity to provide comments on the draft.

An intervenor list is attached as Appendix “A” to this Procedural Order.

VECC and AMPCO provided comments on the draft issues as well as the discovery process for this proceeding. Energy Probe also provided comments on the discovery process. The IESO responded to the intervenor comments in a letter dated December 5, 2008.

The Board has considered the draft issues list and discovery process in light of the comments received from intervenors and the IESO. The Board has now finalized the issues list (attached as Appendix B) and decided on the process for discovery.

The Board will consider the need for an oral hearing at a later date.

The Board considers it necessary to make provision for the following procedural matters. The Board may issue further procedural orders from time to time.

THE BOARD ORDERS THAT:

1. The issues for this proceeding are as set out in Appendix "B" attached to this Order.
2. In lieu of a written interrogatory process, a technical conference will be held at 2300 Yonge, Toronto on the 25th floor in the West Hearing Room on **Friday January 30, 2009 from 9:30 AM to 5:00 PM**. At this conference, the IESO will provide a brief overview of its pre-filed evidence and there will be an opportunity for questions by Intervenor and Board staff. The technical conference will be transcribed.
3. If the IESO staff is unable to provide complete and satisfactory answers to questions raised at the technical conference, Intervenor may seek undertakings for the IESO to provide written responses to all Intervenor and Board Staff by **Thursday, February 5, 2009**.
4. A Settlement Conference will be held at 2300 Yonge, Toronto on the 25th floor in the West Hearing Room commencing **Tuesday February 17, 2009 from 9:30 AM to 5:00 PM** and continuing, if necessary, on **Wednesday February 18, 2009 at 9:30 AM**.

Issued at Toronto, December 19, 2008

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX "A"
INDEPENDENT ELECTRICITY SYSTEM OPERATOR
2007 FEES SUBMISSION FOR REVIEW
EB-2008-0340
APPLICANT & LIST OF INTERVENTIONS

**INDEPENDENT ELECTRICITY SYSTEM OPERATOR
FISCAL 2009 FEES
EB-2008-0340**

APPLICANTS & LIST OF INTERVENORS

December 19, 2008

| Applicant | Rep. and Address for Service |
|--|--|
| Independent Electricity Systems Operator (“IESO”) | Independent Electricity System Operator 655 Bay Street, Suite 410 Toronto ON M5G 2K4 Ms. Paula Lukan Senior Regulatory Analyst Tel: 416 506-2831 Fax: 416 506-2843 Email: paula.lukan@ieso.ca Mr. John Rattray Senior Legal Counsel Tel: 416 506-2856 Fax: 416 506-2847 Email: john.rattray@ieso.ca |
| AND | Mr. Glenn Zacher Stikeman Elliott LLP 5300 Commerce Court West 199 Bay Street Toronto ON M5L 1B9 Tel: 416 869-5688 Fax: 416 947-0866 Email: gzacher@stikeman.com |
| Counsel | |

| Intervenors | Rep. And Address for Service |
|---|--|
| 1. Association of Major Power Consumers in Ontario (AMPCO) | Ms. Shelley Grice Counsel for AMPCO c/o AMPCO 372 Bay Street, Suite 1702 Toronto ON M5H 2W9 Tel: 416 260-0280 ext 140 Fax: 416 260-0442 Email: sgrice@Ampco.org |
| 2. Energy Probe | Mr. David MacIntosh c/o Energy Probe 225 Brunswick Ave. Toronto ON M5S 2M6 Tel: 416 964-9223 Ext. 235 Fax: 416 964-8239 Email: DavidMacIntosh@nextcity.com |
| AND (Counsel) | Mr. Peter T. Faye Barrister and Solicitor 42 Eastwood Crescent Markham ON L3P 5Z7 Tel: 905 294-2013 Email: pfaye@rogers.com |
| 3. Hydro One Networks Inc. | Ms. Anne-Marie Reilly Regulatory Coordinator Regulatory Research and Administration Regulatory Affairs Hydro One Networks 8 th Floor, South Tower 483 Bay Street Toronto ON M5G 2P5 Tel: 416 345-6482 Fax: 416 345-5866 Email: regulatory@HydroOne.com |

4. **Ontario Power Generation Inc.**
Mr. David Barr
Senior Advisor, Regulatory Affairs
Ontario Power Generation Inc.
700 University Avenue, H18-E1
Toronto ON M5G 1X6
Tel: 416 592-8541
Fax: 416 592-8519
Email: David.Barr@opg.com
 5. **The Society of Energy Professionals**
Mr. Richard Long
The Society of Energy Professionals
IFPTE Local 160, AFL-CIO, CLC
425 Bloor St. E., Suite 300
Toronto ON M4W 3R4
Tel: 416 979-2709 Ext. 2255
Fax: 416 979-5794
Email: longr@society.on.ca
 6. **Shell Energy North America (Canada) Inc.**
("Shell Energy")
Mr. Paul Kerr
Manager, Market Affairs
Shell Energy North America (Canada) Inc.
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Email: paul.kerr@shell.com
 7. **Vulnerable Energy Consumers Coalition (VECC)**
(Counsel)
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Tel: 416 767-1666
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- AND**
- Mr. James Wightman
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Tel: 416 348-0640
Fax: 416 348-0641
Email: jwightman@econalysis.ca

8. **Electricity Distributors
Association (EDA)**

Late Intervenor

Electricity Distributors Association
3700 Steeles Ave. W., Suite 1100
Vaughan ON L4L 8K8

Dev Pasumarty
Policy Analyst
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APPENDIX “B”

**INDEPENDENT ELECTRICITY SYSTEM OPERATOR
2007 FEES SUBMISSION FOR REVIEW**

EB-2008-0340

BOARD – APPROVED ISSUES LIST

INDEPENDENT ELECTRICITY SYSTEM OPERATOR (“IESO”)

FISCAL 2009 FEES SUBMISSION FOR REVIEW

BOARD – APPROVED ISSUES LIST

EB-2008-0340

1.0 Operating Cost

- 1.1 Are the IESO’s projected OM&A Costs reasonable?
- 1.2 Are the IESO’s projected staff costs and strategy for setting compensation levels appropriate and reasonable?

2.0 Asset-Backed Commercial Paper (ABCP) Investments

- 2.1 What are the financial consequences of the IESO’s investments in ABCP on the IESO operating costs and its 2009 revenue requirements and have they been appropriately incorporated in the fees submission?
- 2.2 Is the IESO’s policy for treatment of ABCP investments going forward appropriate and reasonable?

3.0 Capital Spending

- 3.1 Has the IESO demonstrated the need for a day-ahead commitment mechanism?
- 3.2 Has the IESO considered appropriate alternatives for the proposed Enhanced Day-Ahead Commitment (“EDAC”) mechanism?
- 3.3 Has the proposed mechanism for EDAC received appropriate stakeholder support and agreement?
- 3.4 Does the IESO Board approval of the EDAC mechanism constitute full and final approval for implementation of the mechanism?
- 3.5 Is the IESO’s proposed schedule for implementation of the proposed EDAC mechanism practical and reasonable?

3.6 Are the projected expenditures including \$15.9 million in 2009 and \$10.6 million in 2010 on EDAC appropriate and reasonable?

3.7 Are the IESO's proposed capital expenditures, other than EDAC, appropriate and reasonable?

4.0 Stakeholdering Process

4.1 Do the IESO's stakeholder engagement processes provide appropriate opportunity for stakeholders to provide input and feedback regarding IESO initiatives and processes?

5.0 Smart Metering Initiative

5.1 Is the IESO's process for separating of costs associated with its role as the Smart Metering Entity from costs associated with its role in operating the provincial electricity system and managing the wholesale electricity market appropriate?

5.2 Has the IESO in its role as the Smart Metering Entity, received Ontario Energy Board approval of a fee mechanism to recover Smart Metering Entity costs incurred, and has the Smart Metering Entity filed a separate fees submission to recover these costs?

6.0 Reliability

6.1 Are the IESO's proposed 2009 measures to address reliability appropriate and cost-effective?