



Ontario
Energy
Board

Commission
de l'énergie
de l'Ontario

DECISION AND ORDER

EB-2020-0230

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

**Application for Approval of 2020 and 2021 Expenditures, Revenue
Requirement and Fees**

BEFORE: Pankaj Sardana
Presiding Commissioner

Michael Janigan
Commissioner

Anthony Zlahtic
Commissioner

November 18, 2021



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1 OVERVIEW

The Independent Electricity System Operator (IESO) filed an application with the Ontario Energy Board (OEB) requesting approval of its 2020 and 2021 expenditures, revenue requirement, and fees.

On October 12, 2021, the IESO filed a settlement proposal that reflected a comprehensive settlement between the IESO and participating intervenors (collectively, the Parties) on all issues included on the approved Issues List,¹ except for Issue 3.1 (Registration Fees), for the OEB's review and approval. OEB staff filed a submission supporting the settlement proposal.

For the reasons that follow, the OEB approves the settlement proposal as filed. The OEB also approves the Parties' request to defer consideration of Issue 3.1 until after the IESO files additional evidence. The supplemental process that will be used to consider this new evidence is described in this Decision and Order.

Pursuant to Procedural Order No. 2, the IESO filed responses to interrogatories filed by intervenors and OEB staff. As part of its response, the IESO requested confidential treatment of the unredacted attachments provided in response to certain interrogatories. The OEB approves the IESO's confidentiality request, as further described in this Decision and Order.

¹ The OEB approved issues list as provided through the Decision on Issues List dated August 12, 2021.

2 PROCESS

On May 27, 2021, the IESO filed its 2020 and 2021 expenditures, revenue requirement, and fees application under section 25(1) of the *Electricity Act, 1998*.

The following parties requested and were granted intervenor status:

- Association of Major Power Consumers in Ontario (AMPCO)
- Association of Power Producers of Ontario (APPo)
- Canadian Manufacturers & Exporters (CME)
- Electricity Distributors Association (EDA)
- Energy Probe Research Foundation (Energy Probe)
- Environmental Defence (ED)
- Evolgen by Brookfield Renewable (Evolugen)
- HQ Energy Marketing Inc. (HQEM)
- Ontario Power Generation Inc. (OPG)
- Ontario Sustainable Energy Association (OSEA)
- Power Advisory, representing jointly, Canadian Renewable Energy Association, Energy Storage Canada and Ontario Waterfront Association
- Power Workers' Union (PWU)
- School Energy Coalition (SEC)
- Society of United Professionals (SUP)
- Vulnerable Energy Consumers Coalition (VECC)

Each of AMPCO, APPo, CME, Energy Probe, ED, OSEA, Power Advisory, SEC and VECC applied for and were granted eligibility for cost awards.

Following an interrogatory process, a settlement conference was held on September 15, 17 and 20, 2021 and a settlement proposal was filed on October 12, 2021.² The settlement proposal indicated that the Parties had reached settlement on all issues on the OEB-approved Issues List except for Issue 3.1, which issue concerned the IESO's proposed registration fee increase from \$10,000 to up to \$50,000 for electricity supply and capacity procurements, including ancillary services. The Parties requested that consideration of Issue 3.1 be deferred until after the IESO had developed a more detailed fee structure and completed related stakeholder engagement efforts. The settlement proposal recommended a supplemental process to review the additional evidence once it was filed by the IESO.

² The settlement proposal notes that not all the intervenors who participated in the settlement conference took a position on some or all of the issues on the OEB-approved Issues List.

On October 20, 2021, OEB staff filed a submission indicating that the settlement proposal represented an acceptable outcome from a public interest perspective. OEB staff further supported the proposed supplemental process related to Issue 3.1.

3 DECISION ON THE SETTLEMENT PROPOSAL

A copy of the settlement proposal is attached as Schedule A. As part of the settlement proposal, the Parties accepted that the IESO's proposed 2020 and 2021 revenue requirements of \$188.6 million and \$191.8 million, respectively, are appropriate. The Parties also agreed that the IESO's proposed 2020 and 2021 capital expenditure envelopes of \$52.0 million and \$68.6 million, respectively, are appropriate. Furthermore, the settlement proposal indicates that, among other things, the IESO will provide additional information on its progress towards reaching the 50th percentile for total compensation and conduct a review of its cost allocation model used to derive both domestic and export usage fee as part of its next revenue requirement application. As discussed in section 3.1 of this Decision and Order, the Parties agreed to defer consideration of Issue 3.1, the procurement registration fee structure, until the IESO files additional evidence.

Findings

The OEB accepts the settlement proposal. The OEB finds that the settlement proposal represents a reasonable outcome for market participants and ratepayers and will result in just and reasonable fees. The approved settlement proposal is attached as Schedule A.

3.1 Outstanding Issue – Registration Fees (Issue 3.1)

Issue 3.1: Is the fee of up to \$50,000 per submission for electricity supply and capacity procurements, including ancillary services, appropriate?

Background

The IESO proposed a registration fee of up to \$50,000 per submission for electricity supply and capacity procurements, including ancillary services. In its application, the IESO indicated that the current fee of up to \$10,000 was inadequate to cover the costs of future procurements.³

The procurements to which the proposed registration fee would apply are those that will be used to acquire the capacity that is needed to meet future system needs. The IESO stated that registration fees are used to cover costs that the IESO incurs to process procurement applications and administer Requests for Proposals, including costs related to external advisors such as fairness, legal, technical and financial.⁴ The IESO

³ Exhibit C/Tab 3/Schedule 1/p.1

⁴ Exhibit C/Tab 3/Schedule 1/p.1

also stated that the higher fees are meant to encourage quality proposals from proponents who can demonstrate financial wherewithal.⁵

The IESO stated that the proposed increase to the registration fee is based on the IESO's experience, including its experience administering the Large Renewable Procurement. The IESO also stated that it considered similar procurements administered by the Alberta Electricity System Operator through its Renewable Electricity Program when designing the proposed registration fee structure for the Alberta electricity market.⁶

As described in the settlement proposal, the parties agreed to defer consideration of the registration fee increase until after the IESO conducts additional stakeholder engagement and develops a more detailed registration fee setting framework. The IESO agreed to update the evidence based on the results of this work. The settlement proposal indicated that the evidence update would also include information on the cost of past IESO procurements and the related fee revenue collected.⁷

The settlement proposal requested that the OEB approve a supplemental process to resolve Issue 3.1. The Parties' proposed supplemental process entails the IESO filing additional evidence, the opportunity for interrogatories on the additional evidence, and thereafter, a reconvening of the settlement conference to resolve the entirety of Issue 3.1. Parties appear to expect that the supplemental process would conclude in the first quarter of 2022. OEB staff noted in their submission on the settlement proposal that they agreed with the proposed supplemental process.

Findings

The OEB approves the supplemental process as set out in the settlement proposal concerning Issue 3.1. The OEB accepts that the supplemental process will allow the IESO to incorporate stakeholder input and file evidence for the Parties' consideration respecting the costs underpinning registration fees for submissions into the IESO's process for electricity supply and capacity procurements, including ancillary services. The OEB also accepts that the supplemental process may involve another round of interrogatories on the IESO's additional evidence in this matter, followed by a reconvening of the settlement process, and culminating in an OEB decision and order on the fees related to the IESO's supply and capacity procurements. The OEB expects that the IESO will keep the OEB informed of its progress towards the filing of this evidence so that the necessary procedural steps can be scheduled to efficiently hear this issue.

⁵ Exhibit I/Tab 3.1/Schedule 3.1 OEB Staff 28

⁶ Exhibit I/Tab 3.1/Schedule 3.1 OEB Staff 28

⁷ Exhibit S/Tab 1/Schedule 1/ p.14

4 DECISION ON CONFIDENTIALITY REQUEST

The IESO requested OEB approval for confidential treatment of the unredacted attachments provided in response to certain SEC interrogatories.⁸ The IESO stated that the redacted portions of the documents, including the names of individuals and detailed document IDs, provide insights into IESO systems that could be used for malicious purposes and have the potential to enhance cyber-attacks against the IESO. The IESO also stated that the redacted items do not have any impact on the issues of this proceeding.

Through Procedural Order No. 3, the OEB allowed parties to file objections to the IESO's confidentiality request in accordance with the OEB's *Practice Direction on Confidential Filings* (Practice Direction). No party objected to the IESO's request for confidentiality.

OEB staff filed a submission explaining that it did not object to the IESO's request for confidential treatment of the responses to the identified SEC interrogatories. OEB staff noted that this type of information is generally protected from public disclosure by the OEB and aligns with the Practice Direction guidelines on disclosure of information pertaining to public security.

Findings

The OEB approves the IESO's request for confidential treatment of the unredacted attachments provided in response to the relevant interrogatories from SEC.

In approving the IESO's request for confidential treatment of the relevant interrogatories, the OEB accepts the IESO's explanation that the redacted portions in interrogatory responses should be protected because disclosure of said portions relate to public security. Further, the OEB accepts that disclosing information that relates to the IESO's information technology systems creates a cyber security risk which would allow for a threat actor to gain insights into IESO systems and status that could be used for malicious purposes. As well, disclosing the names of individuals and detailed document IDs, or other identifiers, provide specifics that would enhance attacks against the IESO, such as phishing and impersonation attacks, that would allow a threat actor to obtain sensitive information.

⁸ Exhibit I/Tab 1.5/Schedule 1.5 SEC-15, 1.5 SEC-16, 1.5 SEC-17, and 1.5 SEC-18, filed September 9, 2021

The IESO will provide unredacted copies to individuals that execute the OEB's form of Declaration and Undertaking, subject to the IESO's right to object to the Declaration and Undertaking from any individual.

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Ontario Energy Board accepts the settlement proposal attached as Schedule A.
2. The Ontario Energy Board accepts the supplemental process to resolve Issue 3.1 as described on pages 14 and 15 of the settlement proposal attached as Schedule A.
3. The Ontario Energy Board approves the Independent Electricity System Operator's request for confidential treatment of the unredacted attachments provided in response to the relevant interrogatories from School Energy Coalition, as described in section 4 of the Decision and Order. The unredacted attachments shall be classified as confidential and shall remain redacted on the public record. Access to the information will only be available in accordance with the Ontario Energy Board's *Practice Direction on Confidential Filings*.
4. Eligible intervenors shall file with the Ontario Energy Board, and forward to the Independent Electricity System Operator, their respective cost claims by **November 25, 2021**. Provision will be made for eligible intervenors to request costs in respect of the supplemental process following the Ontario Energy Board's decision and order on Issue 3.1.
5. The Independent Electricity System Operator shall file with the Ontario Energy Board, and forward to eligible intervenors, any objections to the claimed costs by **December 6, 2021**.
6. Eligible intervenors shall file with the Ontario Energy Board, and forward to the Independent Electricity System Operator, any responses to any objections to cost claims by **December 10, 2021**.
7. The Independent Electricity System Operator shall pay the Ontario Energy Board's costs of and incidental to this proceeding upon receipt of the Ontario Energy Board's invoice.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **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-2020-0230** 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, Andrew Bishop at Andrew.Bishop@oeb.ca and OEB Counsel, Ian Richler at Ian.Richler@oeb.ca.

Email: registrar@oeb.ca

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

DATED at Toronto November 18, 2021

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar

SCHEDULE A
DECISION AND ORDER
SETTLEMENT PROPOSAL
INDEPENDENT ELECTRICITY SYSTEM OPERATOR
EB-2020-0230
NOVEMBER 18, 2021

SETTLEMENT PROPOSAL

Independent Electricity System Operator

2020 and 2021 Revenue Requirement Submissions for Review

October 12, 2021

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PREAMBLE

This Settlement Proposal is filed with the Ontario Energy Board (OEB) in connection with the Submission by the Independent Electricity System Operator (IESO) for the review of its proposed expenditure and revenue requirements for the fiscal years 2020 and 2021 and the fees that it proposes to charge during the fiscal years 2020 and 2021. An OEB Decision and Order (EB-2019-0300) was issued on December 17, 2019 approving fees on an interim basis, effective January 1, 2020. The OEB confirmed in a letter dated December 21, 2020 that the interim fee order would remain in effect beyond December 31, 2020 until final fees are approved.

In accordance with Procedural Order No. 2, a Settlement Conference was held on September 15, 17 and 20, 2021. Mr. Andrew Pride facilitated the Settlement Conference. This Settlement Proposal arises from the Settlement Conference.

The IESO and the following intervenors, as well as OEB technical staff (OEB Staff), participated in the Settlement Conference:

1. Association of Major Power Consumers in Ontario (AMPCO)
2. Association of Power Producers of Ontario (APPrO)
3. Canadian Manufacturers & Exporters (CME)
4. Canadian Renewable Energy Association, Energy Storage Canada, Ontario Waterpower Association (REASCWA)
5. Electricity Distributors Association (EDA)
6. Energy Probe Research Foundation (Energy Probe)
7. Environmental Defence (ED)
8. HQ Energy Marketing Inc. (HQEM)
9. Ontario Sustainable Energy Association (OSEA)
10. Power Workers' Union (PWU)
11. School Energy Coalition (SEC)
12. Society of United Professionals Local 160 (SUP)
13. Vulnerable Energy Consumers Coalition (VECC)

The Settlement Proposal deals with all of the relief sought in this proceeding. The IESO and all intervenors listed above have agreed to the settlement described on the following pages. Any reference to "Parties" in this Settlement Proposal is intended to refer to the IESO and the intervenors listed above. As set out in more detail below, a settlement has been reached on all issues with the exception of Issue 3.1 which the Parties have agreed to defer until additional evidence is filed. Notwithstanding any other clause in this Settlement Proposal, i) ED only takes a position on Issue 3.1 ii) HQEM and PWU take no position on any of the issues, and iii) EDA only takes a position on issues 2.1, 2.2, 3.1, and 4.2. SUP takes no position with respect to Issues 1.1, 1.2, 1.3, 1.4 and 5.1. These intervenors take no position with respect to, and do not oppose the position of the Parties on, any of the remaining issues.

All intervenors listed above participated in the Settlement Conference and subsequent discussions. Although OEB Staff is not a party to the Settlement Proposal, once the Settlement Proposal is filed, OEB Staff is required under the OEB's Practice Direction on Settlement Conferences to file a submission commenting on two aspects of the settlement: whether the settlement represents an acceptable outcome from a public interest perspective, and whether the accompanying explanation and rationale is adequate to support the settlement. Also, as noted in the Practice Direction on Settlement Conferences, OEB Staff participants to the Settlement Conference are bound by the same confidentiality and privilege rules that apply to the Parties to the proceeding.

This document is called a "Settlement Proposal" because it is a proposal by the Parties to the OEB to settle the issues in this proceeding. It is termed a proposal as between the Parties and the OEB. However, as between the Parties, and subject only to the OEB's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth below, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the Parties, it is null and void and of no further effect. In entering into this agreement, the Parties understand and agree that, pursuant to the *Ontario Energy Board Act, 1998*, the OEB has exclusive jurisdiction with respect to the interpretation or enforcement of the terms hereof.

Best efforts have been made to identify all of the evidence that relates to each settled issue. The supporting evidence for each settled issue is identified individually by reference to its exhibit number in an abbreviated format; for example, Exhibit B, Tab 3, Schedule 1 is referred to as Exhibit B-3-1. The identification and listing of the evidence that relates to each settled issue is provided to assist the OEB.

The Settlement Proposal describes the agreements reached on the issues. The Settlement Proposal provides a direct link between each settled issue and the supporting evidence in the record to date. In this regard, the Parties are of the view that the evidence provided is sufficient to support the Settlement Proposal in relation to the settled issues and, moreover, that the quality and detail of the supporting evidence, together with the corresponding rationale, will allow the OEB to make findings agreeing with the proposed resolution of the settled issues. In the event that the OEB does not accept the proposed settlement of any issue, then subject to the Parties' agreement on non-severability set out in the final paragraph below, further evidence may be required on the issue for the OEB to consider it fully.

None of the Parties can withdraw from the Settlement Proposal except in accordance with Rule 30 of the OEB's Rules of Practice and Procedure. Further, unless stated otherwise, a

settlement of any particular issue in this proceeding is without prejudice to the positions Parties might take with respect to the same issue in future proceedings.

The Parties acknowledge that this Settlement Conference (including subsequent related discussions) is confidential in accordance with the OEB's Practice Direction on Settlement Conferences. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB's Practice Direction on Confidential Filings, and the rules of that latter document do not apply. Instead, in this Settlement Conference, and in this Settlement Proposal, the Parties have interpreted "confidential" to mean that the documents and other information provided during the course of the Settlement Conference, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception, the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other information to persons who were not attendees at the Settlement Conference. However, the Parties agree that "attendees" is deemed to include, in this context, persons who were not in attendance at the Settlement Conference but were a) any persons or entities that the Parties engage to assist them with the Settlement Conference, and b) any persons or entities from whom they seek instructions with respect to the negotiations; in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions.

It is fundamental to the agreement of the Parties that none of the provisions of this Settlement Proposal are severable. If the OEB does not, prior to the commencement of the hearing of the evidence in this proceeding, accept the provisions of the Settlement Proposal in their entirety, there is no Settlement Proposal (unless the Parties agree that any portion of the Settlement Proposal that the OEB does accept may continue as a valid Settlement Proposal).

OVERVIEW

The Parties have reached a package settlement of issues in this proceeding (Package Settlement), the Package Settlement includes one issue in respect of which the IESO and intervenors have agreed to defer settlement until the IESO completes its stakeholder engagement efforts and provides more evidence on the record of the application. Given the IESO's agreement to these settlement terms, the Package Settlement includes acceptance of the IESO's proposals in respect of all issues.

THE ISSUES

1.0 Revenue Requirement, Operating Costs and Capital Spending

1.1 Is the IESO's Fiscal Year 2020 net revenue requirement of \$188.6 million appropriate?

1.2 Is the IESO's Fiscal Year 2021 net revenue requirement of \$191.8 million appropriate?

As part of the Package Settlement, the Parties accept that the IESO's 2020 and 2021 revenue requirement of \$188.6 million and \$190.8 million respectively, are appropriate.

In response to 1.1 OEB Staff 6, the IESO notes that it continues to investigate the potential implementation of a three-year business plan and fees application approval process. Further, the Minister of Energy, Northern Development and Mines has asked the IESO to "work with [his] staff and the Ontario Energy Board on further exploring implementation of this process"¹ Intervenor strongly support the IESO moving to a multi-year revenue requirement and fees application and encourage the IESO to do so as soon as possible.

With respect to the IESO's planning activities, the IESO commits to increasing the public availability of planning data.

With respect to the IESO's stakeholder engagement practices, the IESO will update its stakeholder engagement framework to clarify its practice of communicating decisions, the rationale for each decision and how input was taken into account in each decision. In addition, the IESO will develop two standardized documents for use in the IESO's stakeholder engagement process to facilitate communication of the IESO's decision-making to stakeholders and the public:

¹ B-1-3 Minister of Energy, Northern Development and Mines letter approving the IESO's 2020-2022 Business Plan, dated April 28, 2021 page 2.

- The first standardized document will be used during the stakeholder engagement process, and will summarize how IESO is taking stakeholder input into account, and if input is not being taken into account, why it is not being taken into account.
- The second standardized document will be used at the end of the stakeholder engagement process and will summarize (i) the IESO's decisions, and (ii) the rationale for decisions.

With respect to the IESO's innovation activities:

- The IESO will file evidence in the next Revenue Requirement Submission outlining the accomplishments to date and will provide a 3-year work plan related to innovation initiatives and costs.
- The IESO will update the IESO Grid Innovation Fund, Conservation Fund and Technology Development Fund Project Portfolio spreadsheet referenced in Footnote 3 of Schedule 2 – 1.0 AMPCO 6 and post it publicly on its website.
- The IESO agrees to post publicly on its website all independent third-party evaluations of its Grid Innovation Fund as described in the IESO's April 24, 2019 memorandum to the IESO Stakeholder Advisory Committee (SAC) entitled IESO's Grid Innovation Fund: supporting the implementation of the 2019-2021 Innovation Roadmap Work plan.

With respect to internal audits, the IESO will provide the following information in the next Revenue Requirement Submission, in line with the findings of the OEB in its Motion Decision in EB-2013-0326, dated July 24, 2014:

- The details of the subject matter of the Audit Reports, the recommendations, the action(s) taken as a result of each recommendation, and the status of the implementation of that action. The information should be clear and comprehensive.

With respect to the IESO's insurance, the IESO will provide in the next Revenue Requirement Submission general descriptions of the types of insurance the IESO has and the costs of each type of insurance, subject to confidentiality obligations.

With respect to Market Surveillance Panel (MSP) recommendations, the IESO will file in the next Revenue Requirement Submission the latest OEB Annual Status Update and will link the MSP recommendations to spending in that Revenue Requirement Submission.

Evidence:

A-1-2 2020 Submission

A-1-3 2021 Submission

A-1-4 Executive Summary

A-2-1 Stakeholder Engagement

A-2-2 Organizational Efficiency and Prioritization of Investments

Attachment 1 - Five Year Performance Measures and Targets
B-1-1 IESO's Letter to the Minister Requesting Approval of 2020-2022 Business Plan
B-1-2 2020-2022 Business Plan
B-1-3 Minister's Letter Approving the IESO's 2020-2022 Business Plan
B-2-1 2019 Annual Report and Audited Financial Statements
B-2-2 2020 Annual Report and Audited Financial Statements
C-1-1 Revenue Requirement and Usage Fee Methodology
Attachment 1 - Load and Forecast Volumes (xlsx)
C-2-1 2020 - Revenue Requirement and Usage Fees
C-2-2 2021- Revenue Requirement and Usage Fees
C-3-1 Other Funding and Fees
Attachment 1 - Other Funding Sources (xlsx)
D-1-1 OM&A Overview
Attachment 1 - Summary of OM&A Expenses (xlsx)
Attachment 2 - OM&A Cost Driver Table (Appendix 2-JB) (xlsx)
Attachment 3 - OM&A Programs Table (Appendix 2-JC) (xlsx)
D-1-2 OM&A Work Program Detail
Attachment 1 - Organizational Charts
D-1-3 Staffing and Compensation
Attachment 1 - Employee Costs (Appendix 2-K) (xlsx)
Attachment 2 - IESO Compensation Guidelines
D-1-4 Corporate Policy on Procurement
Attachment 1 - IESO Procurement Policy
D-2-1 Interest and Investment Income
E-1-1 Asset Management Process Overview
E-1-2 Capital Expenditure Planning Process Overview
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Attachment 2 - Capital Expenditure Summary (xlsx)
E-2-1 Capital Budget Overview
Attachment 1 - Material Capital Projects - Replacement of Settlement Systems
Attachment 2 - Material Capital Projects - SCADA-EMS
Attachment 3 - Material Capital Projects - CAMS
Attachment 4 - Capacity Auction
E-2-2 Progress on Capital Projects
E-3-1 Gross Assets and Amortization
Attachment 1 - Service Life Comparison and Amortization Expense (xlsx)
F-1-1 Forecast Variance Deferral Account (FVDA)
G-1-1 Summary of Responses to OEB Decisions and Policy Initiatives
G-1-2 Adjustment Account
G-2-1 Market Renewal Program Cost Report
Attachment 1 - MRP Energy Stream Business Case
Attachment 2 - MRP Baseline Schedule and Budget
G-2-2 Annual Status Report on 2017 Auditor General Report Recommendations
G-2-3 IESO Regulatory Scorecard
Attachment 1 - IESO's 2020-2022 Regulatory Scorecard (xlsx)

Interrogatories:

Schedule 2 - 1.0 AMPCO 1 to 7

AMPCO 2

Attachment 1 – Strategy Business Plan Overview

Schedule 13 – 1.0 PWU 1 and 2

Schedule 1 - 1.1 OEB STAFF 1 to 13

Schedule 2 – 1.1 AMPCO 8

Schedule 3 – 1.1 APPrO 1 to 3

Schedule 4 – 1.1 REASCWA 1

Schedule 7 – 1.1 EDA 1

Schedule 8 – 1.1 Energy Probe 1

Schedule 12 – 1.1 OSEA 4

Schedule 14 – 1.1 SEC 1 to 9 and 13

1.1 SEC 1

Attachment 1 - Director's Meeting Overview February 21, 2020

1.1 SEC 2

Attachment 1 - 2020-2022 Business Plan Presentation

Attachment 2 - 2020-2022 Business Plan Document

Attachment 3 - 2020-2022 Board Resolution December 9, 2020

Schedule 1 – 1.2 OEB STAFF 14 and 15

Schedule 2 – 1.2 AMPCO 9 and 10

Schedule 3 – 1.2 APPrO 4 to 8

Schedule 4 – 1.2 REASCWA 2 to 4

Schedule 5 – 1.2 CME 1

Schedule 7 – 1.2 EDA 2 and 3

Schedule 8 – 1.2 Energy Probe 2

Schedule 12 – 1.2 OSEA 1 to 3

1.3 Are the IESO's 2020 staffing levels and compensation (including salaries, benefits, pensions and other post-employment benefits) appropriate?

1.4 Are the IESO's 2021 projected staffing levels and compensation (including salaries, benefits, pensions and other post-employment benefits) appropriate?

As part of the Package Settlement the Parties accept that the IESO's 2020 and 2021 staffing levels and compensation are appropriate.

Evidence:

A-2-1 Stakeholder Engagement

A-2-2 Organizational Efficiency and Prioritization of Investments

Attachment 1 - Five Year Performance Measures and Targets

B-2-1 2019 Annual Report and Audited Financial Statements

B-2-2 2020 Annual Report and Audited Financial Statements

D-1-1 OM&A Overview

Attachment 1 - Summary of OM&A Expenses (xlsx)

Attachment 2 - OM&A Cost Driver Table (Appendix 2-JB) (xlsx)

Attachment 3 - OM&A Programs Table (Appendix 2-JC) (xlsx)

D-1-2 OM&A Work Program Detail

Attachment 1 - Organizational Charts

D-1-3 Staffing and Compensation

Attachment 1 - Employee Costs (Appendix 2-K) (xlsx)

Attachment 2 – IESO Compensation Guidelines

D-2-1 Interest and Investment Income

G-2-1 Market Renewal Program Cost Report

Attachment 1 – MRP Energy Stream Business Case

Attachment 2 – MRP Baseline Schedule and Budget

G-2-2 Annual Status Report on 2017 Auditor General Report Recommendations

G-2-3 IESO Regulatory Scorecard

Attachment 1 - IESO's 2020-2022 Regulatory Scorecard (xlsx)

Interrogatories:

Schedule 1 – 1.3 OEB STAFF 16 to 23

1.3 OEB 18

Attachment 1 - PSAB YE Accounting Letter

Attachment 2 - 2021-2024 Expense and Funding Projections

Schedule 8 – 1.3 Energy Probe 3

Schedule 14 – 1.3 SEC 10 to 12

Schedule 16 – 1.3 VECC 1 and 2

Schedule 4 – 1.4 REASCWA 5 to 7

Schedule 5 – 1.4 CME 4

Schedule 8 – 1.4 Energy Probe 4

1.5 Is the IESO's 2020 capital expenditure envelope of \$52 million for capital projects for Fiscal Year 2020 appropriate?

1.6 Is the IESO's 2021 capital expenditure envelope of \$68.6 million for capital projects for Fiscal Year 2021 appropriate?

1.7 Has the IESO adequately described its material capital projects?

As part of the Package Settlement, the Parties accept that the IESO's capital expenditure envelope for fiscal 2020 and 2021 are appropriate. As part of the Package Settlement, the Parties also accept that the IESO has adequately described its material capital projects.

Evidence:

B-1-4 Executive Summary

A-2-2 Organizational Efficiency and Prioritization of Investments

Attachment 1 - Five Year Performance Measures and Targets

B-1-2 2020-2022 Business Plan

C-3-1 Other Funding and Fees

Attachment 1 - Other Funding Sources (xlsx)

E-1-2 Capital Expenditure Planning Process Overview

Attachment 1 - Capital Projects (Appendix 2-AA) (xlsx)

Attachment 2 - Capital Expenditure Summary (xlsx)

E-2-1 Capital Budget Overview

Attachment 1 - Material Capital Projects - Replacement of Settlement Systems

Attachment 2 - Material Capital Projects - SCADA-EMS

Attachment 3 - Material Capital Projects – CAMS

Attachment 4 - Capacity Auction

E-3-1 Gross Assets and Amortization

Attachment 1 - Service Life Comparison and Amortization Expense (xlsx)

G-1-2 Adjustment Account

Interrogatories:

Schedule 2 – 1.5 AMPCO 11

Schedule 3 – 1.5 APPrO 9 and 14 to 18

Schedule 4 – 1.5 REASCWA 8

Schedule 5 – 1.5 CME 3

Schedule 8 – 1.5 Energy Probe 5

Attachment 1 – Prioritize Projects Process Model

Attachment 2 - 2020 Portfolio Ranking

Attachment 3 - 2021 Portfolio Ranking

Schedule 14 – 1.5 SEC 14 to 18

1.5 SEC 15

Attachment 1 - Project Charter – RSS REDACTED

Attachment 2 – Project Portfolio Dashboard Report

1.5 SEC 16

Attachment 1 - Project Charter – SCADA-EMS Upgrade REDACTED

1.5 SEC 17

Attachment 1 - Project Charter – CAMS Replacement REDACTED

1.5 SEC 18

Attachment 1 - Project Charter – Transitional Capacity Auction REDACTED

Schedule 3 – 1.6 APPrO 10 to 13 and 19

Schedule 4 – 1.6 REASCWA 9

Schedule 7 – 1.6 EDA 4

Attachment 1 – Administer Exception Procedure

Schedule 8 – 1.6 Energy Probe 6

1.8 Is the IESO's Registration and Application Fees revenue forecast for Fiscal Year 2021 appropriate?

As part of the Package Settlement, the Parties accept that the IESO's Registration and Application Fees revenue forecast for 2021 is appropriate.

Evidence:

C-3-1 Other Funding and Fees

Attachment 1 - Other Funding Sources (xlsx)

Interrogatories:

Schedule 1 – 1.8 OEB STAFF 24

2.0 Usage Fees

- 2.1 Is the IESO's proposal to approve its 2020 Interim Usage Fees effective January 1, 2020 as final 2020 Usage Fees appropriate?**
- 2.2 Is the methodology used to derive the proposed IESO Usage Fees and the resulting Usage Fees of \$1.271/MWh for domestic customers and \$1.0943/MWh for export customers to be paid commencing January 1, 2021 appropriate?**

As part of the Package Settlement, the Parties accept that the IESO's proposal to approve its 2020 Interim Usage Fees as final 2020 Usage Fees and the methodology used to derive the proposed IESO Usage Fees, is appropriate. The methodology is consistent with the approved methodology used to derive IESO Usage Fees in the IESO's 2019 Revenue Requirement Submission (EB-2019-0002).

As part of the Package Settlement, the IESO will conduct a review of the cost allocation model that is used to derive the IESO's Usage Fees and file the results of this review, including any proposed changes, in the IESO's next Revenue Requirement Submission.

Evidence:

A-1-2 2020 Submission
A-1-3 2021 Submission
C-1-1 Revenue Requirement and Usage Fee Methodology
[Attachment 1](#) - Load and Forecast Volumes (xlsx)
C-2-2 2021- Revenue Requirement and Usage Fees
G-1-2 Adjustment Account

Interrogatories:

Schedule 8 – 2.1 Energy Probe 7
Schedule 1 – 2.2 OEB STAFF 25 and 26
Schedule 3 – 2.2 APPrO HQEM 20 and 21
Schedule 3 – 2.2 APPrO 22
Schedule 7 – 2.2 EDA 5 to 7
Schedule 8 – 2.2 Energy Probe 8 and 9

- 2.3 Is the IESO's request to charge (or rebate) market participants the difference between the approved 2021 IESO Usage Fees and the Interim Fees they paid in the next billing cycle following the month in which OEB approval is received appropriate?**
- 2.4 Is the proposed January 1, 2021 effective date for the Usage Fees appropriate?**

As part of the Package Settlement, the Parties accept that the IESO's request to charge (or rebate) market participants the difference between the approved 2021 IESO Usage Fees and the Interim Fees they paid in the next billing cycle following the month in which OEB approval is

received is appropriate. The Parties also accept that the IESO's January 1, 2021 effective date for the Usage Fees is appropriate.

Evidence:

A-1-3 2021 Submission

F-1-1 Forecast Variance Deferral Account (FVDA)

G-1-2 Adjustment Account

Interrogatories:

Schedule 1 – 2.3 OEB STAFF 27

Schedule 8 – 2.3 Energy Probe 10 and 11

3.0 Registration and Application Fees

3.1 Is the fee of up to \$50,000 per submission for electricity supply and capacity procurements, including ancillary services, appropriate?

As part of the Package Settlement, the Parties have agreed to defer consideration of the proposed fee of up to \$50,000 per submission for electricity supply and capacity procurements, including ancillary services, until after the IESO has developed a more detailed procurement fee setting framework and completed its related stakeholder engagement efforts. Deferring consideration of the proposed fee at this time will allow the IESO to conduct additional stakeholder engagement and develop a more detailed procurement fee setting framework, while also maintaining the schedule for acquiring capacity through related procurements. These procurements will acquire the capacity needed to meet system needs as identified in the IESO's 2021 Annual Acquisition Report. The procurement fees are a means of supporting an efficient and effective procurement process. Consultation on these procurements is already underway.

The IESO agrees that in developing a more detailed procurement fee setting framework, it will consider, among any other relevant factors, the following:

- Impacts to competition
- Eligibility of existing vs new-build facilities
- Capability of proponents
- Encouraging serious proposals
- Expected project size; and
- IESO costs to administer the procurement.

The IESO commits to update the evidence with the results of the stakeholder engagement. The additional evidence filed with respect to this issue will include available information on the cost of past procurements and the related fees collected.

With respect to the process to consider this new evidence the Parties jointly propose that subsequent to the filing of the IESO's additional evidence (expected in Q1 2022), Intervenors and OEB Staff will have 5 business days from the date of filing to make a request to the OEB to allow for interrogatories on the additional evidence. Following review of the evidence, and if necessary, any interrogatories, the Parties propose that this Settlement Conference be reconvened for the purposes of resolving the entirety of Issue 3.1. The Parties agree that the process described with respect to Issue 3.1 is a proposal for the OEB's consideration.

Evidence:

A-1-3 2021 Submission

C-3-1 Other Funding and Fees

Attachment 1 - Other Funding Sources (xlsx)

D-1-2 OM&A Work Program Detail

Attachment 1 - Organizational Charts

D-1-3 Staffing and Compensation

Attachment 1 - Employee Costs (Appendix 2-K) (xlsx)

Attachment 2 - IESO Compensation Guidelines

Interrogatories:

Schedule 1 - 3.1 OEB STAFF 28

Schedule 4 - 3.1 REASCWA 10 to 18

Schedule 7 - 3.1 EDA 8

Schedule 12 - 3.1 OSEA 5

Schedule 13 - 3.1 PWU 3

Schedule 14 - 3.1 SEC 19

Schedule 16 - 3.1 VECC 3

3.2 Is the \$1,000 Application Fee for market participation appropriate?

As part of the Package Settlement, the Parties accept that the \$1,000 application fee for market participation is appropriate. The \$1,000 application fee is unchanged from the approved application fee in the IESO's 2019 Revenue Requirement Submission (EB-2019-0002).

Evidence:

C-1-1 Revenue Requirement and Usage Fee Methodology

Attachment 1 - Load and Forecast Volumes (xlsx)

C-2-1 2020 - Revenue Requirement and Usage Fees

C-2-2 2021- Revenue Requirement and Usage Fees

C-3-1 Other Funding and Fees

Interrogatories:

Schedule 1 - 3.2 OEB STAFF 29

Schedule 3 - 3.2 APPrO 23

Schedule 16 - 3.2 VECC 4

4.0 Market Renewal Program

4.1 Is the reporting on financial and operational performance of the MRP appropriate?

As part of the Package Settlement, the Parties accept that the IESO's reporting on the financial and operational performance of the MRP is appropriate.

4.2 Are the IESO's 2020 and forecast 2021 operational costs for the MRP appropriate in the context of the scope and timing of the overall project?

As part of the Package Settlement, the Parties accept that the IESO's 2020 and forecast 2021 operational costs for the MRP are appropriate in the context of the scope and timing of the overall project.

The IESO agrees to file a more detailed breakdown of MRP OM&A spending in any future Revenue Requirement Submission that contains MRP OM&A spending.

With respect to market participant readiness, the IESO agrees that it will provide its plan for market participant readiness publicly by the end of 2021.

Certain intervenors raised concerns about the IESO's MRP risk mitigation strategy pertaining to possible MRP market rule amendment challenges that may be brought by market participants to the OEB, including the IESO's statement that such challenges are brought "at little cost to the participant". Based on the evidence filed by the IESO in this application, the IESO intends as part of its MRP risk mitigation strategy to address the impacts of a challenge of MRP rules at the OEB, to have certain meetings with OEB Staff for the purpose of strengthening the OEB's understanding of the foundational changes for MRP. For transparency purposes, intervenors requested that the IESO agree that for any meetings with OEB related to potential MRP market rule amendment review/appeal applications, it will post publicly any meeting agendas and materials that relate to that issue. The IESO did not agree to this request on the basis that it fell outside the scope of the issues of this application. Although this commitment has not been agreed to, it was important for certain intervenors that the underlying concern be noted on the record. For clarity, the Parties agree that issue 4.2 is settled.

Evidence:

A-1-4 Executive Summary

D-1-2 OM&A Work Program Detail

Attachment 1 - Organizational Charts

E-1-2 Capital Expenditure Planning Process Overview

Attachment 1 - Capital Projects (Appendix 2-AA) (xlsx)

G-2-1 Market Renewal Program Cost Report

Attachment 1 - MRP Energy Stream Business Case

Attachment 2 - MRP Baseline Schedule and Budget

Interrogatories:

Schedule 2 - 4.0 AMPCO 12 to 18

4.0 AMPCO 12

Attachment 1 - MRP Organizational Chart

Schedule 6 – 4.0 ED 1 to 23
Schedule 2 – 4.1 AMPCO 19 to 21
Schedule 7 – 4.1 EDA 9 and 10
Schedule 2 – 4.2 AMPCO 22
Schedule 3 – 4.2 APPrO 24 and 25
Schedule 4 – 4.2 REASCWA 19
Schedule 8 – 4.2 Energy Probe 13
Schedule 12 – 4.2 OSEA 7
Schedule 14 – 4.2 SEC 20

4.3 Are the IESO's 2020 and forecast 2021 capital costs for the MRP appropriate in the context of the scope and timing of the overall project?

As part of the Package Settlement, the Parties accept that the IESO's 2020 and 2021 capital costs for the MRP are appropriate.

4.4 Is the IESO's MRP Baseline Schedule and Budget for each year of the MRP appropriate?

4.5 Is the IESO's MRP Business Case appropriate?

As part of the Package Settlement, the Parties accept that the IESO's MRP Baseline Schedule and Budget and MRP Business Case are appropriate. The IESO agrees that the reporting requirements set out in the 2019 OEB decision (EB-2019-0002) continue to apply, with the exception of the MRP Business Case.

Intervenors have noted the exceptional nature of the MRP and the IESO's indication that MRP is the most significant suite of reforms since market opening. In accordance with the nature of MRP, the IESO agrees to file its MRP Integrated Project Plan on the record of the application through an updated response to Schedule 14 – 4.4 SEC 23.

Evidence:

A-1-4 Executive Summary
A-2-2 Organizational Efficiency and Prioritization of Investments
Attachment 1 - Five Year Performance Measures and Targets
E-1-2 Capital Expenditure Planning Process Overview
Attachment 1 - Capital Projects (Appendix 2-AA) (xlsx)
G-2-1 Market Renewal Program Cost Report
Attachment 1 – MRP Energy Stream Business Case
Attachment 2 – MRP Baseline Schedule and Budget
G-2-2 Annual Status Report on 2017 Auditor General Report Recommendations

Interrogatories:

Schedule 2 – 4.3 AMPCO 23 to 26
Schedule 4 – 4.3 REASCWA 20
Schedule 8 – 4.3 Energy Probe 12 and 14

Schedule 12 – 4.3 OSEA 6
Schedule 2 – 4.4 AMPCO 27 to 29
Schedule 4 – 4.4 REASCWA 21
Schedule 8 – 4.4 Energy Probe 15
Schedule 14 – 4.4 SEC 21
Schedule 14 – 4.4 SEC 22
Attachment 1 - MRP Status Update
Attachment 2 - MRP Milestones
Attachment 3 - MRP KPIs
Attachment 4 - MRP Strategic Risks Update
Attachment 5 - MRP Update for Board of Directors
Schedule 14 – 4.4 SEC 23
Attachment 1 – MRP Energy – Integrated Project Plan
Schedule 14 – 4.4 SEC 24
Schedule 2 – 4.5 AMPCO 30 to 32
Schedule 4 – 4.5 REASCWA 22 and 23
Schedule 14 – 4.5 SEC 24
Schedule 16 – 4.5 VECC 5 to 7

5.0 Other Commitments from Previous OEB Decisions

5.1 Has the IESO adequately described the progress made towards reaching the 50th percentile for total compensation?

As part of the Package Settlement, the Parties accept that the IESO has adequately described the progress made towards reaching the 50th percentile in total compensation. The IESO agrees, in the next Revenue Requirement Submission, to:

- File an updated compensation study;
- Report on progress made towards reaching the 50th percentile for total compensation;
- Provide a forward-looking itemized plan identifying how the IESO proposes to make progress towards reaching the 50th percentile for total compensation including incremental steps taken, or planned to be taken.

Evidence:

B-2-1 2019 Annual Report and Audited Financial Statements
B-2-2 2020 Annual Report and Audited Financial Statements
D-1-3 Staffing and Compensation
Attachment 1 - Employee Costs (Appendix 2-K) ([xlsx](#))
Attachment 2 – IESO Compensation Guidelines
G-1-1 Summary of Responses to OEB Decisions and Policy Initiatives

Interrogatories:

Schedule 1 – 5.1 OEB STAFF 30 and 31
Schedule 16 – 5.1 VECC 8

5.2 Are the IESO's proposed changes to the regulatory scorecard appropriate?

As part of the Package Settlement, the Parties accept that the proposed changes to the regulatory scorecard are appropriate.

Evidence:

A-2-2 Organizational Efficiency and Prioritization of Investments

Attachment 1 - Five Year Performance Measures and Targets

G-2-3 IESO Regulatory Scorecard

Attachment 1 - IESO's 2020-2022 Regulatory Scorecard ([xlsx](#))

Interrogatories:

Schedule 5 – 5.2 CME 2

Schedule 6 – 5.2 ED 24

Schedule 8 – 5.2 Energy Probe 16 to 18

Schedule 1 – 5.2 OEB STAFF 32 to 34

Schedule 12 – 5.2 OSEA 8 and 9

Schedule 16 – 5.2 VECC 9 and 10