



Independent Electricity System Operator

Application for 2024 and 2025 Fees, Expenditure and Incremental Revenue Requirement

PROCEDURAL ORDER NO. 2

March 22, 2024

The Independent Electricity System Operator (IESO) filed an application with the Ontario Energy Board (OEB) on January 12, 2024, under section 25(1) of the *Electricity Act, 1998*, seeking approval to modify its revenue requirements, expenditures, and usage fees for fiscal years 2024 and 2025 (Current Application). The OEB previously approved a settlement proposal for the IESO's 2023, 2024 and 2025 revenue requirement, expenditures, and fees¹ on August 29, 2023 (Previous Application). The IESO states that its incremental funding request for fiscal years 2024 and 2025 is intended to support specific initiatives outlined in the Minister of Energy's letter to the IESO in support of the Ministry of Energy's *Powering Ontario's Growth: Ontario's Plan for a Clean Energy Future* (POG) plan.² The incremental funding request is also consistent with the IESO's amended 2023-2025 Business Plan, which was approved by the Minister of Energy.³

Procedural Order No. 1 issued on February 12, 2024, approved the intervenors in this proceeding and among other matters, set the dates for a settlement conference. The current list of parties in this proceeding is attached as Appendix A to this Procedural Order.

A settlement conference was held on February 27 and 29, 2024.

IESO's Letter dated March 13, 2024

On March 13, 2024, the IESO filed a letter with the OEB advising that a settlement could not be reached, including with respect to further procedural steps in this proceeding.

¹ IESO 2023-2025 Expenditures, Revenue Requirement, and Fees, EB-2022-0318

² [Minister of Energy's Letter to IESO](#), dated July 10, 2023

³ [Minister of Energy's Letter to IESO](#), dated November 28, 2023

The IESO recommended that the OEB proceed without a hearing given that the incremental funding request is related to government priorities and that it represents a small portion of the IESO's overall revenue requirement. The IESO also recommended that, if the OEB decides a hearing is required, the OEB process the Current Application by way of an expeditious written hearing.

The IESO further submitted that the approved settlement proposal in the Previous Application "does not by its terms, and as a matter of law could not, restrain the provisions governing the review of the IESO's fees following the Minister's approval of an amended business plan". The IESO also noted that it intends to fulfill, and is not seeking to modify or revisit, the commitments it made in the settlement proposal in the Previous Application.

The IESO attached its proposed issues list and procedural steps to the March 13, 2024 letter. The IESO's proposed procedural steps include filing its responses to the clarification questions posed during the settlement conference followed by full argument from the parties (Argument-in-Chief, Intervenor and OEB staff submission, and IESO's reply submission). The IESO proposed that a further round of interrogatories is not warranted given the narrow scope of the Current Application.

The IESO filed its responses to the clarification questions posed during the settlement conference on March 14, 2024.

Intervenors' Letter dated March 15, 2024

On March 15, 2024, School Energy Coalition (SEC) filed a letter with the OEB on its own behalf, as well as on behalf of the Association of Major Power Customers in Ontario (AMPCO), Canadian Manufacturers and Exporters (CME), the Vulnerable Energy Customers Coalition (VECC) and Energy Probe Research Foundation (Energy Probe) (collectively the "Customer Groups").

The letter stated that the Customer Groups strongly disagreed with the IESO's proposal in its March 13, 2024 letter and that the IESO "seeks to ignore or override certain aspects of the agreement it entered into and that the OEB approved and incorporated into a decision and order".

The Customer Groups submitted that the OEB should hear the matter in the normal course, including the ability for intervenors to submit interrogatories and receive responses from the IESO. Following the interrogatory process, the Customer Groups recommended that the OEB seek submissions from the parties to determine if further procedural steps are required, and if not, proceed to written arguments. The Customer Groups also submitted that full argument from the parties is required as there is a clear

difference of opinion on the implications of the OEB's approval of the settlement proposal in the Previous Application on the requested relief.

The Customer Groups also noted their concern regarding the IESO filing with the OEB a copy of clarification questions received prior and during the settlement conference, and the corresponding responses provided during the settlement conference. The Customer Groups noted that the information exchanged in the context of a settlement conference is both strictly confidential and covered by settlement privilege, and that the IESO could not place the information on the record without the consent of the participants in the settlement conference.

With respect to the draft issues list contained in the IESO's March 13, 2024 letter, the Customer Groups disagreed with how the IESO had framed the issue of the relationship between the settlement proposal approved in the Previous Application and the Current Application.

IESO's Letter dated March 20, 2024

On March 20, 2024, the IESO filed a letter with the OEB in response to SEC's letter dated March 15, 2024. The IESO stated that it did not agree with the Customer Groups' interpretation of the approved settlement proposal in EB-2022-0318. The IESO noted that the existence of the adjustment mechanism in the EB-2022-0318 settlement proposal did not preclude the IESO from seeking to adjust its usage fee during the three-year cycle in the event of unplanned increases in operating costs in response to changes in government policy.

The IESO reiterated its request to have the Current Application proceed without a hearing.

The IESO submitted 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 February 29, 2024. However, the IESO has since obtained the consents necessary to file the clarification questions and responses with the OEB and has requested that they be placed on the record.

Findings

Clarification Questions and Responses

The clarification questions and the IESO's responses from the settlement conference shall be placed on the record. The IESO's March 20, 2024 letter confirmed that the IESO had obtained consent from all the intervenors who participated in the settlement conference.

Issues List

The submissions of the IESO and the Consumer Groups to date have assisted the OEB in determining an issues list that should address current and future concerns that arise from the IESO's request. The OEB agrees with the Customer Groups that the effect of the settlement proposal (and the associated OEB decision) on the IESO's application will be an important consideration in reviewing the IESO's application. Furthermore, the OEB will consider the implications of any approval on the current three-year term for setting IESO fees.

Interrogatories

At this time, provision is being made for written interrogatories to assist in the determination of the issues set out in the final issues list attached as Appendix B to this Procedural Order. Parties should consult sections 26 and 27 of the OEB's [Rules of Practice and Procedure](#) regarding required naming and numbering conventions and other matters related to interrogatories.

Hearing

The OEB is making provision for a written hearing in this proceeding.

The OEB is making provision for the following matters related to this proceeding. Further procedural orders may be issued by the OEB.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. OEB staff and intervenors shall request any relevant information and documentation from the IESO that is in addition to the evidence already filed, by written interrogatories filed with the OEB and served on all parties by **April 10, 2024**.
2. The IESO shall file with the OEB complete written responses to all interrogatories and serve them on OEB staff and all intervenors by **April 24, 2024**.
3. The IESO shall file its Argument-in-Chief with the OEB and deliver it to all parties by **May 6, 2024**.
4. OEB staff and intervenors shall file their submissions, if any, with the OEB and deliver them to all other parties by **May 21, 2024**.
5. The IESO shall file its reply submission, if any, with the OEB and deliver it to all other parties by **June 4, 2024**.

Parties are responsible for ensuring that any documents they file with the OEB **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-2024-0004** 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, Katherine Wang at katherine.wang@oeb.ca and OEB Counsel, Charlotte Kanya-Forstner at charlotte.kanyaforstner@oeb.ca.

Email: registrar@oeb.ca

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

DATED at Toronto, **March 22, 2024**

ONTARIO ENERGY BOARD

Nancy Marconi

Registrar

APPENDIX A
LIST OF APPLICANT AND INTERVENORS
INDEPENDENT ELECTRICITY SYSTEM OPERATOR
EB-2024-0004
PROCEDURAL ORDER NO. 2

Independent Electricity System Operator
EB-2024-0004

APPLICANT & LIST OF INTERVENORS

March 22, 2024

APPLICANT

Rep. and Contact Information for Service

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APPLICANT & LIST OF INTERVENORS

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APPLICANT & LIST OF INTERVENORS

March 22, 2024

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APPENDIX B
ISSUES LIST
INDEPENDENT ELECTRICITY SYSTEM OPERATOR
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APPENDIX B

ISSUES LIST

Issues

1.0 General

1.1 What is the effect of the approved settlement proposal for the IESO's 2023-2025 Expenditures, Revenue Requirement, and Fees Application (and associated OEB decision), and the timing of the Minister of Energy's July 10, 2023 Letter upon the relief now sought by the IESO?

1.2 In the event of the OEB's approval of the relief sought by the IESO, what additional provisions to such approval should be included?

1.3 What are the implications of any approval of the IESO request upon the continuation of a three-year term for setting the IESO's fees, expenditures, and incremental revenues?

2.0 Incremental Revenue Requirements

2.1 Is the IESO's Fiscal Year 2024 incremental revenue requirement of \$4.5 million appropriate?

2.2 Is the IESO's Fiscal Year 2025 incremental revenue requirement of \$5.4 million appropriate?

2.3 What are the alternatives to the IESO's proposal to meet the additional revenue requirement? What alternatives did the IESO consider?

3.0 Usage Fees

3.1 Are the IESO's proposed 2024 and 2025 Usage Fees appropriate?

3.2 Is the proposed effective date of the next billing cycle following the month in which OEB approval is received for the IESO's 2024 Usage Fees appropriate?