

IESO Costs and Savings to Implementing Ontario Government

Greenhouse Gas Cap-and-Trade Initiative

As part of the Package Settlement, the Parties accept that the IESO's fiscal 2016 net revenue requirement of \$182.1 million is appropriate, subject to the following terms:

- 3) The IESO will use its best efforts to estimate its costs and savings, if any, associated with the Ontario government's greenhouse gas cap-and-trade initiative and any new or changing requirements arising from Bill 135 (the Energy Statute Law Amendment Act, 2016 given Royal assent on June 9, 2016). The IESO agrees to provide a reasonable estimate for internal costs or savings, and actual costs or savings for external costs associated with each of these initiatives in its next Revenue Requirement Submission filed with the Board.

Greenhouse gas cap-and-trade initiative

The internal costs associated with the Ontario government's greenhouse gas cap-and-trade initiative is approximately \$500,000. These are incremental costs for external counsel and consultants that were retained to assist the IESO to review and negotiate amendments to supply contracts where appropriate. All other efforts associated with the initiative were funded within the existing approved budget.

Bill 135 (*Energy Statute Law Amendment Act, 2016*)

The primary deliverable stemming from Bill 135 was the Ontario Planning Outlook technical report. This report responds to the June 10, 2016 request from the Minister of Energy for the IESO to provide a technical report pursuant to Section 25.29 (3) of the

1 *Electricity Act, 1998* on the adequacy and reliability of Ontario's electricity resources in
2 support of the government's development of the Long-Term Energy Plan (LTEP). All
3 efforts associated with developing the report were funded within the existing approved
4 budget.

5 Bill 135 also requires the IESO, if so directed, to develop an implementation plan for the
6 LTEP. Such an implementation plan would result in additional responsibilities for the
7 IESO. The IESO expects to fulfill these additional responsibilities with existing resource
8 and which will be addressed in the contemplated plan provided for in Bill 135.

9 Bill 135 also provides for the IESO with respect to the procurement of transmission. The
10 IESO expects to be able to undertake work related to transmission procurement within its
11 existing budget.