

Ontario Energy Board

IN THE MATTER OF subsection 25.(1) of the *Electricity Act*, 1998;

AND IN THE MATTER OF a Submission by the Independent Electricity System Operator to the Ontario Energy Board for the review of its proposed expenditure and revenue requirements for the fiscal year 2018 and the fees it proposes to charge during the fiscal year 2018.

Comments on Proposed Issues List

Energy Probe Research Foundation

July 6, 2017

Energy Probe Research Foundation (“Energy Probe”) has reviewed IESO’s proposed issues list and recommends the Board consider three additional issues.

1. Are the costs associated with meeting the Long-Term Energy Plan (LTEP) initiatives appropriate and accurately tracked?

As part of the 2017 LTEP, IESO was directed to undertake nine initiatives, which range from improving energy support programs to first nations communities to evaluating options for local improvements in customer reliability, among others.¹ Energy Probe would like to better understand the cost to IESO customers of those commitments, if possible, and whether IESO is tracking them in any manner. While we are not questioning the importance or relevance of these initiatives, we are concerned that they will impose additional costs on IESO for activities that are unrelated to its core activity of managing the province’s electricity grid and overseeing conservation programs (former OPA activities).

2. Has IESO clearly and appropriately tracked the cost of work related to the Ontario Climate Change Plan.

In 2017, IESO was directed by the Ministry of Energy to work with the Ministry of the Environment and Climate Change (MOECC) on designing a website for the Green Ontario Fund, the management of a call center and the delivery of efficiency and conservation programs. IESO maintains that it is tracking all of those costs and billing them to the MOECC and its customers will not be charged for any of these services. Energy Probe believes that the costs related to that work should be part of this proceeding to ensure that they are appropriate and there is no cross subsidization between IESO’s customers and the costs of delivering the programs related to the Green Ontario Fund (which has since been closed).²

3. Are the carrying costs of the Fair Hydro Plan appropriate.

As part of the Fair Hydro Plan, IESO records the difference between the amount of Global Adjustment costs that are incurred compared to what are actually collected from customers – with that difference acting as a monthly discount in hydro bills. The difference – along with carrying costs of the Fair Hydro Trust – is recorded in the Deferred Global Adjustment Variance account and, subsequently, transferred to the Fair Hydro Trust as a regulatory asset to be collected from future ratepayers.

Energy Probe has two concerns. First, what are the carrying costs associated with the Fair Hydro Trust? And second, is IESO accurately reporting those costs as part of its annual fees application?³ To date, we don’t know whether these costs are material or not.

¹ EB-2018-0143, Exhibit A-2-2, page 9-10

² EB-2018-0143, Exhibit A-2-2, page 19

³ EB-2018-0143, Exhibit A-3-1, page 20