Ontario Energy Board

Commission de l'Énergie de l'Ontario

EB-2006-0244

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 2007 Fees Submission for Review.

BEFORE: Gordon Kaiser
Presiding Member

Paul Vlahos
Member

Ken Quesnelle
Member

DECISION AND ORDER

BACKGROUND

Section 19 of the Electricity Act, 1998 provides that the Independent Electricity System Operator (IESO) shall, at least 60 days before the beginning of each fiscal year, submit its proposed expenditures and revenue requirements for the fiscal year and the fees it proposes to charge during the fiscal year to the Board for review. This submission is not to be made until the Minister of Energy approves or is deemed to have approved the IESO's proposed business plan for the year.

By letter dated September 29, 2006, the IESO informed the Minister of Energy of its proposed expenditure and revenue requirements for 2007 and the fees it proposed to charge during 2007. By letter dated October 15, 2006, the Minister of Energy gave approval for the IESO to submit its proposed expenditure and revenue requirements for 2007 and the fees the IESO proposed to charge to the Ontario Energy Board for review.

On October 30, 2006, the IESO filed its proposed Fiscal 2007 Fees Submission for Review with the Ontario Energy Board in accordance with sections 18 and 19 of the *Electricity Act, 1998*. The Board assigned file number EB-2006-0244 to this matter.

The IESO sought Board approval for:

- a revenue requirement of $140.0 million, inclusive of the revenue requirement associated with a proposed capital expenditures amount of $20.0 million;
- a reduction of the usage fee from the 2006 rate of $0.909/MWh to $0.815/MWh commencing January 1, 2007;
- a continuation of the $1,000 application fee; and
- a rebate to market participants of the amount of the accumulated operating surplus in the deferral account in excess of $5 million.

The Board issued a Notice of Application dated November 10, 2006 with respect to this matter, which was published on November 15, 2006.

An intervenor list and an observer list are attached as Appendix “B” and Appendix “C” respectively, to this Decision and Order.

On December 1, 2006, the Board issued Interim Rate Order and Procedural Order No. 1 approving, on an interim basis, a usage fee of $0.815/MWh effective January 1, 2007, pending a final decision in this proceeding, at which time a final revenue requirement and the fees based on that final revenue requirement could be applied retroactively from January 1, 2007.

An Issues Conference was held on December 13, 2006. At the conference, the Participants and Board Staff agreed on a draft issues list which was subsequently approved by the Board in Procedural Order No. 2. The Board-approved issues list is attached as Appendix “D”.

A Settlement Conference was held on January 17 and 18, 2007. The following parties participated in the settlement discussions:

- The IESO
- Vulnerable Energy Consumer’s Coalition (“VECC”)
- The Society of Energy Professionals (“SEP”)

- Power Worker's Union ("PWU")
- Energy Probe Research Foundation ("Energy Probe")
- The Association of Major Power Consumers of Ontario ("AMPCO")
- The Association of Power Producers of Ontario ("APPrO)
- Hydro One Networks Inc. ("Hydro One")
- Ontario Power Generation Inc. ("OPG")

On January 25, 2007, the IESO filed a settlement proposal which is attached as Appendix "A". The settlement proposal indicates that all parties reached agreement on Issues 1.0 to 7.0 and that all parties except OPG reached agreement on Issue 8.0 related to stakeholdering. Board Staff was not party to any settlement proposal and took no position on any issue.

On January 29, OPG filed a letter objecting to the proposed resolution of Issue No. 8.

On February 7, 2007, the Board issued Procedural Order No. 3 in which it accepted the proposed settlement of Issues 1.0 to 7.0 and set a timeline for intervenors to file any submissions regarding Issue No. 8 and for the IESO to file a response.

On February 12-13, 2007, submissions regarding Issue 8 were filed by AMPCO, APPrO, Energy Probe, Hydro One, OPG and VECC. A response to the submissions was filed by the IESO on February 16, 2007. The Board deals with the contested issue below.

STAKEHOLDERING

The settlement proposal regarding stakeholdering reads as follows:

> *AMPCO and VECC agree to settle this issue on the following basis:*
>
> *a) The IESO agrees to establish a "Consumers Forum"; and*
>
> *b) The IESO shall meet with consumer representatives and, within 45days of OEB approval of this Settlement Proposal, distribute to intervenors and file with the OEB for its information the framework, terms of reference, and workplan for the Consumers Forum. Prior to distributing to intervenors and filing with the OEB, the IESO shall distribute for written comment to all intervenors drafts of the said framework, terms of reference, and workplan and the IESO shall consider any intervenor comments before finalizing these documents.*

OPG objects to and disagrees with the IESO's proposed settlement of this issue with AMPCO and VECC.

APPrO takes no position on either the evidence set out or the settlement reached.

All other parties are satisfied with the evidence … or take no position on this issue.

In its submission, OPG stated that the Consumers Forum will create a separate forum/process to solicit comments and advice from consumers and consumer groups only, to the exclusion of other market participants and other interest groups and this will work contrary to developing a mutual understanding of the issues and argued against such segmentation.

Energy Probe submitted that the actions required by the IESO in the settlement proposal are within its mandate and the Consumers Forum represents a positive initiative. VECC argued that the value of stakeholdering will be enhanced, not diminished, with the creation of the Consumers Forum. Hydro One noted that it took no position on the stakeholdering issue but indicated that this fees proceeding is not the optimal vehicle for pursuing improvements to the IESO's stakeholdering processes.

The IESO submitted that it has the clear statutory authority to establish a Consumers Forum and argued that OPG's concerns are unfounded.

The Board agrees with Energy Probe and the IESO that the IESO has the clear authority to establish a Consumers Forum pursuant to section 13.2 of the *Electricity Act* which reads:

> *The IESO shall establish one or more processes by which consumers, distributors, generators, transmitters and other persons who have an interest in the electricity industry may provide advice and recommendations for consideration by the IESO*

Whether or not there are better alternatives to engaging consumers, this is a matter that should be left to the IESO in exercising the mandate given to it by the legislature and the Board will not second-guess the IESO in this regard. This would be duplicative and inappropriate. From the Board's perspective, there are no budgetary issues that are being challenged by OPG. The Board accepts the settlement proposal on this issue.

COMPLETION OF THE PROCEEDINGS

The Board's previous Order, approving Interim Rates for the IESO is supplanted and replaced by this final Decision and Order in which the Board approves:

- The IESO's proposed 2007 revenue requirement of $140.0 million, inclusive of the revenue requirement associated with the proposed capital expenditures amount of $20.0 million;
- The IESO's proposed usage fee for 2007 of $0.815/MWh;
- The IESO's proposed application fee of $1,000; and
- The IESO's proposal to rebate to market participants in 2007 the amount of the accumulated surplus in excess of $5.0 million.

A decision regarding cost awards will be issued at a later date. The eligible parties shall submit their cost claims by April 2, 2007. A copy of the cost claim must be filed with the Board and one copy is to be served on the IESO. The cost claims must be done in accordance with section 10 of the Board's Practice Direction on Cost Awards.

The IESO will have until April 16, 2007 to object to any aspect of the costs claimed. A copy of the objection must be filed with the Board and one copy must be served on the party against whose claim the objection is being made.

The party whose cost claim was objected to will have until April 23, 2007 to make a reply submission as to why their cost claim should be allowed. Again, a copy of the submission must be filed with the Board and one copy is to be served on the IESO.

DATED at Toronto on March 21, 2007

ONTARIO ENERGY BOARD

Original Signed By

Peter H. O'Dell
Assistant Board Secretary

APPENDIX "A" TO

DECISION AND ORDER

BOARD FILE No. EB-2006-0244

DATED March 21, 2007

SETTLEMENT PROPOSAL

Filed: January 25, 2007
EB-2006-0244
Exhibit B
Tab 11
Schedule 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR (IESO)

FISCAL YEAR 2007 FEES SUBMISSION FOR REVIEW

SETTLEMENT PROPOSAL

EB-2006-0244

This Settlement Proposal is filed with the Ontario Energy Board ("the OEB") for consideration in the determination of the Independent Electricity System Operator ("the IESO") EB-2006-0244 Submission for Review. A Settlement Conference was conducted on January 17th and 18th of 2007, in accordance with Rule 31 of the OEB's *Rules of Practice and Procedure* and the OEB's *Settlement Conference Guidelines*. The Settlement Proposal arises from the Conference.

The following parties participated in the settlement discussions:

- The IESO;
- Association of Major Power Consumers in Ontario (AMPCO);
- Association of Power Producers of Ontario (APPrO);
- Energy Probe Research Foundation (Energy Probe);
- Hydro One Networks Inc.;
- Ontario Power Generation (OPG);
- Power Workers' Union (PWU);
- Society of Energy Professionals (SEP); and
- Vulnerable Energy Consumers Coalition (VECC)

The Settlement Proposal deals with all issues on the Board's Issues List:

1. Operating Cost
2. Capital Spending
3. Methodology to Evaluate DAM
4. Benchmarking
5. Coordination of IESO's Activities with OPA and OEB
6. Reliability
7. Performance Measures
8. Stakeholdering

The parties have settled all issues with the exception of Issue No. 8. OPG objects to and disagrees with the settlement reached between the IESO and AMPCO/VECC on Issue No. 8 and requests a written hearing based on the existing record (i.e. filing and exchange of written submissions only) on this issue. If a hearing is required, the IESO, AMPCO and VECC agree that a written hearing based on the existing record is appropriate to determine this single outstanding issue. All other parties take no position on the settlement reached between the IESO and AMPCO/VECC on Issue No. 8.

The OEB Staff is not party to this Settlement Proposal and therefore takes no position on any issue.

This Settlement Proposal was prepared in accordance with Rule 32 of the *Rules of Practice and Procedure*. The Settlement Proposal describes the agreements

reached on the settled issues, including where necessary the rationale, and provides a direct and transparent link between each settlement and the supporting evidence in the record. In this regard, the parties agree that the IESO's Submission for Review and evidence given at the Technical Conference, as cited, is sufficient to support the Settlement Proposal in relation to the settled issues. Moreover, the quality and the detail of the supporting evidence together with any corresponding rationale will allow the Board to make findings on the settled issues.

IESO 2007 Revenue Requirement, Expenditures and Fees

The parties reached agreement on the IESO's 2007 proposed revenue requirements of $140.0 million and proposed 2007 capital expenditures of $20.0 million.

The parties agreed to the reduced IESO usage fee of $0.815/MWh commencing January 1, 2007 and to the continuation of the $1,000 application fee.

The following evidence supports this settlement:

Exhibit A, Tab 1, Schedule 1, Submission For Review

Exhibit B, Tab 1, Schedule 1, 2007-2009 Business Plan, Pages 40, 48, 49, 55-57

Final Transcript for January 9, 2007 Technical Conference.

1.0 Operating Cost

1.1 Are the IESO's projected pension costs and strategy reasonable?

The parties are satisfied with the evidence set out below or take no position on this issue.

Exhibit B, Tab 1, Schedule 1, 2007-2009 Business Plan, Pages 44-48

Exhibit B, Tab 3, Schedule 1, The IESO's Compensation Programs, Pages 4-6

Exhibit B, Tab 4, Schedule 1, Status Report Obligations and Undertakings Arising Out of the IESO's 2006 Fee Submission for Review, Pages 2-3

Exhibit B, Tab 3, Schedule 2, IESO's HRGC Letter to OEB

Final Transcript for January 9, 2007 Technical Conference: Pages 9-13; 27-33; 66; and 74-80.

1.2 Are the IESO's projected staff costs and strategy for setting compensation levels appropriate and reasonable?

VECC and Energy Probe agree to settle this issue on the following basis:

> The IESO has agreed that as part of its 2008 fees case filing the IESO will explain its use of compensation surveys in the area of compensation planning, strategy and implementation. The IESO will also outline, with specificity, other factors that are also utilized in these activities, and changes in the year-over-year results of the compensation survey.

AMPCO and VECC agree to settle this issue on the following basis:

> The IESO acknowledges that it does not presently target median compensation levels for the purpose of setting staff compensation and the IESO will explain as part of its 2008 fees application what steps would need to be taken to achieve median compensation levels and what barriers the IESO believes there are to taking such steps.

The following parties are satisfied with the evidence set out below or take no position on this issue:

- Association of Power Producers of Ontario (APPrO);
- Hydro One Networks Inc.;
- Ontario Power Generation (OPG);
- Power Workers' Union (PWU); and
- Society of Energy Professionals (SEP)

Exhibit B, Tab 1, Schedule 1, 2007-2009 Business Plan, Pages 41-42

Exhibit B, Tab 3, Schedule 1, The IESO's Compensation Programs

Exhibit B, Tab 4, Schedule 1, Status Report Obligations and Undertakings Arising Out of the IESO's 2006 Fee Submission for Review, Page 1

Final Transcript for January 9, 2007 Technical Conference: Pages 11-19; 43-54; 71-74; and 102-110.

1.3 Are the IESO's proposed costs and strategy reasonable and appropriate in light of its role in carrying out the following activities:

- Establishment and enforcement of reliability standards and assessment criteria;

- Stakeholdering and consultation concerning establishing standards and enforcing compliance**.**

Hydro One Networks Inc. has agreed to settle this issue based on a) the evidence given by the IESO at pages 39 through 43 of the transcript of the Technical Conference held on January 9, 2007, concerning: (i) the establishment and enforcement of reliability standards and criteria; (ii) stakeholdering and consultation regarding the establishment of standards and enforcing compliance; and b) the evidence given on behalf of the IESO at pages 98 through 102 of the transcript of the said Technical Conference concerning the IESO's resourcing for System Impact Assessments and other connection-related matters.

The following parties are satisfied with the evidence set out below or take no position on this issue:

- Association of Major Power Consumers in Ontario (AMPCO);
- Association of Power Producers of Ontario (APPrO);
- Energy Probe Research Foundation (Energy Probe);
- Ontario Power Generation (OPG);
- Power Workers' Union (PWU);
- Society of Energy Professionals (SEP); and
- Vulnerable Energy Consumers Coalition (VECC)

Final Transcript for January 9, 2007 Technical Conference: Pages 39-43; and 98-102

1.4 Are the IESO's projected administration costs reasonable?

The parties are satisfied with the evidence set out below or take no position on this issue.

Exhibit B, Tab 1, Schedule 1, 2007-2009 Business Plan, Pages 41, 43

Final Transcript for January 9, 2007 Technical Conference: Pages 19-21

2.0 Capital Spending

2.1 Are the projected expenditures of $8 million in 2007 and $8 million in 2008 on Day Ahead Market ("DAM") design and strategy for achieving objectives reasonable and appropriate?

2.2 What is the level of IESO commitment to DAM and is this sufficient for funding approval?

2.3 Is the proposed schedule which calls for approval of DAM by summer of 2007 and for DAM to be operational in 2008 realistic?

AMPCO and VECC agree to settle this issue (and issue 3.0) on the following basis:

The IESO agrees and undertakes to:

a) not authorize or make any capital expenditures on DAM until a business case on DAM, including a cost/benefit analysis, has been submitted to the IESO Board and the IESO Board has approved capital expenditures on DAM; and

b) not make any capital expenditures on DAM in excess of $5 million until approval by the OEB of the IESO's 2008 fees application, or any intra-year approval by the OEB.

All other parties are satisfied with the evidence set out below or take no position on this issue.

Exhibit B, Tab 1, Schedule 1, 2007-2009 Business Plan, Pages 33-36; 48-53 and Appendix 3: Capital Projects

Exhibit B, Tab 9, Schedule 1, Capital Projects List

Exhibit B, Tab 4, Schedule 1, Status Report Obligations and Undertakings Arising Out of the IESO's 2006 Fee Submission for Review, Pages 4-5

Final Transcript for January 9, 2007 Technical Conference: Pages 81-86

3.0 Methodology to Evaluate DAM

3.1 How was DAM (whether leading to new capital or operating costs) identified, evaluated and decided by the IESO?

3.2 Were the methodologies and criteria used to select DAM reasonable and appropriate?

AMPCO and VECC agree to settle this issue as set out above under Issue 2.0.

All other parties have agreed to settle this issue based on the following:

> The IESO agrees to file as part of its 2008 fees application, its DAM business case, including a cost/benefit analysis, if such business case has been issued by that time.

The settlement of this issue is based on the following evidence:

Exhibit B, Tab 1, Schedule 1, 2007-2009 Business Plan, Pages 16-17; 24-25; and 48-50

Exhibit B, Tab 10, Schedule 1, Stakeholder Engagement Plan SE-21 DAM, re-filed January 12, 2007

Final Transcript for January 9, 2007 Technical Conference: Pages 97-102; 130-139; 140-142; 143-153; and 164-169

4.0 Benchmarking

4.1 Are the cost categories in the FERC cost comparison initiative appropriate for effective benchmarking at the IESO?

AMPCO agrees to settle this issue on the following basis:

> The IESO will consider the identification of major services as a basis for benchmarking and will report as part of its 2008 fees application on whether breaking down and comparing costs by major services is feasible and useful.

All other parties are satisfied with the evidence set out below or take no position on this issue.

Exhibit B, Tab 4, Schedule 1, Status Report Obligations and Undertakings Arising Out of the IESO's 2006 Fee Submission for Review, Page 6

Exhibit B, Tab 7, Schedule 1, IESO and Comparative ISO/RTO Costs

Final Transcript for January 9, 2007 Technical Conference: Pages 21-24; and 54-59

5.0 Coordination of IESO's Activities with the OPA and OEB

5.1 Is there any overlap or duplication of activities? Are there opportunities for further IESO efficiency improvements?

5.2 How is the IESO respecting the distinction between its objects and those of the OPA and reasonably coordinating its activities in respect thereof?

All parties are satisfied with the evidence set out below or take no position on this issue.

Exhibit B, Tab 1, Schedule 1, 2007-2009 Business Plan, Pages 1; 21

Exhibit B, Tab 4, Schedule 1, Status Report Obligations and Undertakings Arising Out of the IESO's 2006 Fee Submission for Review, Pages 5-6

Exhibit B, Tab 8, Schedule 1, Master Services Agreement

Exhibit B, Tab 8, Schedule 2, Schedule to MSA

Final Transcript for January 9, 2007 Technical Conference: Pages 86-94;; 114-121; 139-140; and 143

6.0 Reliability

6.1 Are the IESO's proposed 2007 measures to address reliability appropriate and cost-effective?

Energy Probe has agreed to settle this issue on the following basis:

> The IESO agrees to publish a short summary setting out system actual peak forecast versus actual (for load, generation by fuel, and CDM under

IESO control), and to identify significant constraints and curtailments, if any.

All other parties are satisfied with the evidence set out below or take no position on this issue:

- Association of Major Power Consumers in Ontario (AMPCO);
- Association of Power Producers of Ontario (APPrO);
- Hydro One Networks Inc.;
- Ontario Power Generation (OPG);
- Power Workers' Union (PWU);
- Society of Energy Professionals (SEP); and
- Vulnerable Energy Consumers Coalition (VECC)

Exhibit B, Tab 1, Schedule 1, 2007-2009 Business Plan, Pages 5-7

Exhibit B, Tab 4, Schedule 1, Status Report Obligations and Undertakings Arising Out of the IESO's 2006 Fee Submission for Review, Page 6

Final Transcript for January 9, 2007 Technical Conference: Pages 25-27; and 33-39; and 62-65

7.0 Performance Measures

7.1 Are the measures currently included within the IESO Corporate Performance Measures comprehensive and appropriate?

OPG has agreed to settle this issue on the following basis:

The IESO is supportive of the following recommendation to the Stakeholder Advisory Committee (SAC).

Recommendation #6 from the Demand Forecast Deviations Working Group (SE28) to the IESO Stakeholder Advisory Committee reads:

"The IESO should publish, on a monthly basis, the monthly on and off peak demand forecast error and bias. These measures should be published for all three forecasting timeframes (day ahead; 1-hour ahead; 3-hour ahead) and for comparison purposes, be rolled up to winter and summer seasons. In addition, to support the development of performance targets, the IESO should publish historical data in this format (on/off peak monthly and seasonally) for the period at least 2004 to 2006. Using historical data (2004 to 2006), the IESO during 2007 should recommend new monthly and/or seasonal corporate performance measures and appropriate targets for implementation in 2008. As the IESO gains further experience using the new demand forecasting tool, targets for incremental improvement should be developed."

The IESO confirms that the following process will be followed in 2007 with respect to the formulation of new monthly and/or seasonally corporate performance measures and appropriate targets for implementation in 2008:

- No less than 6 weeks prior to the SAC meeting at which this issue is scheduled as an agenda item, the IESO shall post on its public website information inviting comment on this issue.

- Comments will be collected by the IESO from interested stakeholders on this issue and input will be considered in formulating new measures and targets.

- Recommendations coming out of this stakeholdering process shall be carried forward to the SAC, as per normal IESO practices.

All other parties are satisfied with the evidence set out below or take no position on this issue:

- Association of Major Power Consumers in Ontario (AMPCO);
- Association of Power Producers of Ontario (APPrO);
- Energy Probe Research Foundation (Energy Probe);
- Hydro One Networks Inc.;
- Power Workers' Union (PWU);
- Society of Energy Professionals (SEP); and
- Vulnerable Energy Consumers Coalition (VECC)

Exhibit B, Tab 1, Schedule 1, 2007-2009 Business Plan, Pages 23-26

Exhibit B, Tab 4, Schedule 1, Status Report Obligations and Undertakings Arising Out of the IESO's 2006 Fee Submission for Review, Pages 3-4

Exhibit B, Tab 6, Schedule 1, Demand Forecast Performance Measures: Participant News

Exhibit B, Tab 6, Schedule 2, Demand Forecast Performance Measures: Draft Stakeholder Engagement Plan

Exhibit B, Tab 6, Schedule 3, Demand Forecast Performance Measures: Working Group Terms of Reference

Final Transcript for January 9, 2007 Technical Conference: Pages 155-164

8.0 Stakeholdering

8.1 Are the initiatives undertaken by the IESO to involve consumers, distributors, generators, transmitters and other persons who have an interest in the electricity industry in the development of a long-term vision for the electricity sector appropriate?

8.2 How has the IESO used this input to arrive at a long-term vision for the electricity sector?

8.3 Are the IESO management plans for intervenor funding for the IESO stakeholdering processes appropriate?

AMPCO and VECC agree to settle this issue on the following basis:

a) The IESO agrees to establish a "Consumers Forum"; and

b) The IESO shall meet with consumer representatives and, within 45 days of OEB approval of this Settlement Proposal, distribute to intervenors and file with the OEB for its information the framework, terms of reference, and workplan for the Consumers Forum. Prior to distributing to intervenors and filing with the OEB, the IESO shall distribute for written comment to all intervenors drafts of the said framework, terms of reference, and workplan and the IESO shall consider any intervenor comments before finalizing these documents.

OPG objects to and disagrees with the settlement of this issue with AMPCO and VECC.

APPrO takes no position on either the evidence or the settlement reached.

All other parties are satisfied with the evidence set out below or take no position on this issue.

Exhibit B, Tab 4, Schedule 1, Status Report Obligations and Undertakings Arising Out of the IESO's 2006 Fee Submission for Review, Pages 6-7

Exhibit B, Tab 5, Schedule 1, Stakeholder Engagement Process for IESO's 2007-2009 Business Plan

Exhibit B, Tab 10, Schedule 1, Stakeholder Engagement Plan SE-21 DAM, re-filed January 12, 2007

Final Transcript for January 9, 2007 Technical Conference: Pages 94-97

APPENDIX "B" TO
DECISION AND ORDER
BOARD FILE No. EB-2006-0244
DATED March 21, 2007

INTERVENOR LIST

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
2007 FEES SUBMISSION FOR REVIEW
EB-2006-0244
APPLICANT & LIST OF INTERVENTIONS

March 9, 2007

	Applicant	Rep. and Address for Service
	Independent Electricity System Operator	Ms. Paula Lukan Regulatory Analyst 655 Bay Street, Suite 410 Toronto, Ontario, M5G 2K4 Tel: 416-506-2831 Fax: 416-506-2847 e-mail: paula.lukan@ieso.ca
	Counsel for Applicant	Mr. Glenn Zacher Stikeman Elliott LLP 5300 Commerce Court West 199 Bay Street Toronto, Ontario, M5L 1B9 Tel: 416-869-5688 Fax: 416-947-0866 e-mail: gzacher@stikeman.com
	Intervenors	**Rep. And Address for Service**
1.	**Power Workers' Union ("PWU")** *Updated January 8, 2007	Mr. John Sprackett Officer, President's Office Power Workers' Union 244 Eglinton Ave. East Toronto, ON M4P 1K2 Tel: 416-322-4787 Fax: 416-481-7115 Email spracket@pwu.ca
	AND	Ms. Judy Kwik Senior Consultant Elenchus Resarch Associates (ERA) 34 King Street East, Suite 610 Toronto ON M5C 2X8 Tel: 416-348-8777 Fax: 416-348-9930 Email: jkwik@era-inc.ca

	AND	Mr. Richard Stephenson Counsel Paliare Roland Rosenberg Rothstein LLP Barristers 250 University Avenue, Suite 510 Toronto ON M5H 3E5 Tel: 416-646-4325 Fax: 416-646-4335 Email: richard.stephenson@paliareroland.com
2.	**Union Gas Limited ("Union")**	Mr. Patrick McMahon Manager, Regulatory Research and Records Union Gas Limited 50 Keil Drive North Chatham ON N7M 5M1 Tel: 519-436-5325 Fax: 519-436-4641 Email: pmcmahon@duke-energy.com
3.	**Hydro One Networks Inc.**	Mr. Glen MacDonald Senior Advisor – Regulatory Affairs Hydro One Networks Inc. 8th Floor, South Tower 483 Bay Street Toronto ON M5G 2P5 Tel: 416-345-5913 Fax: 416-345-5866 Email: regulatory@hydroone.com
4.	**Ontario Power Generation Inc.**	Mr. Colin Anderson Regulatory Affairs Manager, Operations Ontario Power Generation Inc. 700 University Avenue, H18 G3 Toronto, ON M5G 1X6 Tel: 416-592-3326 Fax: 416-592-8519 Email: colin.anderson@opg.com

	AND	Ms. Josie Erzetic Solicitor Ontario Power Generation Inc. 700 University Avenue, H18-A19 Toronto ON M5G 1X6 Tel: 416-592-5885 Fax: 416-592-1466 Email: josie.erzetic@opg.com
5.	**Society of Energy Professionals (SEP)**	Mr. Terry Fitzpatrick The Society of Energy Professionals 425 Bloor Street East, Suite 300 Toronto ON M4W 3R4 Tel: 416-979-2709 Fax: 416-979-5794 Email: fitzpatt@society.on.ca
6.	**Energy Probe Research Foundation ("Energy Probe")**	Mr. David MacIntosh Case Manager c/o Energy Probe 225 Brunswick Avenue Toronto ON M5S 2M6 Tel: 416-964-9223 ext. 235 Fax: 416-964-8239 Email: DavidMacIntosh@nextcity.com
	AND	Mr. Thomas Adams c/o Energy Probe 225 Brunswick Avenue Toronto ON M5S 2MS Tel: 416-964-9223 ext. 239 Fax: 416-964-8239 Email: TomAdams@nextcity.com

7.	**The Association of Power Producers of Ontario ("APPrO")**	Ms. Elisabeth DeMarco Macleod Dixon LLP Toronto Dominion Centre Canadian Pacific Tower 100 Wellington Street West, Suite 500 P.O. Box 128 Toronto, ON M5K 1H1 Tel: 416-203-4431 Fax: 416-360-8277 Email: Elisabeth.demarco@macleoddixon.com
	AND	Mr. David Butters President The Association of Power Producers of Ontario 25 Adelaide Street East, Suite 1602 Toronto, ON M5C 3A1 Tel: 416-322-6549 Fax: 416-481-5785 Email: david.butters@appro.org
8.	**TransCanada Energy Ltd.**	Ms. Margaret Duzy Regulatory Affairs TransCanada Energy Ltd. 55 Yonge Street, 8th Floor Toronto, ON M5E 1J4 Tel: 416-869-2180 Fax: 416-869-2114 Email: Margaret_duzy@transcanada.com
	AND	Ms. Patricia Klewchuck Regulatory Research Analys TransCanada Energy Ltd. 450- 1st Street S.W. Calgary, Alberta T2P 5H1 Tel: 403-920-7168 Fax: 403-920-2347 Email: tce_regulatory@transcanada.com

9.	**Association of Major Power Consumers in Ontario ("AMPCO")**	Mr. Adam White President Association of Major Power Consumers in Ontario 595 Bay Street, Suite 1201 P.O. Box 69 Toronto, ON M5G 2C2 Tel: 416-260-0225 Fax: 416-260-0442 Email: awhite@ampco.org
	AND	Mr. J. Mark Rodger Partner Borden Ladner Gervais LLP Scotia Plaza 40 King Street West Toronto, ON M5H 3Y4 Tel: 416-367-6190 Fax: 416-361-7088 Email: mrodger@blgcanada.com
10.	**Vulnerable Energy Consumer's Coalition ("VECC")**	Mr. Michael Buonaguro PIAC Toronto Counsel c/o Public Interest Advocacy Centre 34 King Street East, Suite 1102 Toronto ON M5C 2X8 Tel: (416) 348-0814 Fax: (416) 348-0641 Email: mbuonaguro@piac.ca
	AND	Dr. James Wightman Econalysis Consulting Services 34 King Street East, Suite 1102 Toronto ON M5C 2X8 Tel: (416) 348-0814 Fax: (416) 348-0641 Email: jwightman@econalysis.ca

11. **Coral Energy Canada Inc.**

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End of List

APPENDIX "C" TO
DECISION AND ORDER
BOARD FILE No. EB-2006-0244
DATED March 21, 2007

OBSERVER LIST

APPENDIX "C"
INDEPENDENT ELECTRICITY SYSTEM OPERATOR
2007 FEES SUBMISSION FOR REVIEW
EB-2006-0244

APPLICANT & LIST OF OBSERVERS

November 30, 2006

	Applicant	**Rep. and Address for Service**
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	Observers	**Rep. And Address for Service**
1.	**Ontario Power Authority ("OPA")**	Ms. Miriam Heinz Regulatory Coordinator Ontario Power Authority 120 Adelaide Street West Toronto ON M5H 1T1 Tel: 416-967-7474 Fax: 416-967-1947 Email miriam.heinz@powerauthority.on.ca

2.	**ECNG Limited Partnership ("ECNG")**	Mr. Bill Killeen Director, Energy Supply #400- 5575 North Service Road Burlington, ON L7L 6M1 Tel: 905-635-3288 Fax: 905-635-3298 Email: bkilleen@ecng.com

End of Observers List

APPENDIX "D" TO
DECISION AND ORDER
BOARD FILE No. EB-2006-0244
DATED March 21, 2007

ISSUES LIST

BOARD – APPROVED ISSUES LIST

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

FISCAL 2007 FEES SUBMISSION FOR REVIEW

EB-2006-0244

1.0 Operating Cost

1.1 Are the IESO's projected pension costs and strategy reasonable?

1.2 Are the IESO's projected staff costs and strategy for setting compensation levels appropriate and reasonable?

1.3 Are the IESO's proposed costs and strategy reasonable and appropriate in light of its role in carrying out the following activities:

- Establishment and enforcement of reliability standards and assessment criteria;
- Stakeholdering and consultation concerning establishing standards and enforcing compliance.

1.4 Are the IESO's projected administration costs reasonable?

2.0 Capital Spending

2.1 Are the projected expenditures of $8 million in 2007 and $8 million in 2008 on Day-Ahead Market ("DAM") design and strategy for achieving objectives appropriate and reasonable?

2.2 What is the level of IESO commitment to DAM and is this sufficient for funding approval?

2.3 Is the proposed schedule which calls for approval of DAM by summer 2007 and for DAM to be operational in 2008 realistic?

3.0 Methodology to Evaluate DAM

3.1 How was DAM (whether leading to new capital or operating costs) identified, evaluated and decided by the IESO?

3.2 Were the methodologies and criteria used to select DAM reasonable and appropriate?

4.0 Benchmarking

4.1 Are the cost categories in the FERC cost comparison initiative appropriate for effective benchmarking at the IESO?

5.0 Coordination of IESO's Activities with OPA and OEB

5.1 Is there any overlap or duplication of activities? Are there opportunities for further IESO efficiency improvements?

5.2 How is the IESO respecting the distinction between its objects and those of the OPA and reasonably coordinating its activities in respect thereof?

6.0 Reliability

6.1 Are the IESO's proposed 2007 measures to address reliability appropriate and cost-effective?

7.0 Performance Measures

7.1 Are the measures currently included within the IESO Corporate Performance Measures comprehensive and appropriate?

8.0 Stakeholdering

8.1 Are the initiatives undertaken by the IESO to involve consumers, distributors, generators, transmitters and other persons who have an interest in the electricity industry in the development of a long-term vision for the electricity sector appropriate?

8.2 How has the IESO used this input to arrive at a long-term vision for the electricity sector?

8.3 Are the IESO management plans for intervenor funding for the IESO stakeholdering processes appropriate?