

RP-1999-0049

IN THE MATTER OF the *Ontario Energy Board Act*,
1998;

AND IN THE MATTER OF an Application by the
Independent Electricity Market Operator for an order or
orders approving its proposed expenditures and revenue
requirement and fixing the fees which it may charge for the
year 2000.

DECISION WITH REASONS (phase two)

Introduction

The Independent Electricity Market Operator (the “IMO”), filed an Application (the “Application”) with the Ontario Energy Board (the “Board”) dated October 29, 1999, for an order or orders approving its proposed expenditures and revenue requirement and the fees which it may charge for the year 2000. The Board assigned file number RP-1999-0049 to the Application.

On November 26, 1999, the Board issued a Notice of Application, followed by Procedural Order No. 1 dated January 13, 2000. The Board issued Procedural Order No. 2 approving an Issues List on January 27, 2000.

Procedural Order No. 3, issued by the Board on March 3, 2000, indicated that there would be a preliminary consideration of Issue E. Fee Design (phase one), prior to the consideration of the remaining issues (phase two).

On April 13, 2000, the IMO filed a letter with the Board indicating that it would require further time to finalize its updated evidence and responses to outstanding interrogatories. The IMO requested an extension until May 8, 2000 to complete its filings. Procedural Order No. 4, issued on April 19, 2000, revised the dates for the filing of updated and supplemental evidence, supplementary interrogatories on that evidence and responses to those supplemental interrogatories.

Phase One

The Board issued Procedural Order No. 5 on June 2, 2000, setting June 9, 2000 as the date for the Settlement Conference on the Fee Design issue (phase one) and June 15, 2000 as the date to hear any unsettled issues. On June 15, 2000 the Board accepted the Settlement Proposal and proceeded to hear the one unsettled sub-issue.

The IMO proposed that its usage fee be payable by wholesale market participants directly linked to the IMO grid or embedded participants linked to the IMO grid through another wholesale market participant on all energy withdrawn for use or sale in Ontario. The IMO proposed that the Allocated Quantity of Energy Withdrawn (“AQEW”), as defined in the Market Rules, be the charge determinant for the IMO usage fee.

The Board issued an oral decision ruling in favour of the IMO’s proposal. At the request of the IMO, the Board issued a written Decision with Reasons on the Fee Design Issue on July 21, 2000.

Phase Two

Procedural Order No. 6 issued on July 14, 2000, set July 25, 2000 as the start date for a Settlement Conference to seek agreement among the parties on the phase two issues. The Settlement Conference concluded on July 28, 2000. A comprehensive agreement on all the phase two issues was reached by the parties to the Settlement Conference. The parties were the IMO, Hydro One Networks Inc., Ontario Power Generation Inc., TransCanada Energy Ltd., and Vulnerable Energy Consumers Coalition. While Board Staff participated in the Settlement Conference, it was not a party to the proposed Settlement Agreement. The proposed Settlement Agreement for phase two was filed with the Board on August 1, 2000 and is included as Appendix A to this Decision.

The proposed Settlement Agreement results in a revenue requirement for the year 2000 of \$93.4 million, a reduction of \$9.1 million from the \$102.5 million amount proposed by the IMO.

The Board received additional material explaining the revenue requirement adjustment from \$102.5 million to \$93.4 million.

Board Findings

The Board has reviewed the Settlement Agreement and the supporting documentation. The Board is satisfied that the agreed upon revenue requirement of \$93.4 million is the result of a reasonable process and, on the basis of the evidence, is a reasonable amount. The results of the Settlement Proposal are accepted by the Board.

Parties eligible for a cost award are requested to file their cost statements in the normal course.

DATED AT Toronto, August 28, 2000.

Signed on behalf of the Board Panel of Mr. P. Vlahos (Presiding Member) and Mr. A. Birchenough (Member).

Paul Vlahos
Vice Chair and Presiding Member