

August 29, 2023

The Ontario Energy Board issues decision on the Independent Electricity System Operator's 2023-2025 Revenue Requirement and Fees Application

DECISION

Today, the Ontario Energy Board (OEB) issued its [Decision and Order](#) on an application filed by the Independent Electricity System Operator (IESO) for approval of its proposed revenue requirements, expenditures and usage fees for fiscal years 2023, 2024 and 2025.

This is the first application by the IESO with a three-year forecast of revenue requirements, expenditures and fees and is based on its [2023-2025 Business Plan](#) that was approved by the [Minister of Energy on February 15, 2023](#).

The application was the subject of settlement negotiations between the IESO and intervenors representing a variety of market participant, consumer and other interest groups. On July 21, 2023, the IESO filed a settlement proposal that reflected a comprehensive settlement on all issues.

The OEB approved the settlement proposal as filed, stating that the quality of supporting evidence, along with the substantial commitments made by the IESO, provided the necessary foundation for the OEB to accept the proposal in its entirety.

The OEB noted that the multi-year application approach advances regulatory efficiency and promotes longer term planning, which is important for the energy transition that is currently underway and encourages the IESO to continue to use a multi-year application approach in future proceedings.

KEY FEATURES

Table 1 - OEB Approved Amounts

ITEM	2023	2024	2025
<p>Net Revenue Requirement</p> <p>The revenue requirement represents the IESO's forecast of the budget required to implement its Minister-approved Business Plan. Costs including, but not limited to, information technology, staffing, and office space are all captured by the revenue requirement.</p>	\$208.4 million	\$218.4 million	\$229.7 million
<p>Market Participant Usage Fees</p> <ul style="list-style-type: none"> Domestic Usage Fee Export Usage Fee <p>The IESO recovers its OEB-approved revenue requirement through usage fees. Usage fees are charged to market</p>	<p>\$1.3845/MWh</p> <p>\$1.0945/MWh</p>	<p>\$1.4203/MWh</p> <p>\$1.2545/MWh</p>	<p>\$1.4492/MWh</p> <p>\$1.4398/MWh</p>

ITEM	2023	2024	2025
<p>participants on a per MWh basis, based on their electricity withdrawals from the IESO-controlled grid. Domestic usage fees are charged to market participants for electricity withdrawals within Ontario while export usage fees are charged to those who export electricity from Ontario to another jurisdiction. The usage fees are effective January 1 in each of the respective years.</p> <p>Usage fees paid by electricity distributors are recovered from their customers through the Regulatory Charges line item on electricity bills.</p>			
<p>Total Capital Expenditures</p> <p>Capital expenditures are funded through debt the IESO obtains through its agreement with the Ontario Electricity Financial Corporation. The interest and debt cost of capital expenditures are then collected through the usage fees once the asset is in service and amortized.</p>	\$86.0 million	\$75.9 million	\$58.2 million
<p>Continuance of the Forecast Variance Deferral Account (FVDA)</p> <p>The FVDA is an operating reserve that the IESO uses to fund activities in the event of revenue shortfalls or unanticipated expenditures.</p> <p>The IESO will be permitted to seek OEB approval to adjust the approved revenue requirements, expenditures and fees in the event of a material unforeseen change that causes the FVDA balance to reduce to a deficit in year 1 of the three-year period.</p>	\$10 million	\$10 million	\$10 million

About the OEB

The OEB is the independent regulator of Ontario’s electricity and natural gas sectors. It protects the interests of consumers and supports the collective advancement of the people of Ontario. Its goal is to deliver public value through prudent regulation and independent adjudicative decision-making which contributes to Ontario’s economic, social and environmental development.

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Ce document est aussi disponible en français.

This Backgrounder was prepared by OEB staff to inform Ontario’s energy consumers about the OEB’s decision and is not for use in legal or regulatory proceedings. It is not part of the OEB’s reasons for decision; those may be found in the Decision and Order issued today, which is the official OEB document.