

Memorandum

To: Stakeholder Advisory Committee

From: Nancy Marconi - Senior Manager, Regulatory Affairs

Date: January 27, 2016

Subject: IESO Business Plan Update

Information item

On January 19, the IESO filed its first revenue requirement submission for the merged entity with the Ontario Energy Board. The IESO's 2016-2018 Business Plan, which reflects annual savings of over \$5 million from merging the IESO with the Ontario Power Authority, formed part of the submission. Further efforts outlined in the plan expect to achieve savings of more than \$10 million by 2018.

The IESO is seeking approval of a proposed 2016 revenue requirement of \$181.1 million to be recovered through a usage fee of \$1.13 per MWh, effective January 1, 2016. This fee represents a nine percent reduction compared to the combined current IESO usage fee of \$0.803/MWh and the current Ontario Power Authority usage fee of \$0.439/MWh. The current fees were made interim effective January 1, 2016.

Key items in the IESO's revenue requirement submission include a cost allocation report on the IESO's proposal to charge one fee to all customers, including embedded generation and export volumes; the IESO's proposed treatment of merger costs which were incurred in 2014 to enable the amalgamation of the two organizations to take place; and a discussion of risks faced by the IESO.

A notice has not yet been issued to solicit potential intervenors, but information about the IESO's filing has been included on the IESO's website, sent in an email to all market participants and interested parties who are registered to receive IESO news and other communiqués, and emailed to all registered intervenors in the IESO's and OPA's most recent revenue requirement

submissions. The IESO intends to file updated audited financial information on March 31, and has requested that a written hearing begin after the update is filed. Any parties interested in participating in the IESO's application will have an opportunity to indicate their intent by filing a letter with the Board once notice has been issued.