



EB-2007-0816

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 2008 Fees Submission for Review.

PROCEDURAL ORDER NO. 1

BACKGROUND

On November 2, 2007, the Independent Electricity System Operator (the "IESO") filed its proposed Fiscal 2008 Fees Submission for Review with the Ontario Energy Board for review in accordance with sections 18 and 19 of the *Electricity Act, 1998*. The Board assigned file number EB-2007-0816 to this matter.

The Board issued a Notice of Application ("Notice") dated December 12, 2007 with respect to this matter. A draft issues list, prepared by Board staff, was included with the Notice and potential intervenors were given the opportunity to provide comments on the draft.

An intervenor list is attached as Appendix "A" to this Procedural Order.

On December 17, 2007, the Board issued an interim fees order to allow the IESO to implement its proposed reduced fee starting January 1, 2008, pending a final decision in this proceeding.

Two of the intervenors, VECC and Energy Probe, provided comments on the draft issues list with their letters of intervention dated December 21, 2007 and December 24, 2007 respectively. The IESO responded to the intervenor comments in a letter dated January 4, 2007.

The Board has considered the draft issues list as well as the comments from intervenors and the IESO and has finalized the issues list for this proceeding (attached as Appendix B).

The Board will consider the need for an oral hearing at a later date.

The Board considers it necessary to make provision for the following procedural matters. The Board may issue further procedural orders from time to time.

THE BOARD ORDERS THAT:

1. The issues for this proceeding are as set out in Appendix "B" attached to this Order.
2. In lieu of a written interrogatory process, a technical conference will be held at 2300 Yonge, Toronto on the 25th floor in the West Hearing Room on **Monday February 11, 2008 from 9:30 AM to 5:30 PM**. At this conference, the IESO will provide a brief overview of its pre-filed evidence and there will be an opportunity for questions by Intervenors and Board staff. The technical conference will be transcribed.
3. If the IESO staff is unable to provide complete and satisfactory answers to questions raised at the technical conference, Intervenors may seek undertakings for the IESO to provide written responses to all Intervenors and Board Staff by **Tuesday February 19, 2008**.
4. A Settlement Conference will be held at 2300 Yonge, Toronto on the 25th floor in the West Hearing Room commencing **Tuesday February 26, 2008 from 9:30 AM to 5:00 PM** and continuing, if necessary, on **Wednesday February 27, 2008 at 9:30 AM**.

ISSUED at Toronto, January 24, 2008

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX "A"

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

2007 FEES SUBMISSION FOR REVIEW

EB-2007-0816

APPLICANT & LIST OF INTERVENTIONS

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

2008 FEES SUBMISSION FOR REVIEW EB-2007-0816

List of Applicant and Intervenors

January 24, 2007

Applicant

Representative Name and Contact Information

Independent Electricity System Operator (“IESO”)

Paula Lukan
Senior Regulatory Analyst, Regulatory Affairs
Independent Electricity System Operator
655 Bay Street, Suite 410
Toronto ON M5G 2K4

Tel: 416-506-2831
Fax: 416-506-2843
Email: paula.lukan@ieso.ca

AND

John Rattray
Senior Legal Counsel
Independent Electricity System Operator
655 Bay Street, Suite 410
Toronto ON M5G 2K4

Tel: 416-506-2856
Fax: 416-506-2847
Email: john.rattray@ieso.ca

AND

Glenn Zacher
Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto ON M5L 1B9

Tel: 416-869-5688
Fax: 416-947-0866
Email: gzacher@stikeman.com

Intervenors	Representative Name and Contact Information
1. Association of Power Producers of Ontario (“APPRO”)	<p>David Butters President Association of Power Producers of Ontario 25 Adelaide Street East, Suite 1602 Toronto ON M5C 3A1</p> <p>Tel: 416-322-6549 Fax: 416-481-5785 Email: david.butters@appro.org</p>
AND	<p>Elisabeth (Lisa) DeMarco Macleod Dixon LLP Toronto – Dominion Centre Canadian Pacific Tower 100 Wellington Street West Suite 500, P.O. Box 128 Toronto ON M5K 1H1</p> <p>Tel: 416-203-4431 Fax: 416-360-8277 Email: elisabeth.demarco@tor.macleoddixon.com</p>
2. Energy Probe Research Foundation (“Energy Probe”)	<p>David S. MacIntosh c/o Energy Probe 225 Brunswick Avenue Toronto ON M5S 2M6</p> <p>Tel: 416-964-9223 Ext. 235 Fax: 416-964-8239 Email: DavidMacIntosh@nextcity.com</p>
AND	<p>Dr. Kimble F. Ainslie c/o Energy Probe 225 Brunswick Avenue Toronto ON M5S 2M6</p> <p>Tel: 416-964-9223 Ext. 225 Fax: 416-964-8239 Email: KimbleAinslie@nextcity.com</p>
3. Hydro One Networks Inc.	<p>Glen MacDonald Senior Advisor – Regulatory Research and Administration Regulatory Affairs Hydro One Networks Inc. 8th Floor, South Tower 483 Bay Street Toronto ON M5G 2P5</p> <p>Tel: 416-345-5913 Fax: 416-345-5866</p>

Intervenors**Representative Name and
Contact Information**

Email: regulatory@HydroOne.com

**4. Ontario Power Generation Inc.
("OPG")**

Colin Anderson
 Director, Ontario Regulatory Affairs
 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

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: j.erzetic@opg.com

5. Power Workers' Union ("PWU")

John Sprackett
 Staff Officer, President's Office
 Power Workers' Union
 244 Eglinton Avenue East
 Toronto ON M4P 1K2

Tel: 416-322-4787
 Fax: 416-481-7914
 Email: spracket@pwu.ca

AND

Judy Kwik
 Senior Consultant
 Elenchus Research 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

Richard Stephenson
 Counsel
 Paliare Roland
 250 University Avenue, Suite 510
 Toronto ON M5H 3E5

Tel: 416-646-4325
 Fax: 416-646-4335
 Email: richard.stephenson@paliareroland.com

Intervenors	Representative Name and Contact Information
6. Shell Energy North America (Canada) Inc.	<p>Paul Kerr Manager, Market Affairs Shell Energy North America (Canada) Inc. 60 Struck Court, Suite 100 Cambridge ON N1R 8L2</p> <p>Tel: 519-620-7712 Fax: 519-624-7712 Email: paul.kerr@shell.com</p>
7. The Society of Energy Professionals	<p>Richard Long The Society of Energy Professionals IFPTE Local 160, AFL-CIO, CLC 425 Bloor Street East, Suite 300 Toronto ON M4W 3R4</p> <p>Tel: 416-979-2709 Ext. 2255 Fax: 416-979-5794 Email: longr@society.on.ca</p>
8. Union Gas Limited (“Union”)	<p>Patrick McMahon Manager, Regulatory Research and Records Union Gas Limited 50 Keil Drive North Chatham ON N7M 5M1</p> <p>Tel: 519-436-5325 Fax: 519-436-4641 Email: pmcmahon@uniongas.com</p>
9. Vulnerable Energy Consumers Coalition (“VECC”)	<p>Bill Harper Econalysis Consulting Services 34 King Street East, Suite 1102 Toronto ON M5C 2X8</p> <p>Tel: 416-348-0193 Fax: 416-348-0641 Email: bharper@econalysis.ca</p>
AND	<p>James Wightman Econalysis Consulting Services 1102 – 34 King Street East Toronto ON M5C 2X8</p> <p>Tel: 416-348-0640 Fax: 416-348-0641 Email: jwightman@econalysis.ca</p>

Intervenors

AND

**Representative Name and
Contact Information**

Michael Buonaguro
Counsel
c/o Public Interest Advocacy Centre
34 King Street East, Suite 1102
Toronto ON M5C 2X8

Tel: 416 767-1666
Fax: 416 348-0641
Email: mbuonaguro@piac.ca

APPENDIX "B"

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

2007 FEES SUBMISSION FOR REVIEW

EB-2007-0816

BOARD – APPROVED ISSUES LIST

INDEPENDENT ELECTRICITY SYSTEM OPERATOR (“IESO”)

FISCAL 2008 FEES SUBMISSION FOR REVIEW

BOARD – APPROVED ISSUES LIST

EB-2007-0816

1.0 Operating Cost

- 1.1 Are the IESO's projected OM&A Costs reasonable?
- 1.2 Are the IESO's projected staff costs and strategy for setting compensation levels appropriate and reasonable?
- 1.3 The IESO's third quarter 2007 financial statements indicate that the IESO holds \$23.1 million of illiquid Asset-Backed Commercial Paper on which neither principal nor interest has been paid. What are the implications of this ABCP for the IESO's 2008 revenue requirement?

2.0 Capital Spending

- 2.1 Are the projected expenditures including \$8 million in 2008 and \$8 million in 2009 on Day-Ahead Market (“DAM”) 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 for the DAM initiative reasonable? (Approval of DAM by the IESO Board by late 2007 or early 2008, capital work to start in 2008 and DAM to be operational in 2009).

3.0 Smart Metering Initiative

- 3.1 Is the IESO's process for separating of costs associated with its role as the Smart Metering Entity from costs incurred as the System Operator appropriate?

4.0 Benchmarking

- 3.2 Are the IESO's proposed cost categories for comparison to its peers appropriate for improving operational efficiency?

5.0 Reliability

- 5.1 Are the IESO's proposed 2008 measures to address reliability appropriate and cost-effective?

6.0 Undertakings from 2007 Fees Submission

6.1 Has the IESO complied with its undertakings and obligations?

6.2 Do any of the IESO's actions described in its November 2, 2007 Status Report on obligations and undertakings have implications for 2008 fees which should be reviewed in the current proceeding?