



DECISION ON ACCOUNTING ORDER

EB-2022-0137

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, IN ITS CAPACITY AS THE SMART METERING ENTITY

Application for Approval of a Smart Metering Charge for the years
2023 to 2027 and related matters

BEFORE: **Pankaj Sardana**
Presiding Commissioner

Allison Duff
Commissioner

Michael Janigan
Commissioner

October 11, 2022

1 INTRODUCTION

On September 8, 2022, the Ontario Energy Board (OEB) issued a Decision and Order (Decision) approving the charge to be levied and collected by the Independent Electricity System Operator in its capacity as the Smart Metering Entity (SME) from distributors for the January 1, 2023 to December 31, 2027 period.

In accordance with the Decision, the SME filed a draft Accounting Order on September 19, 2022, to reflect the new Operating Reserve Balancing Account (ORBA). OEB staff filed a submission recommending that the draft Accounting Order be approved as filed. No other party filed comments on the draft Accounting Order.

2 FINDINGS

The OEB has reviewed the draft Accounting Order filed by the SME and finds that it accurately reflects the accounting and reporting requirements for the ORBA approved in the Decision.

The approved Accounting Order is attached as Schedule A.

3 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Accounting Order attached as Schedule A to this Decision is approved.

DATED at Toronto October 11, 2022

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

SCHEDULE A
DECISION AND ORDER
INDEPENDENT ELECTRICITY SYSTEM OPERATOR / SMART
METERING ENTITY
EB-2022-0137
OCTOBER 11, 2022

SMART METERING ENTITY ACCOUNTING ORDER

EB-2022-0137

September 19, 2022

1. This accounting order is intended to reflect the Ontario Energy Board's ("OEB") Decision and Order in EB-2022-0137 dated September 8, 2022 and be effective January 1, 2023.
2. The Smart Metering Entity ("SME") shall establish the Operating Reserve Balancing Account ("ORBA") effective as of January 1, 2023. The ORBA replaces the Balancing Variance Account ("BVA"), where the Cost Account, the Revenue Account and the Service Levels Credit Account sub-accounts will be discontinued and the Third-Party Access ("TPA") Account will be continued.

The SME will establish a separate account for the ORBA which will record the SME's revenues and expenses, including Third Party Access revenues and expenses. Any balance in the ORBA shall be invested in accordance with the Independent Electricity System Operator ("IESO")'s Treasury Policy as approved by the Ministry of Finance. Any investment income earned shall be retained in the ORBA and any year-end balance in the ORBA shall be rebated to ratepayers where the balance:

- exceeds the operating reserve of \$2.0 million; and
- would result in a rebate to ratepayers of \$0.05 per meter or greater; and

Any rebate shall be paid by the SME within three months after the filing of the SME's annual report with the OEB on May 31st

3. Third-Party Access Variance Account

The SME will continue to report on the Third Party Access costs as approved by the OEB in the Third Party Access application, EB-2021-0292 and which are tracked in the approved TPA Variance Account. The SME will record costs associated with fulfilling requests for data access and any revenue generated from requestors, with the exception of requests made by the IESO or the OEB, in the TPA Variance Account for each calendar year beginning with the partial-year period from the decision approving this account, March 24, 2022, to December 31, 2022. The balance of the TPA Variance Account will be considered for future disposition as part of the BVA for 2022 and as part of the ORBA in 2023 and future years.

4. The SME shall report on 2022 using the approved BVA as approved in EB-2021-0292.
5. The SME shall report on 2023 and future years using the ORBA as approved in this application, EB-2022-0137.
6. The SME shall maintain records to substantiate the balances reported. The SME shall provide reconciliations of SME's costs and revenues to IESO's annual audited financial statements to support the variances reported in each account. To derive the ORBA balance, the SME shall follow the below entries:

- a) In the case of a Surplus originated from SME Revenues higher than SME Operating Expenses,

Dr SME Revenues

Cr SME Operating Expenses

Cr ORBA

And in the case that the criteria outlined in point #2 above for rebate to ratepayers are met,

Dr ORBA

Cr Rebate Market Participants

- b) In the case of a Deficit originated from SME Operating Expenses higher than SME Revenues,

Dr SME Revenues

Dr ORBA

Cr SME Operating Expenses

7. A draft annual report providing the final year-end balances in the ORBA shall be sent to all Parties to EB-2021-0137, EB-2021-0292 and OEB Staff by April 30th. Within 10 business days of the draft report being sent, the SME Parties and OEB Staff may ask the SME questions on the balances within the ORBA or third party variance account or on any explanations provided in the report, and the SME will respond to these.
8. The SME shall, annually on or before May 31st report to the OEB the final year-end balances in the ORBA. This final report will include a table substantially in the form attached as Appendix "A" to this Accounting Order. The report will provide the SME's budgeted and actual costs for the prior calendar year, the SME's budgeted

and actual revenue for the prior calendar year, and an explanation for any material divergence.

9. The report will include a description as to whether the year-end balance in the ORBA exceeds \$2.0 million and would result in a rebate of \$0.05 per meter or greater if rebated to customers, including the amount of the rebate per meter. If the year-end balance does result in a rebate of \$0.05 per meter or greater, the rebate will be administered within three months after the SME files the annual report with the OEB on May 31st unless the OEB provides alternative direction prior to the rebate being processed.

**Appendix A - Smart Meter Entity Accounting Order
EB-2022-0137**

Smart Metering Variance Report: 2023

SME Pro-Forma Financials

(In millions of Dollars)

	2023			
	Actual	Budget	Variance	% of Variance
SMC Fee				
Third-Party Access Revenues				
Total SME Revenues	\$	\$ -	\$ -	
Compensation & Benefits				
Professional & Consulting				
Operating & Administration				
Operating Expenses before TPA, Amortization and Interest	\$ -	\$ -		
Third-Party Access Expenses				
Amortization				
Net Interest				
Total SME Operating Expenses	\$	\$ -	\$	
Total SME Operating Surplus/(Deficit)	\$	\$ -	\$ -	

SME Capital Expenses

(In millions of Dollars)

	2023			
	Actual	Budget	Variance	% of Variance
Meter Data Management and Repository (MDM/R)				
Total Capital Expenses	\$	\$ -	\$ -	

Third Party Access Variance Account

Third Party Access Variance Account (In millions of dollars)	2023	2024	2025	2026	2027
Accumulated Balance - beginning of year	x				
Third-Party Access Revenues	+				
Third-Party Access Expenses	-				
Accumulated Balance - end of year	x				

Operating Reserve Balancing Account ("ORBA")

Operating Reserve Balancing Account ("ORBA") (In millions of dollars)	2023	2024	2025	2026	2027
Accumulated Balance - beginning of year	x				
SME Operating Surplus (Deficit)	+/-				
Rebates to Market Participants	-				
Accumulated Balance - end of year	x				
OEB Approved Operating Reserve in ORBA Balance	2.0	2.0	2.0	2.0	2.0