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BY RESS
registrar@oeb.ca

Ms. Nancy Marconi
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Marconi:

Re: Essex Powerlines Corporation (“EPLC”) Cost of Service Application for 2025 Electricity Distribution Rates (“Application”) Ontario Energy Board (“OEB”) File No. EB-2024-0022 / EB-2024-0096 Update to Reply Submission – 2025 PowerShare Distribution System Operator Project (“PowerShare Project”) – Capital Additions

On November 11, 2024, EPLC filed its Reply Submission pursuant to the OEB’s letter dated November 8, 2024. The Reply Submission stated that EPLC was continuing to work with the IESO to amend the Grid Innovation Fund Contribution Agreement to reflect certain scope changes to the PowerShare Project.

The IESO recently presented EPLC with an initial draft of the amended Contribution Agreement for the PowerShare Project that will see the funding end on December 31, 2025, not March 31, 2026. The amended Contribution has not yet been executed. EPLC would like to update Table 1 in the Reply Submission as follows:

Table 1: PowerShare DSO Pilot In-Service Additions

	2023	2024	2025	Total
Total Capital	\$301,866	\$743,308	\$300,608	\$1,345,782
3 rd Party Contributed Capital	\$150,943	\$371,654	\$150,304	\$670,901
Net Capital Additions	\$150,923	\$371,654	\$150,304	\$672,881

For simplicity, EPLC has elected to forgo any additional amounts related to the truncation of the PowerShare Project in 2025 instead of 2026.

With respect to the terms of the PowerShare Deferral and Variance Account (“**PowerShare DVA**”) approved in Decision and Order EB-2024-0096 / EB-2024-0022 on August 29, 2024, the IESO is currently proposing to revise total funding for energy payments to \$255,000 and ending on February 28, 2025. This means that the IESO will match only \$255,000 of the OEB approved \$350,000 in the PowerShare DVA. Thus, EPLC is requesting that the OEB revise the terms of the PowerShare DVA in two respects: (a) the cap be reduced to \$255,000; and (b) the end date be revised to February 28, 2025. An updated draft of the PowerShare DVA is attached to this correspondence.

EPLC recognizes the Contribution Agreement is still in draft form and EPLC will commit to a cap on 2025 Net Capital Additions in the amount of \$150,304 and a cap on the PowerShare DVA in the amount of \$255,000. In the event the matching funding from IESO is lower than these amounts, EPLC will reduce the 2025 Net Capital Additions and PowerShare DVA proportionally. EPLC will not seek recovery from ratepayers if IESO funding in the Contribution Agreement increases above these capped amounts.

Please contact the undersigned with any questions.

Yours truly,

BORDEN LADNER GERVAIS LLP



Colm Boyle

Draft Accounting Order

**Account 1508, Other regulatory Assets/Liabilities – PowerShare
Deferral Account**

DRAFT ACCOUNTING ORDER –

**Account 1508, Other regulatory Assets/Liabilities – PowerShare
Deferral Account**

1. This account shall be used to accrue costs paid to participants in the EPLC PowerShare DSO Local Energy Market Pilot Project, with an effective date of July 1, 2024 and ending on February 28, 2025. The net amount shall be determined as the difference between amounts paid in total for capacity and energy, net of project funding, and net of HOEP¹ where energy is purchased.
2. On a monthly basis, EPLC will record the total amount paid for capacity purchased through the Project as a debit to USoA 4705 “Power Purchased” and a credit to USoA 2200 “Accounts Payable”.
3. On a monthly basis, EPLC will record the total amount paid for energy or curtailment purchased through the Project as a debit to USoA 4705 “Power Purchased” and a credit to USoA 2200 “Accounts Payable”.
4. On a monthly basis, EPLC will record 50% of the value of flexibility purchased through the Project as a debit to USoA Account 1100 “Accounts Receivable” and as a credit to USoA 4705 “Power Purchased” to recognize the amount recoverable through Project funding, based on the Project contribution agreement and not to exceed the project maximum for flexibility as approved therein.
5. In cases where flexibility purchased is in the form of energy, EPLC will calculate the Net Receivable to be debited to USoA 1100 “Accounts Receivable” and credited to USoA 4705 “Power Purchased” as total power purchased, less 50% project funding, less HOEP for the power injected, resulting in commodity cost of HOEP remaining in USoA 4705 “Power Purchased”.
6. On a monthly basis, EPLC will debit a USoA Account 1508 “Other regulatory Assets/Liabilities – “Powershare Deferral Account” sub-account and credit USoA 4705 “Power Purchased” to move any amounts paid for flexibility through the Project, net of Project funding and HOEP, to the PowerShare Deferral Account.

¹ HOEP is to be replaced by the sum of the Day-ahead Market Ontario Zonal Price and the Load Forecast Deviation Charge resulting from the anticipated implementation of the IESO’s Market Renewal Program (MRP).

7. On a periodic basis, and as approved by the IESO based on Milestone reporting, EPLC will invoice the IESO to recover funds accrued in USoA 1100 “Accounts Receivable” during monthly settlement with participants.
8. EPLC will apply interest in the balance in USoA 1508 “Other regulatory Assets/Liabilities – Powershare Deferral Account” at the OEB prescribed rate and accrue that interest in associated sub-account 1508, “Powershare Deferral Account, Carrying Charges”. The offsetting entry will be recorded in USoA Account 4405.
9. On a monthly basis EPLC will include any energy purchased in the Embedded Generation Total that is submitted to the IESO as part of the monthly IESO portal submission, so that Class B Global Adjustment can be accurately charged to EPLC.
10. The cumulative amount recorded in the new sub-accounts will be a debit amount on February 28, 2025 and will not exceed \$255,000 including carrying charges calculated at the OEB prescribed rate.
11. Disposition will be requested in EPL’s rebasing Application through a rate rider to EPLC customers.
12. The following are the proposed accounting entries:

Local Capacity Payments – monthly entries when Capacity is settled with Flexibility provider

DR 4705 – Power Purchased	\$XX	
CR 2200 – Accounts Payable		\$XX
~to record payment to DER owner		
DR 1100 – Accounts Receivable	\$XX	
CR 4705 – Power Purchased		\$XX
~to record recovery of 50% through Project funding		
DR 1508 – Other reg Assets/Liabilities – PowerShare Deferral Account	\$XX	
CR 4705 – Power Purchased		\$XX
~to transfer net commodity cost to DVA		

Local Energy Payments – monthly entries when Energy is settled with Flexibility provider

