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File No. 41054.5

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BY EMAIL & 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”)
Deferral Account Application (EB-2024-0022 / EB-2024-0096)
Settlement Proposal – PowerShare DVA Amendment**

Pursuant to the Ontario Energy Board’s (“OEB”) Procedural Order No. 4 issued on February 20, 2025, please find enclosed the Settlement Proposal on EPLC’s request to amend the terms of the PowerShare DVA.

If you have any questions or concerns, please do not hesitate to contact me.

Yours truly,

BORDEN LADNER GERVAIS LLP

A handwritten signature in black ink, appearing to read 'Colm Boyle', is written over a horizontal line.

Colm Boyle

CB/JV

EB-2024-0022

EB-2024-0096

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Essex
Powerlines Corporation for an order approving just and
reasonable rates and other charges for electricity distribution
beginning January 1, 2025.

ESSEX POWERLINES CORPORATION

SETTLEMENT PROPOSAL

MARCH 14, 2025

BACKGROUND

Subject to any amendments or additions herein, the Parties repeat and rely on the “BACKGROUND” section of the settlement proposal, as applicable, filed on September 23, 2024 in this proceeding and subsequently approved by the Ontario Energy Board (“OEB”) on October 15, 2024.

On December 13, 2024, Essex Powerlines Corporation (“EPLC”) filed an update to its Reply Submission on the Unsettled Issue, to reflect scope and timing changes to the PowerShare Distribution System Operator (DSO) pilot project.

On December 17, 2024, EPLC filed a further update to its Reply Submission including a copy of the Amended Contribution Agreement to provide additional context to the original letter filed on December 13, 2024. Essex Powerlines requested: (a) to withdraw the entire request for 2025 PowerShare DSO pilot project capital additions, thereby rendering moot the Unsettled Issue from the OEB Decision and Order EB-2024-0022 / EB-2024-0096 on October 15, 2024; and (b) to amend, if necessary, the terms of the PowerShare DVA approved in Decision and Order EB-2024-0096 on August 29, 2024 to: (i) reduce the cap from \$350,000 to \$255,000; and (ii) change the end date of the PowerShare DVA from March 31, 2026 to February 28, 2025 (“DVA Issue”).

On February 20, 2025, the OEB issued Procedural Order No. 4 in which it allowed EPLC to withdraw the entire request for 2025 PowerShare DSO pilot project capital additions; and it set a process for the DVA Issue that included a technical conference to be followed immediately by a settlement conference.

On March 6, 2025, EPLC, VECC and SEC attended at the technical conference and settlement conference.

1. DVA Issue

Full Settlement: The Parties agree that there are new facts that result in a change in circumstances that warrant the OEB varying the Decision and Order in EB-2024-0096 issued on August 29, 2024. Specifically, the Parties agree to amend the PowerShare DVA in the following aspects: (1) reduce the cap on the PowerShare DVA to \$30,000; and (2) amend the end date to February 28, 2025.

Settlement on this issue does not prejudice the position any party may take at a future proceeding with respect to the disposal of the PowerShare DVA balance, including the issue of materiality of any balance. An amended version of the PowerShare DVA Accounting Order is attached as Appendix A.

The Parties accept that EPLC does not currently have an intention or knowledge that further capital expenditures will be made on the PowerShare DSO project.

Appendix A

PowerShare DVA Accounting Order

DRAFT ACCOUNTING ORDER –

**Amended 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 HOEP 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.

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 \$30,000.
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

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

Note: the amount moved to 1508- Other Regulatory Assets/Liabilities – PowerShare Deferral Account, will be net of HOEP when the Flexibility activated is generation.

Local Curtailment Payments – monthly entries when Flexibility provider is activated to curtail load to meet contracted capacity.

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		
– PowerShareDeferral Account	\$XX	
CR 4705 – Power Purchased		\$XX

~to transfer net commodity cost to DVA

Carrying Charges Monthly Entry

DR 1508 – Other reg Assets/Liabilities		
– PowerShare Deferral Account, Carrying Charges	\$XX	
CR 4405 - Interest Income		\$XX

~to record interest on 1508 – PowerShare Deferral Account balance