



EB-2017-0290

**Independent Electricity System Operator /
Smart Metering Entity**

**Application for approval of smart metering
charge for 2018-2022**

**DECISION ON ISSUES LIST
November 23, 2017**

The Independent Electricity System Operator (IESO), in its capacity as the Smart Metering Entity (SME), filed an application with the Ontario Energy Board (OEB) on August 31, 2017 under subsections 78(2.1), (3.0.1), (3.0.2) and (3.0.3) of the *Ontario Energy Board Act, 1998*, seeking approval for its 2018-2022 smart metering charge.

On October 27, 2017, the OEB issued Procedural Order No. 1, providing parties with the opportunity to comment on the draft issues list proposed by the SME. On November 6, 2017, the OEB received submissions from two parties: OEB staff and the Electricity Distributors Association (EDA). The SME filed its response to these submissions on November 13, 2017.

For the reasons below, the OEB approves the final issues list as attached in Schedule A.

OEB Staff Proposal for a New Issue re Stakeholder Engagement

OEB staff recommended that the following issue be added to the issues list:

Are the current stakeholder efforts undertaken by the SME sufficient and do these efforts meet the specific needs of its customers?

The SME in its reply submission states that it had no concerns with the addition of this proposed issue.

In the circumstances, the issue will be added to the issues list.

EDA Proposal for New Issues re SME “Additional Services”

The EDA requests that the OEB augment the draft issues list to address the following matters:

- The SME's future provision of additional services to local distribution companies (LDCs) and third parties such as third party access to data in the MDM/R
- The appropriate costing methodology for the implementation and ongoing costs incurred to provide additional services
- The treatment of revenues recovered pursuant to the provision of additional services when computing the proposed Smart Metering Charge

The EDA did not propose specific revisions to the wording of the draft issues list. Rather, the EDA presented general areas that should be explored during the proceeding.

The SME opposes the EDA's request. The SME submits that, insofar as the matters raised by the EDA relate to the provision of additional services to LDCs (as opposed to third parties), they are already covered by the draft issues list. In particular, the SME suggests that they could be explored through interrogatories under the following draft issues:

- Issue 1: Is the SME's proposed \$178.1 million revenue requirement for the January 1, 2018 to December 31, 2022 period appropriate?
- Issue 2: Is the proposed SME fee of \$0.59 per smart meter per month appropriate?
- Issue 12: Is the proposal to return to ratepayers any year-end balance in the Balancing Variance Account, exceeding \$2.5 million and which result in a rebate to ratepayers of \$0.05 per meter or greater, three months after the filing of the SME's annual report with the Board on April 30th appropriate?

With respect to the future extension of service to third parties, the SME submits that it is premature at this time to explore the future extension of service to third parties while the SME is still exploring, with stakeholders, the potential scope of third party access to the data in the MDM/R. The SME states that this area would be more appropriately explored in the 2018 filing that the SME intends to make. The SME adds that, to the extent the current application deals with costs for the initial design phase of the third party access project, they may be explored in this proceeding under draft issue #1 (Is the SME's proposed \$178.1 million revenue requirement for the January 1, 2018 to December 31, 2022 period appropriate?).

The OEB agrees with the EDA that the SME's provision of additional services to LDCs during the rate period is relevant to this proceeding. However, the OEB also agrees with the SME that this issue is subsumed under draft issues #1, #2, and #12.

As for the SME's extension of service to third parties, the OEB is not persuaded by the SME that it would be "premature" to consider it in this proceeding. The OEB is of the view that the SME's proposed expenditures and revenues in respect of this project during the five-year rate period fall within the scope of this proceeding. The SME says that it intends to file a separate proposal in 2018 dealing with this matter, but that should not prevent the other parties in this proceeding from seeking clarification from the SME about, for example, its plans over the rate period and the interplay between the current charge application and the planned 2018 filing. Nevertheless, it would seem (and the SME appears to agree) that such questions fall within the broader issue #1. In summary, although a new standalone issue is not required, the matter of the SME's extension of service to third parties is within scope.

DATED at Toronto, **November 23, 2017**

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Schedule A

Approved Issues List

Independent Electricity System Operation/
Smart Metering Entity

EB-2017-0290

November 23, 2017

Approved Issues List

EB-2017-0290

1. Is the SME's proposed \$178.1 million revenue requirement for the January 1, 2018 to December 31, 2022 period appropriate?
2. Is the proposed SME fee of \$0.59 per smart meter per month appropriate?
3. Is the proposed January 1, 2018 effective date for the SME fee appropriate?
4. Is the proposal to include the \$7 million projected uncollected SME debt (projected December 31, 2017 balance) in the SME costs appropriate?
5. Are the projections for installed smart meters appropriate?
6. Are the forecast staffing levels appropriate and reasonable?
7. Is the proposal to establish the Balancing Variance Account appropriate?
8. Is the proposal to continue the three existing variance accounts as sub accounts of the Balancing Variance Account appropriate?
9. Is the proposal to continue to carry the balances in the existing Costs variance and Revenue variance accounts forward appropriate?
10. Is the proposal to clear the balance in the Service Level Credits Account appropriate?
11. Is the proposal to retain \$2.5 million in the Balancing Variance Account as an operating reserve for the SME appropriate?
12. Is the proposal to return to ratepayers any year-end balance in the Balancing Variance Account, exceeding \$2.5 million and which results in a rebate to ratepayers of \$0.05 per meter or greater, three months after the filing of the SME's annual report with the Board on April 30th appropriate?
13. Are the current stakeholder efforts undertaken by the SME sufficient and do these efforts meet the specific needs of its customers?