



EB-2012-0100
EB-2012-0211

IN THE MATTER OF subsections 78(2.1), (3.0.1), (3.0.2) and (3.0.3) of the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF subsection 53.8(8) of the *Electricity Act, 1998*;

AND IN THE MATTER OF Ontario Regulation 453/06 made under the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF an Application by the Independent Electricity System Operator as Smart Metering Entity for an Order fixing a Smart Metering Charge for July 1, 2012 to December 31, 2017;

AND IN THE MATTER OF a proceeding on the Ontario Energy Board's own motion to review the options for and ultimately determine the appropriate allocation and recovery of the Smart Metering Charge pursuant to section 19 of the *Ontario Energy Board Act, 1998*.

PROCEDURAL ORDER NO. 4

On March 28, 2007, the Independent Electricity System Operator ("IESO") was designated as the Smart Metering Entity (the "SME") by Ontario Regulation 393/07 made under the *Electricity Act, 1998*. In its role as the SME, the IESO is managing the development of the meter data management/repository ("MDM/R") to collect, manage, store and retrieve information related to the metering of customers' use of electricity in Ontario.

The IESO, in its capacity as the SME, has applied to the Ontario Energy Board (the "Board") for approval of a Smart Meter Charge ("SMC") of \$0.806 per Residential and General Service <50kW customer per month which the IESO proposes to collect from

all licensed electricity distributors (“Distributors”) for the period July 1, 2012 to December 31, 2017.

The SME has also asked for an annual automatic adjustment mechanism to update the billing determinant with the annual changes in the number of Residential and General Service <50kW Customers listed in the OEB Electricity Distributor Handbook; a variance account to deal with changes in the SME costs, or any revenue surplus; and approval of the Smart Metering Agreement for Distributors for use by the SME and Distributors. The Board assigned File No. EB-2012-0100 to this application.

Pursuant to section 19 of the Act, the Board commenced a proceeding on its own motion to review the options for and ultimately determine the appropriate allocation and recovery of the SMC. The Board assigned File No. EB-2012-0211 to this proceeding.

Pursuant to its powers under section 21(5) of the Act, the Board combined the hearing of the SME application for the SMC with the Board’s proceeding on its own motion to determine the appropriate allocation and recovery of the SMC (the “Combined Proceeding”).

The Board issued a Notice of Application May 18, 2012 with respect to this Combined Proceeding.

By way of letter issued on May 31, 2012 the Board deemed the Electricity Distributors Association (“EDA”) and distributors to be intervenors in the Combined Proceeding.

On June 22, 2012, the Board issued its Decision on intervenor requests and cost eligibility as well as Procedural Order No. 1.

SMART METERING AGREEMENT FOR DISTRIBUTORS

In Procedural Order No. 1, the Board asked for submissions on the following preliminary issue (“Preliminary Issue”):

Given section 5.4.1 of the Distribution System Code (“DSC”) and section 3.2 of ES-2007-0750, what is the scope of the Board’s approval of an agreement between the SME and Distributors?

On July 6, 2012, the Board issued Procedural Order No. 2 granting the EDA's request to file submissions on the Preliminary Issue at the same time as the SME.

The Board's Decision and Order and Procedural Order No. 3 was issued on August 2, 2012. The document provided the Board's Decision on the preliminary issue and established the dates for oral submissions on the appropriate application of the Board's mandate to the Agreement and Terms of Service filed in evidence. The oral hearing was held on September 20, 2012. A decision on the Preliminary Issue will be issued in due course.

SME APPLICATION FOR SMC

(a) Draft Issues List

The draft issues list provided in Appendix A was prepared by the Board to frame the issues related to the application for approval of the SMC. The Board has determined that it will invite submissions from parties regarding the draft issues list.

The Board will provide a final issues list prior to the commencement of the Technical Conference referenced below.

(b) Technical Conference

The Board is providing for a technical conference on issues related to the application by the SME for a SMC. The technical conference will provide an opportunity for parties to ask clarification questions on the evidence filed by the SME on: (i) the actual and forecast costs (from 2006 to 2017); and (ii) the request for a variance account to deal with changes in the SME costs, or any revenue surplus or shortfall.

SMC ALLOCATION AND RECOVERY

The Board notes that at Exhibit C, Tab 4, page 2 of its application to the Board, the SME indicates as follows:

...the SME was advised by the EDA and LODC representatives that the utilities anticipate proposing that the Board initiate a proceeding on its own

motion to issue an order to implement recovery of the then-approved SMC in the rates of all distributors, in order to avoid the inefficiencies inherent in requiring every utility to file its own application for that rate component. While this would be a separate proceeding ***with evidence filed by the EDA and other stakeholders***, the EDA will request that such a proceeding be heard in sequence with this proceeding because the issues are closely related...
[Emphasis added]

Having initiated a proceeding on its own motion to determine the appropriate allocation and recovery of the SMC and combined the hearing of the SME application for the SMC with the Board's proceeding, the Board will now require the EDA and any other stakeholders (which the Board takes to mean electricity distributors that choose to file separately from the EDA), to file evidence with the Board relating to the methodologies that should be considered for licensed electricity distributors to allocate and recover the costs remitted to the SME. The Board will also provide for the filing of interrogatories and interrogatory responses on such evidence.

The Board will also make provision for the filing of evidence by any other party with respect to whether and on what basis any cost recovery methodologies other than recovery from distribution ratepayers should be considered. The Board will also provide for the filing of interrogatories and interrogatory responses on such evidence.

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 IESO (in its capacity as the SME), intervenors and Board staff shall file with the Board and forward to the IESO and all other intervenors any submissions on the Board's draft issues list on or before **October 10, 2012**.
2. A technical conference will be held at the Board's offices at 2300 Yonge Street on the 25th floor **on November 6, 2012 and November 7, 2012**. The technical conference will commence at 9:30 a.m. in the Board's West Hearing Room.
3. The EDA and any distributor that wishes to file separately from the EDA, shall file with

the Board and copy Board staff and all parties, evidence relating to the methodologies that should be considered for licensed electricity distributors to allocate and recover the costs remitted to the SME (the “EDA and Distributor Evidence”) on or before **October 19, 2012**.

4. If any intervenor, Board staff or the SME requires additional information related to the EDA and Distributor Evidence, they shall request it by written interrogatories filed with the Board and delivered to Board staff, the EDA and all parties on or before **October 26, 2012**.
5. Responses to the interrogatories on the EDA and Distributor Evidence shall be filed with the Board and delivered to the Board staff, the SME, the EDA and all intervenors on or before **November 2, 2012**.
6. Board staff and intervenors who wish to present evidence on cost allocation or recovery methodologies other than those proposed in the EDA and Distributor Evidence (the “Intervenor Evidence”) shall file that evidence with the Board and deliver it to Board staff, the SME, the EDA and all intervenors on or before **November 9, 2012**.
7. If any intervenor, Board staff, the SME or the EDA requires additional information related to any Intervenor Evidence, they shall request it by written interrogatories filed with the Board and delivered to Board staff, the SME and all intervenors on or before **November 16, 2012**.
8. Responses to the interrogatories on Intervenor Evidence shall be filed with the Board and delivered to the Board staff, the SME, the EDA and all intervenors on or before **November 23, 2012**.

All filings to the Board must quote the file number, EB-2012-0100/EB-2012-0211, be made through the Board’s web portal at <https://www.pes.ontarioenergyboard.ca>, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender’s name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document

Guideline found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to boardsec@ontarioenergyboard.ca.

Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Michael Bell at michael.bell@ontarioenergyboard.ca.

Issued at Toronto, October 1, 2012.

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX A
DRAFT ISSUES LIST
EB-2012-0100 / EB-2012-0211

SME APPLICATION FOR SMART METERING CHARGE

EB-2012-0100/EB-2012-0211

DRAFT ISSUES LIST¹

SME APPLICATION FOR SMART METERING CHARGE

1.0 SMART METER COSTS

1.1 OM&A Costs

- (a) Are the 2006 to 2011 OM&A costs proposed to be recovered by the SME reasonable and appropriate?
- (b) Are the forecast 2012 to 2017 OM&A costs proposed by SME reasonable and appropriate?

1.2 Capital Costs

- (a) Are the 2006 to 2011 capital costs proposed to be recovered by the SME reasonable and appropriate?
- (b) Are the forecast 2012 to 2017 capital costs proposed by SME reasonable and appropriate?

1.3 Financing Costs

- (a) Are the SME's proposals for financing reasonable and appropriate?

1.4 IESO/SME Cost Allocation

- (a) Have shared OM&A, Capital and Financing costs with the IESO been appropriately allocated to the SME?

1.5 Automatic Rate Adjustment

- (a) Is the SME's proposal to recover an average of actual and proposed costs from 2006 to 2017 for the period July 1, 2012 to December 31, 2017 reasonable and appropriate?
- (b) Is the SME's proposal for an annual automatic adjustment to update the billing determinant with the annual changes in the number of Residential and General Service <50kW Customers listed in the OEB Electricity Distributor Yearbook reasonable and appropriate?
- (c) What other adjustment mechanisms, if any, should be considered?

¹ Note that this Draft Issues List relates only to the application by the SME for an order approving a monthly Smart Metering Charge, an annual automatic adjustment mechanism and a variance account. It does not relate to the allocation and recovery of the SMC or to the SME/LDC Agreement.

-2-

1.6 Miscellaneous Matters

- (a) Is the SME's proposal to establish a variance account for changes in the SME costs or revenue surplus reasonable and appropriate?
- (b) Is the SME's proposal regarding service level credits reasonable and appropriate?