InnPower Corporation ("InnPower")

EB-2015-0081

Application Analysis

1.   Ref: Manager Summary, page 8

Global Adjustment

Section 3.2.5.2 of the OEB's Filing Requirements For Electricity Distribution Rate Applications states the following:

"As a new addition for 2016 applications, a distributor must now provide a description of its settlement process with the IESO or host distributor. It must specify the GA rate it uses when billing its customers (1st estimate, 2nd estimate or actual) for each rate class, itemize its process for providing consumption estimates to the IESO, and describe the true-up process to reconcile estimates of RPP and non-RPP consumption once actuals are known. The description should detail the distributor's method for estimating RPP and non-RPP consumption, as well as its treatment of embedded generation or any embedded distribution customers. Distributors are reminded that they are expected to use accrual accounting."

Please file the required information.

1. InnPower Response

In creating invoices for customer classes eligible for the GA (Global Adjustment Rate), InnPower utilizes the 1st estimate. The following identifies the process for consumption estimates provided to IESO and the true-up process.

InnPower Internal RPP Monthly Filing and Reconciliation Methodology

1598 Monthly Filing

The following describes how InnPower calculates the monthly IESO RPP claim/payment.

RPP vs. Market Price for smart meters is filed in order to collect/submit the variances on a month to month basis. Due to the fact that actual billing data would not yet be available, wholesale metering data is provided from the settlement provider and those customers that are not on the Regulated Price Plan are deducted. These include HOEP customers and retailer enrolled customers on the retail contract pricing, along with Hydro one LTLT customer data.

A spreadsheet is used to calculate the WAP from the HOEP and InnPower wholesale metering data. The data is gathered after month end and compiled into the Form 1598 RPP spreadsheet.

ODS (operational data store) provides the HOEP, total grid supply point data, all interval data, partial current NSLS data per IESO settlement calendar and all available smart meter data. This data is used to determine the NSLS consisting of total kWh delivered by the IESO for each month less all interval meters.

Internally, retailer usage estimates (billed the month previous), pass thru NSLS customer's usage estimates (billed the month previous) as well as Hydro One LTLT consumption is compiled to calculate the total consumption of Non-Designated customers in the NSLS. This amount is deducted to arrive at the adjusted NSLS consumption which represents the total monthly RPP consumption.

The smart meter data for the month received from ODS provides the percentages of the RPP TOU time bands that is applied to the total adjusted NSLS consumption. The wholesale pricing for each time band is calculated using the WAP plus second estimate global adjustment. The RPP amounts are calculated based on current TOU rates per OEB requirements found using the RPP link at: http://www.ontarioenergyboard.ca/oeb/Industry/Regulatory%20Proceedings/Policy%20Initiatives%20and%20Consultations/Regulated%20Price%20Plan

The difference for each time band is calculated and submitted to IESO per IESO requirements found at http://www.ieso.ca/Documents/training/SubmitData.pdf

The workflows and responsibility assignment can be found at IESO RPP Claim_Payment Monthly Process.doc

Reconciliation Methodology

The following describes how InnPower reconciles the difference between the Regulated Price Plan collected from customers on their bills and the actual market cost billed by the IESO. This is typically calculated and filed once annually in May the year following. As part of the IESO RPP self-certification, InnPower will move toward quarterly reconciliations.

InnPower has approached the reconciliation from the individual meter level. Using this approach, actual values are billed on a customer by customer basis, prorating each one to the calendar year as required. InnPower bills customers for electricity on a calendar month basis which makes reconciliations and calculations even more accurate since there is little to no pro-ration of data.

By comparing the amounts billed in RPP from the database to the Market pricing, obtained from individual billings from the database, and by adding in the global adjustment applicable to all RPP customers, the difference between what was billed and collected from the RPP customers to the Weighted Average Price can then be determined.

RPP reconciliation worksheet is exhibited below. This worksheet is used to provide a calculation of the reconciliation amount to be paid or collected per IESO requirements found at
http://www.ieso.ca/Documents/training/SubmitData.pdf

	A	B	C	D	E	F
	RPP Reconciliation					
					completed	
			2013			
					10278817.77	
	SSS RPP CHARGED (Invoiced to SSS RPP Customers)		$14,857,605.63			
	SSS RPP WAP Calculated (Market Pricing Calculated)		$4,880,816.04			
	Global Adjustment (if positive, adds to Wholesale Charges)		$10,278,817.77		Monthly 1598 Filings with IESO	
					IESO Charge code 142(from IESO invoice) ☑	
	Total Wholesale includes sss & ret rpp global adj		$15,159,633.80		-$88,459.85	jan
					13,006.61	feb
	SSS Variance-if POSITIVE we owe IESO		-$302,028.17		-$21,825.75	mar
					-$48,581.05	apr
	RETAILER RPP CHARGED (Invoiced to RPP Retailer Customers)		$0.00		-$78,561.08	may
					-$237,480.16	jun
	RETAILER IBRS-RPP (Retailer IBR's Billed to Innisfil)		$0.00		121,271.88	jul
					-$86,889.62	aug
	Variance-if POSITIVE we owe IESO		$0.00		23,309.33	sep
					-$19,670.53	oct
					-$39,589.57	nov
	Net From Customer Billing (if POSITIVE, we owe IESO)		-$302,028.17		265,896.94	dec
	RPV Billed to Customers (if POSITIVE, we owe IESO)		-11750.57		-$197,572.85	
	Net Owing (if POSITIVE, we owe IESO)		-$313,778.74			
	Previously Claimed (collected via 1598 - if positive we collected)		$197,572.85			
	Net Reconciliation (if positive, we owe IESO)		-$116,205.89			

SSS on RPP Plan

For SSS customers, the Participant Charges table (purtlrsh) in the CIS, stores all of the data necessary to determine what is billed the customer and what the market price for commodity was. (see e.g. below)
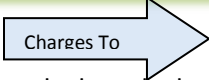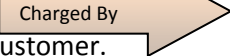
In the example above, the [Charges To] field records the WAP (Weighted Average Price) and the field [Charged By] records the calculated RPP for that billing and represents what is collected from the customer.

SSS RPP CHARGED (Invoiced to SSS RPP Customers)

The table (purtlrsh) holds the reading dates to prorate over month or year ends. This gives a precise value on an individual customer. For the RPP charges, the prorated amounts in the retailer charges column is used since that is where the billing system records the SSS customers fixed charges under the RPP pricing per OEB requirements, which can be found at:
http://www.ontarioenergyboard.ca/oeb/Industry/Regulatory%20Proceedings/Policy%20Initiatives%20and%20Consultations/Regulated%20Price%20Plan

SSS RPP WAP Calculated (Market Pricing Calculated)

The table (purtlrsh) holds the reading dates to prorate over month or year ends. This gives us a precise value on an individual customer. For the Weighted Average Pricing charges, the prorated amounts in the commodity charges column is used since that is where the billing system records the SSS customer's commodity charges (or Weighted Average Price).

Global Adjustment

The consistent practice is to record the fixed global adjustment price to the customer billings even though it is not billed, this allows the calculation of the actual global adjustment from the monthly IESO

invoices. Because the fixed rate is updated at the first of each month, exact usage by bill code date is in the pu_stats table. Only the GA negate stat codes is used since that represents RPP billed customers. Once usage is determined by calendar month, the actual Global Adjustment rate is calculated from each monthly IESO invoice. The global adjustment charge is divided by the # of Kwh on the invoice (determined by dividing the Rural Rate Charge by the effective RRA rate). Once the actual global adjustment rate is known, it is applied that to the reconciliation as part of the wholesale pricing.

RPP Retailer (no longer used)

For customers enrolled with a retailer but are on the Regulated Price Plan (RPP), the tables pujhstat is used and joined with pujhaccd by account, occupant and batchnumber . In all cases, the query is defined to represent all associated billings with readings that are in the current year or straddled year ends. Formulas then prorate the values to represent the calendar year.

RETAILER IBRS-RPP (Retailer IBR's Billed to Innisfil)

By using the negated IBR statistics, those retailer enrolled customers are identified but on RPP rates. The usage column is representative of the negated dollar amounts which is equivalent to the IBR value that is billed by the retailer.

RETAILER RPP CHARGED (Invoiced to RPP Retailer Customers)

WTthe same 2 tables are used along with the fixed pricing statistics to identify RPP amounts billed to the retailer enrolled customers.

RPV Billed to Customers

Using the pu_stats table, any customers can be identified that have exited the RPP plan and have paid the "TRUE UP" and account for that amount in the reconciliation.

Previously Claimed (collected via 1598)

This amount is compiled from the monthly 1598 submissions.

The workflows and responsibility assignment can be found at IESO RPP Claim_Payment Monthly Process.doc

2. Account 1595 – Disposition and Recovery/Refund of Regulatory Balances

Account Descriptions	Account Number	2013 Board-Approved Disposition during 2013	Adjustments during 2013 - other [1]	Closing Principal Balance as of Dec-31-13	Opening Interest Amounts as of Jan-1-13	Interest Jan-1 to Dec-31-13	Board-Approved Disposition during 2013	Adjustments during 2013 - other [2]	Closing Interest Amounts as of Dec-31-13
Group 1 Accounts									
LV Variance Account	1550	(46,364)		123,723	303	310	1,672		(1,059)
Smart Metering Entity Charge Variance	1551			9,064	0				105
RSVA - Wholesale Market Service Charge	1580	(291,192)		(522,778)	(8,371)	(8,671)	(5,869)		(11,173)
RSVA - Retail Transmission Network Charge	1584	(20,724)		439,970	640	3,571	714		3,497
RSVA - Retail Transmission Connection Charge	1586	(99,359)		305,894	(2,106)	2,073	(1,689)		1,656
RSVA - Power (excluding Global Adjustment)	1588	(248,519)		349,831	(4,809)	249	(5,052)		492
RSVA - Global Adjustment	1589	441,977		597,818	7,022	7,603	16,132		(1,507)
Disposition and Recovery/Refund of Regulatory Balances (2008)[4]	1595_(2008)			0	0				0
Disposition and Recovery/Refund of Regulatory Balances (2009)[4]	1595_(2009)			(40,118)	46,635	(419)			46,216
Disposition and Recovery/Refund of Regulatory Balances (2010)[4]	1595_(2010)	(7,183)		0	(87,009)		(87,009)		0
Disposition and Recovery/Refund of Regulatory Balances (2011)[4]	1595_(2011)			(8,543)	(9,143)	(121)			(9,264)
Disposition and Recovery/Refund of Regulatory Balances (2012)[4]	1595_(2012)			(203,204)	0	(109,339)			(109,339)
Disposition and Recovery/Refund of Regulatory Balances (2013)[4]	1595_(2013)	248,860		(62,733)	0	(1,503)	57,757		(59,260)
Disposition and Recovery/Refund of Regulatory Balances (2014)[4] *Not to be disposed of unless rate rider has expired and balance has been audited*	1595_(2014)			0	0				0
RSVA - Global Adjustment	**1589**	441,977	0	597,818	7,022	7,603	16,132	0	(1,507)
Total Group 1 Balance excluding Account 1589 - Global Adjustment		(464,481)	0	391,106	(63,860)	(113,745)	(39,476)	0	(138,129)
Total Group 1 Balance		(22,504)	0	988,924	(56,838)	(106,142)	(23,344)	0	(139,636)

a) The above portion of Sheet 3 "Continuity Schedule" shows amount of $248,860 and $57,757 being recovered in 2013 in account 1595.

The table below from InnPower's 2013 COS Decision (EB-2012-0139, page 38 of 82) which identifies the principal and interest amounts approved for disposition does not include these two amounts. Please explain the difference between those two tables.

Settlement Table #17: Group 1 & Group 2 Deferral and Variance Accounts

Group 1 Accounts	Account Number	Principal Balance	Interest Balance	Total Claim
LV Variance Account	1550	-$ 46,364	$ 1,672	-$ 44,692
RSVA-Wholesale Market Service Charge	1580	-$ 291,192	-$ 5,869	-$ 297,061
RSVA-Retail Transmission Network	1584	-$ 20,724	$ 714	-$ 20,010
RSVA-Retail Transmission Connection	1586	-$ 99,359	-$ 1,689	-$ 101,048
RSVA-Power (excl Global Adjustment)	1588	-$ 248,519	-$ 5,052	-$ 253,571
RSVA-Power Global Adjustment	1588	$ 441,977	$ 16,132	$ 458,109
Recovery of Regulatory Asset Balances	1595	-$ 7,183	-$ 87,009	-$ 94,192
Group 1 Sub total		**-$271,364**	**-$81,101**	**-$352,465**

2.a InnPower Response

The Table 17 reflected in the IR only reflects the Group 1 Accounts; the actual table in the Settlement document on page 38 of 82 reflects both the Group 1 and Group 2 accounts.

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The difference between Table 17 and the entries to the 2016 IRM Rate Generator model for 2013 is the total of all dispositions (Group 1and 2) for 2013. The exception on the table is for Account 1508 – Deferred IFRS Transition Costs which remains in 1508 until our next COS application. This is referenced on Page 2, paragraph 3 under Findings in EB-2012-0135 Decision and Order issued April 25, 2013.

3. **Tax Sharing**
    Ref: Rate Generator Model – Sheet 7 "STS – Tax Change"
    Ref: Manager's Summary, page 7

    Board staff notes that Sheet 7 is unpopulated as Innpower's sharing of tax savings is zero. Board staff further notes that from a completeness perspective, Sheet 7 should be populated.

    a.   Please confirm if InnPower concurs with Board staff in this matter, and if yes, Board staff will make the relevant correction.

3.a InnPower Response

InnPower concurs with Board staff that from a completeness perspective, Sheet 7 should be populated and understands that Board staff will make the relevant correction.