

November 13, 2017

VIA Email, Courier and RESS

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
27th Floor 2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Independent Electricity System Operator – Application
Smart Metering Entity / Smart Metering Charge 2018-2022
Ontario Energy Board File No.: EB-2017-0290**



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On August 31, 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") 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 review the draft issues list, as proposed by the SME, and provide any comments or additions to this list. The SME received submissions from two parties: OEB staff and the Electricity Distributors Association ("EDA"). The SME was to file its responses to the submissions of intervenors and OEB staff by November 13, 2017. The SME's submission is below.

OEB Staff's Submission

OEB staff submitted that, given the importance of customer engagement within the OEB's current regulatory framework, the OEB should consider adding the following issue to the issues list:

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

The SME has no concerns with the addition of this proposed issue.

EDA's Submission

The EDA suggested that the OEB augment the draft issues list to address:

- *the SME's future provision of additional services to 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; and*
- *the treatment of revenues recovered pursuant to the provision of additional services when computing the proposed Smart Metering Charge.*¹

The EDA also submitted that “since the subject application seeks rates effective for 2018-2022 it is appropriate to understand how the recovery of costs of the plan impacts the SME’s revenue requirement that is to be recovered through the Smart Metering Charge that will operate over this period”.²

It appears that the EDA is looking to address two areas in its submission – (1) future provision of additional services to local distribution companies (“LDCs”), including the potential associated costs and revenues, and (2) future extension of service to third parties such as third party access to data in the Meter Data Management Repository (“MDM/R”), including the potential associated costs and revenues. The SME will address these two areas in turn.

Future Provision of Additional Service to LDCs

While the EDA has provided context to its request to augment the draft issues list, the EDA has not indicated how the proposed issues should be amended in order to address these items. As a result, it is not clear to the SME that there is a gap in the draft issues list that the EDA is looking to address. The SME submits that the draft issues list as proposed does not preclude parties from exploring future provisions of additional services to LDCs through interrogatories. For example, the first issue on the draft issues list is:

1. *Is the SME’s proposed \$178.1 million revenue requirement for the January 1, 2018 to December 31, 2022 period appropriate?*

The SME submits that to the extent that future provisions of additional services were included in the SME’s revenue requirement, this can be explored through interrogatories under this proposed issue.

In its submission, the EDA also identified the “treatment of revenues recovered pursuant to the provision of additional services when computing the Smart Metering Charge”³ as an area that the draft issues list should address. The SME submits that this area of interest can be addressed under the second proposed issue on the draft issues list:

2. *Is the proposed SME fee of \$0.59 per smart meter per month appropriate?*

The SME would also like to note that, under the *Electricity Act, 1998*, the IESO is a non-profit corporation and in its capacity as the SME, these provisions apply accordingly to the SME. As a

¹ EDA Submission to SME Draft Issues List, November 6, 2017

² Ibid

³ Ibid

result, any surplus revenues that the SME collects would ultimately be returned to the SME's ratepayers.

In addition, in its application, the SME has proposed to continue certain existing variance accounts, including a Revenue Account,⁴ as sub accounts of the proposed Balancing Variance Account. The SME has also included a proposed treatment of any surplus funds in the Balancing Variance Account in its application and is seeking OEB approval of this treatment. The SME submits that EDA's interest can also be explored under the proposed Issue 12:

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?*

As a result, the SME submits that the draft issues list does not need to be augmented to address future provisions of additional services to LDCs as this can be addressed under the currently proposed issues.

Future Extension of Service to Third Parties

In its submission, the EDA notes the future extension of service to third parties, including third party access to the MDM/R, as a reason to augment the draft issues list. The EDA correctly indicates that the SME intends to make a submission to the OEB in 2018 with a proposed "model for third party access and may include address monetizing this access".⁵

In the pre-filed evidence, the SME described the work that the SME is undertaking to enable third-party access to the MDM/R.⁶ A Third-Party Access Roadmap has been established⁷ and the SME is currently working with stakeholders to develop an implementation plan to address the key elements of the project delivery including People, Process and Technologies.⁸ The SME has also indicated that "Following the test cases, execution, and the development of the Roadmap deliverables, the SME will be in a better position to determine the full resource requirements, the processes, the tools, the costs, and a potential monetization model for the value of the data in the MDM/R".⁹ Given the status of this work, the SME intends to make a submission to the OEB in 2018 with a proposed model for third party access to data in the MDM/R.

As a result, 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

⁴ The Revenue Account is used to record any revenue surplus or deficiency relative to the forecast revenue.

⁵ EDA Submission to SME Draft Issues List, November 6, 2017

⁶ Exhibit C, Tab 1, Schedule 1, Third Party Access Implementation Status and Next Steps

⁷ Exhibit C, Tab 1, Schedule 1, page 5

⁸ Exhibit C, Tab 1, Schedule 1, page 5

⁹ Exhibit C, Tab 1, Schedule 1, page 7

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third party access to the data in the MDM/R. The SME submits that this area would be more appropriately explored in the 2018 filing that the SME intends to make.

To the extent that the SME's application includes provisions for costs that will be invested in the development of and access to third party access over the initial design phase, the SME submits that this can be further explored under Issue 1 (*Is the SME's proposed \$178.1 million revenue requirement for the January 1, 2018 to December 31, 2022 period appropriate?*). As a result, the SME submits that the draft issues list does not need to be further augmented.

All of which is respectfully submitted.

Yours truly,



Tam Wagner
Senior Manager, Regulatory Affairs

cc: Mr. Patrick Duffy, Stikeman Elliott (email)
Michael Bell, Case Manager, OEB (email)
Intervenors to EB-2017-0290 (email)