



Ontario Energy Board Commission de l'énergie de l'Ontario

DECISION ON ACCOUNTING ORDER

EB-2017-0290

Independent Electricity System Operator / Smart Metering Entity

Application for approval of smart metering charge for the 2018-2022
period

BEFORE: **Cathy Spoel**
Presiding Member

Michael Janigan
Member

Rumina Velshi
Member

March 28, 2018

1 INTRODUCTION

On March 1, 2018, the Ontario Energy Board (OEB) issued a Decision and Order (Decision) approving the charge to be levied and collected by the Independent Electricity System Operator in its capacity as the Smart Metering Entity (SME) from distributors for the January 1, 2018 to December 31, 2022 period.

In accordance with the Decision, the SME filed a draft Accounting Order on March 12, 2018, to reflect the new Balancing Variance Account. OEB staff filed a submission recommending that the draft Accounting Order be approved as filed. No other party filed comments on the draft Accounting Order.

2 FINDINGS

The OEB has reviewed the draft Accounting Order filed by the SME and finds that it accurately reflects the accounting and reporting requirements for the Balancing Variance Account approved in the Decision.

The approved Accounting Order is attached as Schedule A.

3 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Accounting Order attached as Schedule A to this Decision is approved.

DATED at Toronto March 28, 2018

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

SCHEDULE A

DECISION AND ORDER

Independent Electricity System Operator / Smart Metering Entity

EB-2017-0290

MARCH 28, 2018

SMART METERING ENTITY ACCOUNTING ORDER

EB-2017-0290

March 12, 2018

1. This accounting order is intended to reflect the Ontario Energy Board's Decision and Order in EB-2017-0290 dated March 1, 2018.
2. The Smart Metering Entity ("SME") shall establish the Balancing Variance Account ("BVA") effective as of January 1, 2018 and continue the three BVA sub-accounts: the Costs Account, the Revenue Account and the Service Levels Credit Account. No carrying charges shall be recorded on these accounts.

Balancing Variance Account

The BVA provides a consolidated statement of the three BVA sub-accounts and tracking and reporting on the SME's Operating Reserve, which has been approved at \$2.5 million. The SME shall record and report on the December 31 balance of the BVA for each calendar year in the period from January 1, 2017 to December 31, 2021. The variance amount shall be reported as of December 31 of each year.

Costs Account

The SME shall record and report on the difference between the actual costs incurred and the annual forecast budget costs in the Revenue Requirement for each calendar year in the period from January 1, 2017 to December 31, 2021. The variance amount shall be the annual variance reported as of December 31 of each year. The reported total actual costs incurred will be reconciled to the audited financial statements of the IESO that include the actual costs incurred by the SME.

Revenue Account

The SME shall record and report on the difference between the actual revenues accrued and the forecast budget revenues for each calendar year in the period from January 1, 2017 to December 31, 2021. The variance amount (i.e., revenue surplus or deficiency) shall be the annual variance reported as of December 31 of each year.

Service Level Credits Account

The SME shall record and report on the amount of reduction in fees or recovered amounts (herein referred to as "credits") in relation to failure or breach resulting in a reduction of the fees payable to the Operational Service Provider by the SME or any amount recovered from the Operational Service provider in respect of any such failure or breach, on or after January 1, 2018.

3. The SME shall maintain records to substantiate the balances reported in each account. The SME shall provide reconciliations of SME's actual cost, revenues and service level credits to IESO's annual audited financial statements to support the variances reported in each account.
4. An annual report providing the final year-end balances in the BVA, each of the three BVA sub-accounts and an explanation of the balances in the accounts shall be sent to all Parties to EB-2017-0290 and OEB Staff by April 30th. Within 10 days of the report being sent by the SME Parties and OEB Staff may ask the SME questions on the balances within the BVA and the BVA sub-accounts and any explanations provided in the report and the SME will respond to these.
5. The SME shall, annually on or before May 31st, beginning in 2018, report to the Ontario Energy Board the balances in the BVA and each of the BVA sub-accounts: the Costs Account, Revenue Account and Service Level Credits Account. This report will include a table substantially in the form attached as Appendix "A" to this Accounting Order. The report will provide the SME's budgeted and actual costs for the prior calendar year, the SME's budgeted and actual revenue for the prior calendar year, and an explanation for any material divergence.
6. The report will include a description as to whether the year-end balance in the BVA exceeds \$2.5 million and would result in a rebate of \$0.05 per meter or greater if rebated to customers, including the amount of the rebate per meter. Any rebate will be administered two months after the SME files the annual report with the OEB on May 31st unless the OEB provides alternative direction prior to the rebate being processed.

**Appendix A - Smart Meter Entity Accounting Order
EB-2017-0290**

Smart Metering Variance Report: 2018

SME Revenues

(In thousands of Dollars)

	2018			
	Actual	Budget	Variance	Variance Explanation
SME Revenues	34.2	34.2	-	
Total SME Revenues	34.2	\$ 34.2	\$ -	

Operating Budget

(In thousands of Dollars)

	2018			
	Actual	Budget	Variance	Variance Explanation
Compensation & Benefits	3.5	3.5	-	
Professional & Consulting	15.3	15.3	-	
Operating & Administration	6.8	6.8	-	
Total Operating Budget	\$ 25.6	\$ 25.6	\$ -	
Total MDMR Change Initiative Budget	\$ 2.0	\$ 2.0	\$ -	
Total Financing Costs	\$ 0.2	\$ 0.2	\$ -	
Total Operating Budget	\$ 28.8	\$ 28.8	\$ -	

MDMR 8.x Upgrade

(In thousands of Dollars)

	2018			
	Actual	Budget	Variance	Variance Explanation
MDMR 8.x Upgrade	17.2	17.2	-	
Total MDMR 8.x Upgrade Budget	\$ 17.2	\$ 17.2	\$ -	

Uncollected SME Debt

(In thousands of Dollars)

	2018			
	Actual	Budget	Variance	Variance Explanation
Uncollected SME Debt	0.9	0.9	-	
Total Uncollected SME Debt Budget	0.9	\$ 0.9	\$ -	

Balancing Variance Account Report: 2018

Balancing Variance Account (BVA) (In millions of dollars)	2018	2019	2020	2021	2020	Total
Opening Balance	(7.0)					(7.0)
Cost Account - Annual Variance						
Revenue Account - Annual Variance						
Service Level Credit Account - Annual Variance						
Closing Balance	(7.0)	0.0	0.0	0.0	0.0	(7.0)