**Niagara-on-the-Lake Hydro Inc. (Niagara-on-the-Lake Hydro)**

**EB-2019-0056**

**OEB Staff Follow-up Questions – Part 2**

**December 11, 2019**

**Follow-up Question - 5**

**Ref: Follow-up Question 1**

Niagara-on-the-Lake Hydro stated that approach B provides for better estimates of Account 1588 and 1589 and reduces the magnitude of true-ups. Please provide a quantitative analysis for one month showing the initial estimate and the true ups required under approach A and approach B.

NOTL Hydro implemented a new settlement process as outlined on page 3 of the GA Workform Analysis Appendix A. This process allows NOTL Hydro to more accurately estimate the portion of GA relating to RPP customers using actual consumption data and the GA second estimate. NOTL does not have sufficient data at the time of the 1598 submission to accurately estimate the portion of GA relating to non-RPP customers and is therefore not able to accurately pro-rate charge type 148.

The proration under Approach A would therefore be based on either a prior month’s data or another methodology. Booking the entire Class B GA amount in Charge Type 148 to account 4707 and then subtracting the more accurate estimate of RPP GA results in a better initial estimate for each account type. This is illustrated in the table below.



While the total true-up amount is the same under both approaches, the majority of the true-up amount for account 4707 under approach B can be easily explained as the difference between the 2nd estimate used for 1598 reporting and the actual GA rate charged.



Regardless of the method used to record the initial estimates, once trued-up the account balances would be the same under approach A and B. NOTL Hydro trues-up accounts 1588 and 1589 on a monthly basis.

**Follow-up Question - 6**

**Ref: Follow-up Question 2**

Regarding the embedded generation adjustment,

1. Please explain whether the embedded generation adjustment resulted in charge type 2148 on Niagara-on-the-Lake Hydro’s IESO invoice.
   1. If yes, please confirm whether the May 15, 2019 letter regarding *Accounting Guidance for Charge Type 2148* was followed. Please confirm that charge type 2148 was incorporated into the RPP global adjustment in the RPP settlement claims.

The embedded generation adjustment resulted in charge type 2148 on NOTL Hydro’s August invoice from the IESO.

The accounting guidance states that charge type 2148 is to be treated in the same manner as charge type 148 for accounting purposes and for RPP settlement purposes including the methodology to apportion the RPP and non-RPP total global adjustment costs. NOTL Hydro did not follow this guidance in this circumstance. These variances related to prior periods for which true-ups had already been completed and as explained in NOTL Hydro’s responses to Follow-up Question 2, Staff Question 5c, as well as page 20 line 9 of the Manager’s Summary submitted with this application, the total variance resulting from the difference from estimated and actual generations amounts was captured in account 1589. This amount was adjusted for in the Continuity Schedule on tab 3 of the IRM model with the total adjusted amount showing in cell BW29. NOTL Hydro booked the entire amount of $78,677 to account 4707 which will in turn pass through to account 1589 to clear this adjustment.

1. If the embedded generation adjustment was not reflected as charge type 2148 on the IESO invoice, please explain whether Niagara-on-the-Lake Hydro incorporated the impact of the adjustment in its RPP settlement claims.
   1. If not, please explain why not and why there is no need to do so.

n/a

* 1. Please also explain how Niagara-on-the-Lake Hydro determined the RPP and non-RPP split for allocation between Accounts 1588 and 1589 in 2016 and 2017. Please also indicate the data used to determine the RPP and non-RPP split (e.g top down approach).

Please refer to response to follow-up question 2