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**By Email, Courier and RESS**

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto, ON M4P 1E4

Attention: Christine E. Long, Registrar and Board  
Secretary

Dear Ms. Long:

**Re: Smart Meter Entity Annual Cost and Variance Account Report for 2020  
Supplementary – Response to Ontario Energy Board Staff  
EB-2017-0290**

On behalf of the Independent Electricity System Operator (“**IESO**”) in its capacity as the Smart Metering Entity (“**SME**”), we are providing the Ontario Energy Board with SME's response to the Ontario Energy Board staff questions in reference to the SME's Annual Cost and Variance Account Report, for the year ended December 31, 2020.

This response was filed through the Board's RESS portal on May 14, 2021.

If you have any questions, please contact the undersigned at the address above.

Yours truly,



Patrick G. Duffy

PD/pd

Enclosure

cc. Adrian Pye, *IESO*  
Sorana Ionescu, *IESO*  
Michael Bell, *OEB*  
Registered Intervenor for EB-2017-0290

## The Independent Electricity Operator, in the Capacity of the Smart Metering Entity ("SME")

### SME Responses to OEB Staff Questions on the SME's 2020 Annual Cost and Variance Account Report

#### Reference 1:

Table 1 is an excerpt from part 2 c. of the 2020 Annual Cost and Variance Account Report (Report). It summarizes the SME's actual vs budgeted expenses for the year 2020.

**Table 1: 2020 SME Expenses Compared to 2020 Budget**

(\$ millions)	Actual	Budget	Variance	% Variance
Compensation & Benefits	3.8	4.0	(0.2)	-5%
Professional & Consulting	13.0	15.6	(2.6)	-17%
Operating & Administration	5.8	7.2	(1.4)	-19%
MDM/R Changes & Initiatives	0.0	2.0	(2.0)	-100%
Financing Costs	0.0	0.3	(0.3)	-100%
MDM/R 8.x Upgrade	4.2	1.0	3.2	320%
<b>Total SME Expenses</b>	<b>26.8</b>	<b>30.1</b>	<b>(3.3)</b>	<b>-11%</b>

#### OEB Staff Question:

- (a) Please confirm if the activities being undertaken by the SME to fulfill its requirements, as established by the OEB through its Decision and Order on the Third Party Access (TPA) application (EB-2018-0316), are funded through the SME's budget. If not, please clarify through what budget these activities are funded.
- (i) If applicable, please provide a description of these 2020 TPA costs, their amount(s), as well as how these costs are represented in the Actual column of Table 1 (i.e., the cost centre(s) these costs have been allocated to).
- (ii) If applicable, please confirm if the SME's forecast of the 2020 costs of these TPA activities are represented in the Budget column of Table
- (iii) If a forecast of 2020 TPA costs are not represented in the Budget column, but are included in the Actual column, please provide an updated Table 1 that excludes TPA costs from the Actual column.

**SME Response:**

- (a) The activities undertaken by the SME to fulfill its requirements are funded through the SME's budget.
  - (i) An amount of \$32,000 was spent under the "Professional & Consulting" for services from Privacy Analytics, a consulting company under contract to assist with TPA related work.
  - (ii) No costs were budgeted for TPA in 2020.
  - (iii) No changes were made to the table as the 2020 costs were \$32,000, which does not impact the table.

**OEB Staff Question:**

- (b) As stated in part 2 c. of the Report, "[t]he cost for the MDM/R 8.6 Upgrade was \$4.2 million for the year which is \$3.2 million higher than budgeted, primarily due *[sic]* timing differences between the budgeted and actual in-service dates of the project. The projected *[sic]* was budgeted to go into service *[sic]* early 2020, but actually went into service in August 2020."
  - (i) Please describe the causes for the delay in the project's in-service date, including the party(ies) responsible for the delays.
  - (ii) As defined in the Report, the Service Level Credit Balance Account (SLC) "provides the outstanding service level credit account balance. Payments are made into the SLC account when there are failures in the delivery of certain services from a major vendor of services to the SME." If the delay, in whole or in-part, was the result of a vendor, why did the delay not result in a vendor payment into the SLC?
  - (iii) Please fully detail how and why the timing delay between the project's budgeted and actual in-service dates resulted in 2020 costs exceeding 2020 budget by \$3.2 million.

**SME Response:**

- (i) The MDM/R 8.6 Upgrade was scheduled to go live over the long weekend of April 10, 2020 and the delay in the go live date was COVID-19 related.
 

On March 25, 2020, with all LDCs functioning under their emergency operating procedures due to the COVID-19 pandemic, the SME's Smart Metering Steering Committee (SSC), which is made up of representatives from eight LDC's, recommended that the MDM/R 8.6 Upgrade go live date be postponed, which the SME did until the August 3, 2020 long weekend.
- (ii) As described in (i) above the delay was not vendor related.
- (iii) The total MDM/R 8.6 Upgrade was budgeted at \$24.8 million and actuals were \$21.4 million, for a variance of \$3.4 million or 14% under budget. These savings primarily resulted from contract negotiations, which continued longer than forecast.

The project was delayed from its original February 2018 start date to May 2018, a delay of 3 months. This resulted in lower project costs in 2018 and the \$3.2 million of costs above forecast in 2020.

**Reference 2:**

As stated in part 4 of the Report, “The SMC Application decision approved the clearance of the December 31, 2017 balance of negative \$0.4 million in the SLC Account and **this was rebated to the LDC’s in the March 31, 2019 Settlement invoice as per the 2013-2015 Yearbook of Electricity Distributors published by the OEB.**” [emphasis added]

**OEB Staff Question:**

- (a) Please specify how the 2013-2015 Yearbook(s) of Electricity Distributors were used to determine the amount of rebate provided to each LDC.

**SME Response:**

- (a) The SLC balance was built up over a multi-year period, from 2013-2015. Credit distribution is applicable to active MDM/R service recipients during the period when the Service Level Credits were collected. The distribution is completed in proportion to the customers of each LDC as per the OEB’s Yearbook of Distributors for the year that the Service Level Credits were accumulated. The SME used the 2013-2015 OEB’s Yearbook of Electricity Distributors to determine the allocation of funds to each LDC.

**Reference 3:**

As stated in part 5 of the Report, “The BVA is a summary statement of the SME’s balance sheet with a December 31, 2020 BVA balance at \$2.5 million. This is the result of the opening balance of \$3.4 million, the 2020 operating surplus of \$8.4 million and the planned \$2.5 million rebate to smart meter customers as shown in Table 3 below. The SMC Application Decision and Order approved returning to ratepayers any year-end balance in the BVA exceeding \$2.5 million and which results in a rebate to ratepayers of \$0.05 per meter or greater three months after the April 30th filing of the SME’s annual report with the Board.”

**OEB Staff Question:**

- (a) In accordance with the OEB approved Settlement Proposal in the EB-2017-0290 proceeding, please specify the dollar amount of the rebate that will be provided to each smart meter customer, as well as the formula used to calculate the rebate.
- (b) Please indicate how each smart meter customer will receive their rebate (e.g., bill credit).

**SME Response:**

- (a) The rebate amount identified in the 2020 OEB Cost and Variance Account Report will be allocated by the SME in proportion to the customers of each LDC as per the OEB’s 2020 Yearbook of Electricity Distributors (2020 Yearbook), which is expected to be available in August 2021.

The amount of the \$2.5 million to be rebated to customers will be determined based on the total residential and General Service < 50 kW customers there were in 2020 according to the 2020 Yearbook.

As an example, the total number of customers provided in the 2019 yearbook was 5,197,691 residential and General Service < 50 kW customers, and each customer would receive \$0.48 according to the formula below:

Surplus in the BVA in excess of \$2.5 million / number of meters in the most recently published OEB Yearbook

- (b) The SME does not have insight as to how each LDC will provide the rebate to their customers with smart meters.