



**Independent Electricity System Operator, in its capacity as the Smart
Metering Entity**

**Application for Approval of Smart Metering Charge for
2023-2027**

**INTERIM SMART METERING CHARGE ORDER
April 14, 2022**

On March 31, 2022, 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 section 78 of the *Ontario Energy Board Act, 1998* seeking approval to charge distributors a monthly smart metering charge (SMC) of \$0.43 per meter per month for the five-year period commencing on January 1, 2023. This would replace the current SMC of \$0.57 per meter per month which was approved by the OEB in the EB-2017-0290 proceeding for the period from January 1, 2018 to December 31, 2022.

In addition, the SME requested approval of an interim SMC – also in the amount of \$0.43 per meter per month – for the period from April 1, 2022 to December 31, 2022. The SME's rationale for lowering the SMC for this period is to reduce a forecast overcollection of revenue that would otherwise occur as a result of multiple factors, including:

- (a) a greater number of meters installed in 2022 than forecast
- (b) the historical SME debt having been paid off earlier than forecast
- (c) contract negotiations for the MDM/R Operational Service Provider (“OSP”) resulting in lower operating costs than forecast

Both the IESO and electricity distributors have variance accounts to record the difference between costs and revenues related to the SMC. Any actual over or under collection in 2022 will ultimately be disposed to applicable Residential and General Service < 50kW customers using the previously approved methodology.

A notice of hearing has not yet been issued for this proceeding.

Findings

The OEB agrees with the SME that it is appropriate to lower the SMC to \$0.43 per meter per month on an interim basis effective April 1, 2022. The SME has stated that the current SMC of \$0.57 is higher than necessary for it to recover the revenue it actually requires. This would result in the accumulation of a large variance for eventual disposition to the credit of distributors and, in turn, applicable electricity customers. The OEB's understanding is that the timing of this Decision is such that the SME can implement this charge effective April 1, 2022 with no need for a retroactive adjustment.

The OEB therefore approves an SMC of \$0.43 per meter per month to be charged on an interim basis, pending a final decision on the SME's application. To be clear, in approving an interim SMC, the OEB is not making a determination or expressing a view on any other aspect of the application, including those concerning the SME's accounting methodologies. Moreover, the interim approval should not be construed as predictive, in any way whatsoever, of the OEB's final determination with regard to the effective date or amount of the final SMC arising from this application.

The SME's application did not provide a proposal to pass through the interim reduction in the SMC to applicable customers. As the OEB explained in the EB-2017-0290 proceeding, the SMC charged by the SME to distributors is "passed through" to customers of the distributors.¹ At the same time the OEB approved the SMC to be charged by the IESO to distributors, it approved a retail SMC in the same amount to be charged by distributors to applicable Residential and General Service <50kW customers.

To mirror the interim reduction in the SMC charged by the SME to distributors, the OEB is also lowering the retail SMC to \$0.43 per meter per month on an interim basis. However, as the SME's application was only filed on March 31, 2022, and to avoid any retroactive adjustments, the OEB will make the effective date of the interim retail SMC May 1, 2022. This will result in a mismatch for the month of April between the SME's SMC and the retail SMC, but the impact on customers is small (\$0.14) and temporary, as they will be made whole when the distributor disposes of its Smart Metering Entity Charge Variance Account (Account 1551). The interim SMC for both the SME and distributors will not have a specific expiry date, and it will remain effective until the OEB approves another SMC.

If any distributor needs more time to implement the interim retail SMC beyond May 1, 2022, or has a reasonable rationale for deferring the implementation to a later day in

¹ Decision and Order, March 1, 2018 (EB-2017-0290), pp. 3-4.

2022 (such as to coordinate with another OEB-approved rate adjustment), the distributor may request approval for such later day by writing to the Registrar no later than April 21, 2022.

Correspondence to distributors is attached as Schedule A.

THE ONTARIO ENERGY BOARD THEREFORE ORDERS THAT:

1. The smart metering charge to be levied and collected by the SME from all electricity distributors identified in the OEB's annual Yearbook of Electricity Distributors shall be \$0.43 per smart meter per month for each applicable Residential and General Service <50kW customer on an interim basis, effective April 1, 2022.
2. The smart metering charge to be levied and collected by electricity distributors identified in the OEB's annual Yearbook of Electricity Distributors shall be \$0.43 per smart meter per month for each applicable Residential and General Service <50kW customer on an interim basis, effective May 1, 2022 (subject to item 3 below).
3. If any distributor needs more time to implement the interim smart metering charge beyond May 1, 2022, or has a reasonable rationale for deferring the implementation to a later day in 2022, it may request approval for such later day by filing a letter with the Registrar no later than April 21, 2022.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the [Rules of Practice and Procedure](#).

Please quote file number, **EB-2022-0137**, for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance

- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business day, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Michael Bell at Michael.Bell@oeb.ca and OEB Counsel, Ian Richler at Ian.Richler@oeb.ca.

Email: registrar@oeb.ca
Tel: 1-877-632-2727 (Toll free)
Fax: 416-440-7656

DATED at Toronto, **April 14, 2022**

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

SCHEDULE A

INTERIM SMART METERING CHARGE ORDER

THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR

EB-2022-0137

APRIL 14, 2022



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

BY EMAIL

April 14, 2022

To: All Licensed Electricity Distributors

**Re: Revised Smart Metering Charge to be Charged by Electricity Distributors
Effective May 1, 2022
Ontario Energy Board File Number: EB-2022-0137**

On April 14, 2022, the Ontario Energy Board (OEB) approved, on an interim basis, a reduction in the smart metering charge (SMC) levied and collected by the Independent Electricity System Operator in its capacity as the Smart Metering Entity (SME), from \$0.57 per smart meter per month to \$0.43 per smart meter per month, effective April 1, 2022.

Further details are provided in the interim order.

Amount to be Charged by Electricity Distributors

The interim order includes a provision for electricity distributors to pass through the lower SMC to all applicable customers in the Residential and General Service <50kW classes. Effective **May 1, 2022**, the retail SMC to be levied and collected by electricity distributors from applicable Residential and General Service <50kW customers shall be **\$0.43 per smart meter per month**. This reduction was made on an interim basis, pending the OEB's final decision on the SME's SMC application.

The interim order further specifies that if a distributor needs more time to implement the interim retail SMC beyond May 1, 2022, or has a reasonable rationale for deferring the implementation to a later day in 2022 (such as to coordinate with another OEB-approved rate adjustment), the distributor may request approval for such later day by writing to the Registrar no later than **April 21, 2022**.

For the month of April 2022 (or longer, if the OEB approves a deferral of the May 1 effective date for a particular distributor), distributors will collect more from their customers (\$0.57 per smart meter) than they remit to the SME (\$0.43 per smart meter). Distributors are reminded that any variance must be recorded in Account 1551 (Smart

Metering Entity Charge Variance Account), and are referred to previous accounting guidance provided by the OEB on [March 23, 2018](#).

Any questions relating to this letter should be directed to Industry Relations at Industryrelations@oeb.ca.

Yours truly,

Nancy Marconi
Registrar