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Patrick G. Duffy

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April 25, 2022

File No.: 101926.1144

By E-mail and RESS

Ontario Energy Board 2300 Yonge Street, 27th Floor Toronto, ON M4P 1E4

Attention: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: Independent Electricity System Operator / Smart Metering Entity 2023 to 2027 Smart Metering Charge Application Ontario Energy Board File No.: EB-2022-0137

In accordance with instructions set out by the Ontario Energy Board's Letter of Direction dated April 14, 2022, enclosed is Adrian Pye's Affidavit of Service related to the issued Notice in regard to the above-noted application.

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

Yours truly,

Patrick G. Duffy

DD-1/1

PGD/

cc. Miriam Heinz and Adrian Pye, IESO

Michael Bell and Ian Richler, Ontario Energy Board

Ted Wigdor, Kathryn Farmer and Brittany J. Ashby, Energy Distributors Association (EDA)

Julie Girvan, Consumers Council of Canada (CCC)

Mark Garner and John Lawford, Vulnerable Energy Consumers Coalition (VECC)

Albert Engel, Ian Jarvis, Gillian Henderson and Matthew Rutledge, Building Owners and

Managers Association (BOMA)

Tom Ladanyi, Energy Probe Research Foundation

Joanna Vince, Raeya Jackiw and Travis Lusney, Ontario Sustainable Energy Association (OSEA)

Tim Curtis, Niagara-on-the-Lake Hydro Inc.

ONTARIO ENERGY BOARD

IN THE MATTER OF subsections 21(7), 78(2.1), (3.0.1), (3.0.2) and (3.0.3) of the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF subsections 53.8(8) of the *Electricity Act, 1998*;

AND IN THE MATTER OF Ontario Regulation 453/06 made under the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF an Application by the Independent Electricity System Operator ("**IESO**"), designated as the Smart Metering Entity("**SME**"), for an Order approving a Smart Metering Charge for the period January 1, 2023 to December 31, 2027;

AFFIDAVIT OF ADRIAN PYE (Sworn April 25, 2022)

- I, Adrian Pye, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:
- 1. I am a Senior Regulatory Analyst of the Independent Electricity System Operator ("**IESO**"), the Applicant in the matter.
- 2. On April 19, 2022, I made both the English and French versions of the Notice, the application and evidence available for public review on IESO's office and website. The website posting is attached as **Exhibit "A"** to the affidavit.
- 3. On April 19, 2022, a copy of both the English and French versions of the Notice, the application and evidence were served to all registered intervenors in EB-2017-0290 and EB-2021-0291. A copy of the correspondence is attached hereto as **Exhibit "B"**.
- 4. On April 19, 2022, a copy of both the English and French versions of the Notice, the application and evidence were served to all electricity distribution companies that currently recover the Smart Metering Charge from eligible customers on behalf of the IESO. A copy of the correspondence is attached hereto as **Exhibit "C"**.
- 5. On April 22, 2022, a copy of both the English and French versions of the Notice, the application and evidence were served to all registered intervenors in the IESO's 2022 Expenditure

and Revenue Requirement Application (EB-2022-0002). A copy of the correspondence is attached hereto as **Exhibit "D"**.

SWORN BEFORE ME remotely from the City of Toronto in the Province of Ontario, to the City of Toronto in the Province of Ontario, on this 25th day of April, 2022, in accordance with O. Reg 431/20, Administering Oath or Declaration

Commissioner for Taking Affidavits

Remotely.

115028194 v1

THIS IS EXHIBIT "A" REFERRED TO IN THE AFFIDAVIT OF ADRIAN PYE SWORN BEFORE ME THIS 25th DAY OF APRIL, 2022.

A Commissioner for Taking Affidavits





<u>Corporate IESO</u> > <u>Regulatory Accountability</u> > Required Notice of OEB Applications

Regulatory Accountability

The IESO is a not-for-profit corporate entity established in the *Electricity Act, 1998*, which is under the jurisdiction of the Ontario Minister of Energy. Its fees and licences to operate are set by the Ontario Energy Board. In fulfilling its role as the province's reliability coordinator, the IESO must comply with, oversee and enforce reliability standards and processes that are set by several regulatory bodies within and outside of Ontario.

IN THIS SECTION...

Regulatory Reliability Oversight

Usage Fees

Licensing

Required Notice of OEB Applications

Required Notice of OEB Applications

The IESO's expenditure and revenue requirement, as well as the fees it charges, are regulated by the Ontario Energy Board (OEB), a provincial government agency. At any time, the IESO may be involved in proceedings before the OEB for applications which it has filed. The IESO may also be participating in proceedings for applications filed by others in which the IESO is an interested party.

OEB Applications filed by the IESO

2023-2027 Smart Meter Charge Application

The Independent Electricity System Operator, in its capacity as the Smart Metering Entity, filed an application for the 2023 - 2027 Smart Meter Charge with the Ontario Energy Board (OEB) on March 31, 2022. The application and other documents which form the record of the proceeding are available on the <u>OEB's web site</u> (Case Number EB-2022-0137). A Smart Metering Charge of \$0.43 per meter per month has been proposed, a reduction from the currently approved Smart Metering Charge of \$0.57 per meter per month.

The Smart Metering Entity maintains and operates the province's smart meter data repository that processes, stores and protects electricity consumption data used for consumer billing by Ontario's local distribution companies.

The OEB has issued a Notice of Hearing for the 2023 - 2027 Smart Meter Charge application. See the Notice of Hearing English | French.

If you are not able to access the documents through the links provided and would like a copy of the Notice or the IESO's application, please email <u>RegulatoryAffairs@IESO.ca</u>.

2022 Revenue Requirement Submission

The IESO filed its 2022 Revenue Requirement Submission with the Ontario Energy Board (OEB) on March 4, 2022. The submission and other documents which form the record of the proceeding are available on the <u>OEB's web site</u> (Case Number EB-2022-0002).

The IESO's expenditures, revenue requirement and fees allow the IESO to deliver the reliable and resilient grid and efficient wholesale markets on which Ontarians rely. The IESO's expenditures and revenue requirement have remained stable for the past five years but targeted investments are now required to support priorities in a number of key areas, including: ensuring resource adequacy, enabling new resources, fostering innovation, exploring pathways to decarbonization, and advancing market renewal.

Learn more about the IESO's priorities and financial plans in its 2022-2024 Business Plan.

The OEB has issued a Notice of Hearing for the IESO's 2022 Revenue Requirement Submission. See the Notice of Hearing English | French.

If you are not able to access the documents through the links provided and would like a copy of the Notice or the IESO's application, please email <u>RegulatoryAffairs@IESO.ca</u>.

<u>Contact</u> <u>Document Library</u>

<u>Careers</u> <u>IESO Public Reports</u>

<u>SaveOnEnergy.ca</u> <u>Media</u>

Subscribe to News and Updates

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THIS IS EXHIBIT "B" REFERRED TO IN THE AFFIDAVIT OF ADRIAN PYE SWORN BEFORE ME THIS 25th DAY OF APRIL, 2022.

A Commissioner for Taking Affidavits

From: Adrian Pye

To: michael.bell@oeb.ca; ian.richler@oeb.ca; andrew.bishop@oeb.ca; Vithooshan Ganesanathan; twigdor@eda-

on.ca; kfarmer@eda-on.ca; bashby@eda-on.ca; jgirvan@uniserve.com; markgarner@rogers.com; jlawford@piac.ca; jjarvis@enerlife.com; mrutledge@foglers.com; tom.ladanyi@rogers.com;

jvince@willmsshier.com; rjackiw@willmsshier.com; prusyaev@enerlife.com; tcurtis@notlhydro.com; James

Murphy; David Chong-Tai; Gissella Lopez; Patrick Duffy; tlusney; aengel@foglers.com; Dey, Debbie

Subject: IESO SME - 2023 to 2027 Smart Metering Charge Application and Notices

Attachments: IESO SME APPL SMC 20220331.pdf
IESO SME Charge - Notice 20220418.pdf

IESO SME Charge - Notice 20220418 translation FR.pdf

2023-2027 Smart Meter Charge Application

The Independent Electricity System Operator, in its capacity as the Smart Metering Entity, filed an application for the 2023 - 2027 Smart Meter Charge with the Ontario Energy Board (OEB) on March 31, 2022. The application and OEB issued Notices are attached. The application and other documents which form the record of the proceeding are available on the OEB Website (Case Number EB-2022-0137). A Smart Metering Charge of \$0.43 per meter per month has been proposed, a reduction from the currently approved Smart Metering Charge of \$0.57 per meter per month.

The Smart Metering Entity maintains and operates the province's smart meter data repository that processes, stores and protects electricity consumption data used for consumer billing by Ontario's local distribution companies.

The OEB has issued a Notice of Hearing for the 2023 - 2027 Smart Meter Charge application. See the Notice of Hearing English | Erench.

Regards,

Adrian

Adrian Pve | Senior Advisor, Regulatory Affairs

Independent Electricity System Operator (IESO) | C: 905-601-2858

1600-120 Adelaide Street West, Toronto, ON M5H 1T1 Web: www.ieso.ca | Twitter: IESO Tweets | LinkedIn: IESO

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Patrick G. Duffy Direct: +1 416 869 5257 pduffy@stikeman.com

March 31, 2022

File No.: 101926.1149

By E-mail and RESS

Ontario Energy Board 2300 Yonge Street, 27th Floor Toronto, ON M4P 1E4

Attention: Nancy Marconi, Acting Registrar

Dear Ms. Marconi:

Re: Independent Electricity System Operator / Smart Metering Entity 2023 to 2027 Smart Metering Charge Application

We are counsel to the Independent Electricity System Operator ("**IESO**") in its capacity as the Smart Metering Entity ("**SME**").

We enclose the SME's application, in PDF searchable electronic form, to set the Smart Metering Charge (the "**SMC**") for the 2023 to 2027 period ("**Submission**").

All intervenors to the SME's most recent fee proceeding (EB-2017-0290) and the recent Third Party Access proceeding (EB-2021-0292) have been copied on this Submission.

The current monthly SMC of \$0.57/meter has been approved to be collected through to December 2022. Through this Submission, the SME is seeking a reduced monthly SMC of \$0.43/meter, representing a \$0.14 reduction.

There are several procedural matters that the SME wishes to raise with the Ontario Energy Board (the "**Board**" or "**OEB**") at this time. First, the SME proposes that the Board's Notice of Application ("**Notice**") be given in the following manner:

- (a) information about and hyperlinks to this Submission and the OEB-issued Notices, will be posted on the IESO's website at the "IESO News and Notices", "Regulatory Affairs" and SME webpages on the IESO website;
- information about and hyperlinks to this Submission and the OEB-issued Notices will be sent to each electricity distribution company that currently charges the SMC to its eligible customers; and
- (c) information about and hyperlinks to this Submission and the OEB-issued Notices will be sent to all intervenors registered in the SME's most recent fee proceeding (EB-2017-0290) and the recent Third Party Access proceeding (EB-2021-0292).

As the recipients of the IESO's weekly newsletter are not necessarily involved in the collection of the SMC, the SME does not propose to send information about and hyperlinks to this Submission and the OEB-issued Notices in the weekly newsletter.

Stikeman Elliott

Second, the SME has included a draft Issues List which the SME believes addresses the issues of relevance to this proceeding and requests that this be posted for comment along with the Notice. The draft Issues List is attached as Appendix "A" for the Board's consideration.

Lastly, the SME requests that it be allowed three weeks to respond to interrogatories.

Please contact the undersigned or Adrian Pye, Senior Regulatory Analyst, if you have any questions or wish to discuss these points further.

Yours truly,

Patrick G. Duffy

DD-1/1

PGD/

cc: Miriam Heinz and Adrian Pye, IESO

Michael Bell and Ian Richler, Ontario Energy Board

Ted Wigdor, Kathryn Farmer and Brittany J. Ashby, Energy Distributors Association (EDA)

Julie Girvan, Consumers Council of Canada (CCC)

Mark Garner and John Lawford, Vulnerable Energy Consumers Coalition (VECC)

Albert Engel, Ian Jarvis, Gillian Henderson and Matthew Rutledge, Building Owners and

Managers Association (BOMA)

Tom Ladanyi, Energy Probe Research Foundation

Joanna Vince, Raeya Jackiw and Travis Lusney, Ontario Sustainable Energy Association (OSEA)

Tim Curtis, Niagara-on-the-Lake Hydro Inc.

Appendix A Draft Issues List EB-2022-XXXX

- 1. Is the Smart Metering Entity's ("**SME**") proposed \$137.5 million revenue requirement for the January 1, 2023 to December 31, 2027 period appropriate?
- 2. Is the proposed Smart Metering Charge ("**SMC**") of \$0.43 per smart meter per month appropriate?
- 3. Is the proposed January 1, 2023 effective date for the SME fee appropriate?
- 4. Is the proposed five-year term, January 1, 2023 to December 31,2027, for the SMC appropriate?
- 5. Are the projections for installed smart meters appropriate?
- 6. Is the proposal to establish the Operating Reserve Balancing Account appropriate?
- 7. Is the proposal to retain \$2.5 million in the Operating Reserve Balancing Account as an operating reserve for the SME appropriate?
- 8. Is the proposal to return to ratepayers any year-end balance in the Operating Reserve Balancing Account, exceeding \$2.5 million and which results in a rebate to ratepayers of \$0.05 per meter or greater, three months after the filling of the SME's annual report with the Board on April 30th appropriate?

114883315 v3 1

Filed: March 31, 2022 Exhibit A Tab 1 Schedule 1 Page 1 of 5

ONTARIO ENERGY BOARD

IN THE MATTER OF subsections 21(7), 78(2.1), (3.0.1), (3.0.2) and (3.0.3) of the *Ontario Energy Board Act*, 1998;

AND IN THE MATTER OF subsection 53.8(8) of the *Electricity Act, 1998*;

AND IN THE MATTER OF Ontario Regulation 453/06 made under the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF an Application by the Independent Electricity System Operator, designated as the Smart Metering Entity, for an Order approving a Smart Metering Charge for the period January 1, 2023 to December 31, 2027

APPLICATION

- 1. The applicant, the Independent Electricity System Operator (the "**IESO**"), is a corporation without share capital continued under Part II of the *Electricity Act*, 1998 (the "**Electricity Act**").
- 2. On March 28, 2007, the IESO was designated as the Smart Metering Entity ("SME") by Ontario Regulation 393/07 made under the Electricity Act which came into effect on July 26, 2007. The objects of the SME as outlined in the Electricity Act include, in addition to other objects and business activities, to plan, manage, implement, oversee, administer and deliver the provincial government's smart metering initiative.
- 3. The IESO, in its capacity as SME, hereby applies to the Ontario Energy Board (the "Board" or "OEB") for an order under subsections 21(7), 78(2.1), (3.0.1), (3.0.2) and (3.0.3) of the *Ontario Energy Board Act*, 1998 (the "OEB Act"):

Exhibit A
Tab 1
Schedule 1
Page 2 of 5

(i) approving an interim monthly Smart Metering Charge ("SMC") of \$0.43

per meter per month, replacing the currently approved SMC of \$0.57, for

residential and general service <50kW customers to be charged to each local

distribution company ("LDC") for the period April 1, 2022 to December 31,

2022;

(ii) approving a monthly SMC of \$0.43 per meter per month for residential and

general service <50kW customers to be charged to each LDC for the five-

year period January 1, 2023 to December 31, 2027;

(iii) approving the revenue requirement and 5-year SME budget of \$137.5

million for the period January 1, 2023 to December 31, 2027;

(iv) approving the formation of the Operating Reserve Balancing Account

("ORBA") and the discontinuation of the Balancing Variance Account

("BVA") and its associated sub-accounts beginning January 1, 2023;

(v) approving a balance of up to \$2.5 million as an operating reserve in the

ORBA;

(vi) permitting the SME to continue the approved practice of sharing a draft

annual Cost and Variance report (the "Report") by April 30 of each year

with parties for review and filing a final version of the Report with the OEB

by May 31 of each year; and

(vii) permitting the SME to clear any surplus in the ORBA that (1) exceeds the

proposed operating reserve of \$2.5 million, and (2) amounts to \$0.05 per

meter or greater, by rebating that amount to ratepayers no sooner than the

third month after the filing of the Report with the Board on May 31 of each

year.

114867157 v2

Exhibit A Tab 1

Schedule 1

Page 3 of 5

4. The requested SMC will cover the costs of the SME in the conduct of its activities

over the 2023 to 2027 period. The SME is not seeking approval for a rate of return as the

IESO is a non-profit corporation under the Electricity Act.

5. The requested interim SMC will cover the costs of the SME in the conduct of its

activities from April 1, 2022 to December 31, 2022 and will reduce the forecast

overcollection that would otherwise occur.

6. The persons affected by this application are all LDCs licensed by the Board and

their respective residential and general service <50kW customers ("low volume

consumers").

7. The SME anticipates that it will operate within the proposed revenue requirement

and SMC for the period January 1, 2023 to December 31, 2027 and that it will file an

application in 2027 for a new fee to be effective January 1, 2028.

8. The SME proposes that the Board review of the application proceed by way of a

written hearing.

9. The SME has filed evidence in support of this application, as identified in the

Exhibit List at Exhibit A-2-1. The SME may amend its pre-filed evidence from time to

time prior to, and during, the course of the Board's proceeding. In particular, should the

SME identify a material change to its application, the SME will advise the Board and

update its pre-filed evidence. The SME reserves the right to amend its application

accordingly, including making any necessary adjustments to the proposed SMC.

10. The SME may seek to have additional meetings with Board staff and intervenors

in order to identify and address any further issues arising from this application with a

view to an early settlement and disposition of this proceeding.

114867157 v2

Exhibit A
Tab 1
Schedule 1
Page 4 of 5

- 11. The SME requests that a copy of all documents filed with the Board by each party to this proceeding be served on the SME and the SME's counsel in this proceeding, as follows:
 - (a) The SME:

Mr. Adrian Pye Senior Advisor, Independent Electricity System Operator

Mailing address:

120 Adelaide Street West, Suite 1600 Toronto, Ontario M5H 1T1

Tel: 905-601-2858 Fax: 416 969-6383

Email: regulatoryaffairs@ieso.ca

(b) The SME's counsel:

Mr. Patrick G. Duffy Stikeman Elliott LLP

Mailing address:

5300 Commerce Court West 199 Bay Street Toronto, Ontario M5L 1B9

Tel: (416) 869-5257 Fax: (416) 947-0866

Email: pduffy@stikeman.com

Filed: March 31, 2022 Exhibit A Tab 1 Schedule 1 Page 5 of 5

DATED at Toronto, Ontario, this 31 day of March, 2022.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By its counsel in this proceeding

Patrick G. Duffy

DD-1/1

Filed: March 31, 2022, Exhibit A Tab 2 Schedule 1 Page 1 of 1

SMART METERING ENTITY 2022 TO 2027 SMART METERING CHARGE APPLICATION

EXHIBIT LIST

Exhibit	Tab	Schedule	<u>Description</u>
A - AD	MINIST	RATIO	N
A	1	1	Application
A	2	1	Exhibit List
A	3	1	Background and Legal Authority
B - REV		REQUIR	EMENT, SMART METERING CHARGE AND VARIANCE
В	1	1	SME Revenue Requirement
В	2	1	Smart Metering Charge and Calculation of the Charge
В	3	1	SME Operating Reserve Balance Account
В	4	1	Ongoing Stakeholder Outreach
			Attachment 1 – Q4 2021 SME MDM/R Report, January 31, 2022
В	5	1	Definitions Used

Filed: March 31, 2022 Exhibit A Tab 3 Schedule 1 Page 1 of 2

BACKGROUND AND LEGAL AUTHORITY

- 2 1. The Smart Metering Initiative ("**SMI**") means the Ontario government's policies
- related to its decision to ensure that Ontario electricity consumers are provided, over
- 4 time, with smart meters. The goal of the SMI is to create a conservation culture and a
- toolset for demand management based upon the province-wide deployment of smart
- 6 meters.

- 7 2. On July 26, 2007, Ontario Regulation 393/07 came into effect, designating the
- 8 Independent Electricity System Operator (the "IESO") as the Smart Metering Entity
- 9 ("SME") and providing the IESO with the authority to, amongst other things, support
- the SMI by coordinating and project managing implementation activities for the Meter
- Data Management Repository ("MDM/R"). The provincial government later amended
- the IESO's objects through Ontario Regulation 288/14 made under the *Electricity Act*,
- 13 1998 (the "Electricity Act") to also require the IESO to plan, manage, implement,
- oversee, administer and deliver the SMI or any aspect of the initiative.
- 15 3. The SME's MDM/R is a repository for smart meter data and is utilized to collect,
- manage, store and retrieve the information and data related to the metering of low
- volume consumers' consumption or use of electricity in Ontario. It has the capability to
- receive smart meter consumption data from a local distribution company's ("LDC")
- advanced metering infrastructure; validate, estimate, and edit the smart metering data;
- 20 and transmit billing quantity data back to the LDC for use in customer billing.
- 21 4. The MDM/R became operational in 2008 and further development of, and
- 22 updates to, the MDM/R have occurred since then and new functionality continues to be
- 23 implemented.
- 5. The *Ontario Energy Board Act*, 1998 (the "**OEB Act**") provides the Ontario Energy
- 25 Board (the "Board" or "OEB") with the legal authority to allow the IESO to recover,

Exhibit A
Tab 3
Schedule 1
Page 2 of 2

- through just and reasonable rates, costs related to its role as the SME through a Board
- 2 Order under subsection 53.8(8) of the Electricity Act and subsections 78(2.1) and (3.0.1,
- 3 3.0.2 and 3.0.3) of the OEB Act and the authority to make interim orders under
- 4 subsection 21 (7) of the OEB Act.
- 5 6. The IESO Market Rules were amended effective December 12, 2007 to permit the
- 6 collection of the Smart Metering Charge (the "SMC") by the IESO.
- 7. In its decision on the SME's prior SMC application for the 2018-2022 period, EB-
- 8 2017-0290 (the "prior Decision"), the OEB ordered that effective January 1, 2018 to
- 9 December 31, 2022 the SME could levy and collect a SMC of \$0.57 per month for each
- 10 Residential and General Service <50kW customers from all LDCs identified in the
- Board's annual *Yearbook of Electricity Distributors*¹ (the "**Yearbook**").

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¹ Natural gas and electricity utility yearbooks | Ontario Energy Board (oeb.ca)

Filed: March 31, 2022 Exhibit B Tab 1 Schedule 1 Page 1 of 6

SME REVENUE REQUIREMENT

- 2 1. The Smart Metering Entity's ("SME") revenue requirement for the period from
- 3 January 1, 2023 to December 31, 2027 is \$137.5 million, based on the projected operating
- 4 expenses, as shown in Table 1 below. This includes the budget for operating the Meter
- 5 Data Management Repository ("MDM/R") and the amortization of capital expenses for
- 6 asset additions and/or upgrades.
- 7 2. For reference, the January 1, 2018 to December 31, 2022 budget approved by the
- 8 Ontario Energy Board (the "Board" or "OEB") in EB-2017-0290 was \$170.6 million.
- 9 Smart Metering Entity Revenue Requirement: 2023 to 2027:

10 **Table 1**

1

Operating Expenses (\$M)	2023	2024	2025	2026	2027	Total
Compensation and Benefits	4.8	4.9	5.0	5.1	5.2	25.0
Professional and Consulting	2.0	2.1	2.1	2.1	2.1	10.4
Operating and Administration	20.5	20.6	18.6	18.7	20.9	99.3
OM&A Expenses	27.3	27.6	25.7	25.9	28.2	134.7
Amortization	0.0	0.2	0.4	0.6	1.6	2.8
Total Operating Expenses	27.3	27.7	26.0	26.4	29.7	137.5

- 3. The key assumptions and business conditions supporting the proposed revenue requirement are as follows:
- (a) The 5-year period during which the costs will be recovered is from January 1, 2023 to December 31, 2027.

11

12

Filed: March 31, 2022 Exhibit B Tab 1 Schedule 1

Page 2 of 6

(b) The SME has fully repaid the historical debt related to the initial MDM/R build costs and historical SME debt of \$100.1 million of unrecovered MDM/R build costs accumulated as debt prior to the first approved Smart Metering Charge ("SMC") recovery period.

- (c) In reflection of the SME's stable business model as an ongoing concern, the SME will move from a cash accounting method that was in place since the Board approved the initial SMC, to an accrual accounting method, which the Independent Electricity System Operator ("IESO") also operates under, as of January 1, 2023. Under an accrual accounting method, revenue and expenses are recorded when a transaction occurs versus when a payment is received or made, as is the case for a cash accounting method, and this is reflected in the revenue requirement being proposed for the 2023 to 2027 period. Under the accrual accounting method, any debt and associated financing costs to support capital investments will be amortized over the service life of assets, and any operating surplus or deficit will, beginning January 1, 2023, be recorded in the proposed Operating Reserve Balancing Account ("ORBA"), which will replace the Balancing Variance Account ("BVA") and associated sub-accounts.
- (d) OEB approval of this move to an accrual accounting method is not required and is not being sought.
- (e) As a non-profit corporation, the IESO, as the SME, has not included and is not seeking approval for a rate of return.

Capital Investments

4. At this time, the MDM/R is an established, mature operation which requires ongoing maintenance and refreshes at a rate that is comparable with other similar IT projects. The SME forecasts \$10.0 million of capital investments for the acquisition of

Filed: March 31, 2022 Exhibit B

Exhibit B Tab 1 Schedule 1 Page 3 of 6

- new assets and upgrades to hardware and software solutions during the January 1, 2023
- to December 31, 2027 period; these assets will be amortized over the service life
- 3 expected of each asset once they are placed into service in accordance with the IESO's
- 4 accounting policy.

(\$M)	2023	2024	2025	2026	2027	Total
Capital Expenses	1.0	1.0	2.0	4.0	2.0	10.0

6 Operating Budget

5

9

10

13

14

- 7 5. The SME's proposed budget for the 2023 to 2027 period, shown in Table 1 above,
- 8 includes costs associated with the following:
 - Compensation and benefits
 - Professional and consulting fees
- Operating and administration
- Amortization

Compensation and Benefits

- 15 6. The SME currently has 20 full time equivalents ("FTEs") and is proposing to add
- up to 3 FTEs during the 2023 to 2027 period. The incremental FTEs will help support
- ongoing core operations which are currently understaffed as the SME has been
- reducing its reliance on certain work historically performed by consultants and external
- vendors, as well as expected additional Third Party Access ("TPA") activities, and other
- 20 change initiatives as later described. By moving more responsibilities in-house the SME
- 21 will reduce expenses for outsourced work and build its in-house knowledge and
- 22 expertise. The staffing and associated compensation and benefits costs for the budgeting
- 23 period are shown below.

Exhibit B
Tab 1
Schedule 1
Page 4 of 6

1

2

Full Time Equivalents	2023	2024	2025	2026	2027
Regular	23	23	23	23	23
Temporary	-	-	-	-	-
Full Time Equivalents					
Total	23	23	23	23	23

(\$M)	2023	2024	2025	2026	2027	Total
Compensation & Benefits	4.8	4.9	5.0	5.1	5.2	25.0

The compensation and benefits costs include the SME's costs to perform services

4 pertaining to the operation of the MDM/R, supporting local distribution companies

5 ("LDCs"), overseeing the Operational Service Provider's ("OSP") support of the

6 MDM/R, managing the design, testing and implementation of changes to the MDM/R,

7 LDCs communications and training.

- 8. The SME will also continue to be supported by resources from the IESO's
- 9 mainstream business as required, primarily in the areas of finance, settlements, legal,
- regulatory, information technology, and human resources. This support work will
- continue to be resourced on a time and material basis and the costs of IESO resources
- utilized by the SME will be charged to the SME in the manner recommended in the
- Report on Methodology for the Allocation of Shared Costs To Certain Identified
- Activities filed July 16, 2018, in EB-2018-0143 and approved by the Board. These costs
- have been included within the SME's proposed revenue requirement.

Professional and Consulting Services

- 17 9. The professional and consulting costs include all externally contracted resources
- in support of the MDM/R operations. These costs include the annual CSAE 3416 audit
- and other potential operational audits, external legal services, Third Party Access

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- activities including associated privacy, security and ethics projects as described in the
- 2 Third Party Access application (EB-2021-0292), LDC communications and stakeholder
- 3 engagements among other requirements. The budget for professional and consulting
- 4 costs are shown below:

(\$M)	2023	2024	2025	2026	2027	Total
Professional &						
Consulting	2.0	2.1	2.1	2.1	2.1	10.4

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Operating & Administration

- 7 10. The operating and administration costs of the SME include provisions for the
- 8 core operating MDM/R services provided by the OSP; rental costs of the SME facilities;
- a portion of the OEB's annual operating invoices issued to the IESO; OEB registration
- 10 fees related to the SME license; computer hardware and software maintenance and
- support costs; training and other staff expenses. The budget for operating and
- administration costs shown below reflect savings for OSP fees during the 2025 to 2026
- period, which were achieved in recent contract negotiations, and forecast increased
- costs beginning in 2027 as a potential new vendor and/or contract will need to be in
- 15 place by Q1 2027.

(\$M)	2023	2024	2025	2026	2027	Total
Operating &						
Administration	20.5	20.6	18.6	18.7	20.9	99.3

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Amortization

- 18 11. The amortization expenses in the SME budget represent the costs of the long-
- term assets, including amounts directly attributable to the acquisition, construction,
- development or betterment of the assets, over the lifetime of their use. The amortization

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- expenses build-up over time as new assets are placed into service and until the cost of
- 2 existing assets are fully expensed or the asset is sold or replaced. The budgeted capital
- 3 expenses of an asset projected to be placed into service during the 2023 to 2027 period is
- 4 amortized on a straight-line basis over its estimated service life.

(\$M)	2023	2024	2025	2026	2027	Total
Amortization	0.0	0.2	0.4	0.6	1.6	2.8

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SMART METERING CHARGE AND CALCULATION OF THE CHARGE

- 3 1. Through this application the Smart Metering Entity ("SME") is seeking approval
- 4 for a Smart Metering Charge ("SMC") of \$0.43 per meter per month for five years, from
- January 1, 2023 to December 31, 2027, and an interim SMC of \$0.43 per meter per month
- for the period April 1, 2022 to December 31, 2022 as explained below.
- 7 2. For reference he proposed SMC for the 2023 to 2027 period is lower than the
- 8 current SMC of \$0.57 per meter per month, approved from January 1, 2018 to December
- 9 31, 2022, which is lower than the original SMC, approved from 2013 to 2018, of \$0.79 per
- meter per month.

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- 11 3. The SME proposes to continue with the currently approved rate structure for the
- SMC by using a monthly charge per residential and general service <50kW customers
- collected from local distribution companies ("LDCs"). Under this approach, the SME's
- approved revenue requirement will continue to be allocated to, and recovered monthly
- from, the LDCs on a "per customer" basis.
- 16 4. In advance of the initial approved SMC (EB-2012-0100/EB-2012-0211), the SME
- consulted with LDC representatives and determined that the most appropriate rate
- structure for the SMC was through a "per customer" charge. This rate structure
- spreads the costs of the SME over the total number of smart meters deployed in
- recognition that the Meter Data Management Repository ("MDM/R") provides a
- service that will continue to benefit all end-use smart meter customers across Ontario
- 22 and continue to enable a number of value added applications from the data held and
- collected by the SME.
- 5. The proposed rate structure continues to be consistent with the well-established
- criteria of a sound rate structure:

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- (a) Simplicity: The proposed rate structure is simple to understand and administer because it uses reliable and accurate data on the number of residential and general Service <50kW customers in Ontario as a whole and for each LDC. This will allow LDCs to easily and accurately anticipate the SMC payable each year.
- (b) *Stability:* Application of the proposed rate structure allows the SME to recover its costs. The proposed structure also provides for both revenue and rate stability and smooths the cash flow impact for the SME, and reduces its forecast risk.
 - (c) Fairness: The SME's capability to provide services is mainly achieved through its staff and integrated information technology, and the bulk of the SME's costs do not vary with the number of meters enrolled with the MDM/R or whether those meters serve residential and general Service <50kW customers. The ongoing costs of the MDM/R do not depend on usage levels. Therefore, it is fair that the costs of the SME be shared equally amongst end use customers regardless of when that customer began receiving service.

Calculation of the 2023 - 2027 Smart Metering Charge ("SMC")

- 18 6. The calculation of the proposed SMC of \$0.43 per meter per month is 19 summarized as follows:
 - a. Revenue Requirement
 - i. \$137.5M
 - b. Average Number of Residential and General Service <50kW Customers over the January 1, 2023 to December 31, 2027 period
 - i. 5.37 million meters
 - c. Number of collection periods
 - i. 60 months

SMC = (a. / b.) / c.

= (\$137.5M/5.37 million meters) / 60 months

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7. Each of the components for the formula is discussed below in greater detail.

2 Revenue Requirement

- 3 8. The SME has applied for a revenue requirement of \$137.5 million as detailed in
- 4 Exhibit A-1-1.

5 Average Number of Residential and General Service <50kW Customers

- 6 9. The "per customer" count used by the SME for the purposes of the SMC is the
- 7 projected average number of residential and general service <50kW customers that the
- 8 SME expects to provide service to during the period between January 1, 2023 to
- 9 December 31, 2027.
- 10. The projection for 2023 enrollment of smart meters in the MDM/R is forecast to
- be approximately 5.29 million smart meters. Enrolment is estimated to continue to
- increase or grow at a rate of 0.8% per year from January 1, 2023 to December 31, 2027.
- The 0.8% growth rate is based on a 5-year historical average of smart meter growth for
- both residential and general service <50kW across all LDCs as reported in each of the
- Ontario Energy Board's (the "**Board**" or "**OEB**") 2016 to 2020 Yearbooks Of Electricity
- Distributors (the "**Yearbook**").
- 17 11. Based on this growth, the SME estimates that there will be approximately
- 5.29 million meters in place by the beginning of 2023 and an average 5.37 million smart
- meters over the 5-year period between 2023 and 2027, the period during which the
- 20 proposed new SMC is proposed to be in effect.

Number of Collection Periods

- 12. The SME proposes to continue to collect the proposed SMC on a monthly basis
- over the 60 collection periods in the five-year term proposed. The proposed SMC will

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- be invoiced to LDCs for the applicable month on the tenth business day (as per the
- 2 Independent Electricity System Operator's Market Rules) following the end of the
- 3 previous month, such that it would be paid by each LDC in the applicable month.
- 4 13. Based on the proposed rate structure and calculation, the proposed SMC for the
- 5 2023 to 2027 period is \$0.43 per meter per month.

6 The Proposed Interim Smart Meter Charge

- 7 14. An interim SMC of \$0.43 per meter per month is being proposed for the April 1,
- 8 2022 to December 31, 2022 period.
- 9 15. The proposed interim SMC is forecast to reduce the revenue collected in 2022 by
- approximately \$6.6 million, as shown below:
- \$0.14/meter x 5.25 million meters x 9 billing periods = \$6.6 million
- 12 16. The interim SMC is intended to reduce a forecast 2022 overcollection that would
- otherwise occur. This forecast overcollection is due to multiple factors, including:
- 14 (a) a greater number of meters installed in 2022 than forecast;
- (b) the historical SME debt having been paid off earlier than forecast; and
- (c) contract negotiations for the MDM/R Operational Service Provider
- ("OSP") resulting in lower operating costs than forecast.
- 18 17. As described in Exhibit B-3-1, any over-collection by the SME is returned to
- 19 ratepayers, unless otherwise ordered by the OEB, after the SMEs Annual Cost and
- Variance report is filed with the OEB by May 31 of each year. The SME is not proposing
- to alter this approved methodology, it is seeking to reduce the total amount collected
- from customers through the SMC in 2022. Any over or under-collection in 2022 will be

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- 1 managed according to the approved methodology after the 2022 Report has been filed
- 2 with the OEB in May 2023.
- 3 18. As detailed in the prior SMC application, the majority of the historical SME debt
- 4 had been paid off at the time of that application with approximately \$5 million
- remaining to be paid down over the 2018 to 2022 period. As described in the 2020 Cost
- and Variance report filed with the OEB1, the SME managed to achieve an operating
- surplus of \$8.4 million as of December 31, 2020, which was used to fully pay-off the
- 8 historical SME debt and rebate back to low volume consumers the remaining surplus
- 9 above the \$2.5 million retained in the Balancing Variance Account.

114867162 v2

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¹ IESO_PHF_SMEAnnualCostandVarianceReport_20210528.PDF

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SME OPERATING RESERVE BALANCE ACCOUNT

- 2 1. In the prior Smart Metering Charge ("SMC") decision, the Ontario Energy Board
- 3 (the "Board" or "OEB") approved the current SMC, the establishment of the Balancing
- 4 Variance Account ("**BVA**") and corresponding sub-accounts:
- 5 (a) The *Balancing Variance Account,* which consolidates and tracks the balances in the existing sub-accounts.
- 5 (b) Sub-account *Costs Account,* to record any changes in the Smart Metering Entity's ("SME") forecast costs.
- 9 (c) Sub-account *Revenue Account,* to record any revenue surplus or deficiency relative to the forecast revenue.
 - (d) Sub-account Service Level Credits Account, to record a penalty in the form of a service credit payable by the Operational Service Provider ("OSP") to the SME that may be triggered in the event that the OSP fails to meet the target service levels for Critical Meter Data Management & Repository ("MDM/R") Services set out as per the contractual provision in that agreement. The OSP is contractually required to meet agreed to service levels specific to the availability and performance of the MDM/R. The target service levels contained in the MDM/R Service and Performance Levels document lists the target service levels set out in an agreement between the SME and the OSP.
- 2. In the prior SMC decision, the Board also approved the SME accumulating \$2.5 million in the BVA as an operating reserve and that any surplus exceeding the proposed reserve to be rebated back to ratepayers if the rebate was \$0.05/meter or greater.

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- 1 3. The 5-year SME budget approved in the SME's initial SMC application (EB-2012-
- 2 0100/EB-2012-0211) included \$100.1 million of unrecovered MDM/R build costs
- accumulated as debt prior to the first approved SMC recovery period (the "historical
- 4 SME debt"). The historical SME debt and approximately \$5 million of residual debt and
- 5 financing costs were paid off ahead of schedule, by December 31, 2020, rather than the
- end of this five-year budget period, December 31, 2022, as forecast in the prior SMC
- 7 application. As a result, the BVA had a surplus exceeding \$2.5 million in 2020, which
- resulted in a rebate of \$2.5 million to ratepayers in 2020 and, as will be provided in the
- 9 annual Cost and Variance Report to be filed with the Board by May 31, 2022, a forecast
- 10 rebate of \$13.7 million in 2021.
- 11 4. Currently the SME reports its financials to the OEB on a cash accounting basis.
- The SME will adopt the accrual accounting method, under which the IESO operates, as
- of January 1, 2023. This change will align the SME's accounting methods with the
- Independent Electricity System Operator's ("IESO") and, as the historical SME debt has
- now been fully paid off, it is appropriate to make this change with the 2023 to 2027
- 16 budget cycle.
- 5. In consideration of the full repayment of the historical SME debt and the move to
- the accrual accounting method, the SME proposes to move from tracking in and
- reporting on the BVA and its associated sub-accounts to reporting through the
- 20 proposed Operating Reserve Balance Account ("ORBA"), as described below, to fund
- 21 the SME's operations in the event of revenue shortfalls or unanticipated expenditures in
- 22 2023 and going forward. This change is in line with how the IESO manages surplus or
- deficits in its operations. The January 1, 2023 beginning balance of the ORBA will be the
- December 31, 2022 BVA ending balance, after which any surplus or deficit in operation
- will be accumulated in the account, and any excess of the established \$2.5 million
- balance will be rebated back as per the approved mechanism to SMC ratepayers, or any

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- deficit from the approved \$2.5M operating reserve balance will be replenished through
- 2 retention of the difference in future years' surplus.
- 3 6. The table below demonstrates how the SME will report on the ORBA, using
- 4 projected 2023 budget amounts as an example:

SME Operating Reserve	2023		
Balance Account (\$M)	Actual		
Opening Balance	\$2.5		
Surplus (Deficit)	(\$0.3)		
Closing Balance	\$2.2		
OEB Approved Balance	\$2.5		

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- 6 7. It is expected that there will be some variance between the actual revenues and
- 7 expenses and the OEB-approved SME budget. This variance will be reflected as either a
- 8 deficit or surplus in SME's financial results, including the necessary rebates. Surplus
- 9 variances will be collected in the SME's operating reserve account. Deficit variances will
- draw on the operating reserve and will be similarly recorded in the operating reserve
- 11 account.

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Third Party Access

- 13 8. The Board approved the settlement reached in the IESO's Third Party Access
- application (EB-2021-0292). As part of the approved settlement, all parties agreed on the
- mechanism for the SME to report on Third Party Access costs and revenues in
- accordance with the approach and schedule utilized for the SMC. In addition, the Board
- approved the establishment of a new variance sub-account to the BVA called the Third-
- Party Access Variance Account to track costs associated with fulfilling requests for data
- access and any revenue generated from requestors. The SME proposes to continue the
- 20 Third-Party Access Variance Account as part of the ORBA.

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Market Rebates

- 2 9. The SME is also proposing to use the same formula and timing to return any
- 3 excess revenues as was approved in the prior SMC decision, for any surplus in the
- 4 ORBA that:

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- 5 (1) exceeds the proposed operating reserve of \$2.5 million;
- 6 (2) amounts to \$0.05 per meter or greater be rebated back to ratepayers; and
- 7 (3) that any surplus be rebated no sooner than three months from filing the
- annual Cost and Variance Report with the OEB, as approved in the prior SMC
- decision, and which allows the OEB due time to review the Cost and Variance
- 10 Report and provide alternative direction prior to any rebate being processed
- should it choose to do so.
- 12 10. The SME proposes to continue to use the most recent version of the OEB's
- Yearbook of Electricity Distributors (the "Yearbook") available for the number of
- meters served.
- 15 11. The proposed method is to take the surplus in the ORBA in excess of the
- proposed operating reserve of \$2.5 million and divide it by the number of meters as set
- out in the most recently published OEB Yearbook as shown below. If the resulting
- amount equals or exceeds \$0.05 per meter, then the amount will be rebated back to
- 19 ratepayers.

Surplus in the ORBA in excess of \$2.5 million/ number of meters as set out in the OEBs most recently published Yearbook.

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1 Risks

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- 2 12. As with any business operation, the SME faces certain risks in both its revenues
- and operating expenses. The SME's expenses and revenues are forecast based on both
- 4 the experience of IESO and SME staff, and the best information available at the time.
- 5 While the SME and the IESO strive to reduce uncertainty in the inputs in order to make
- the resulting revenue requirement and SMC as robust as possible, all forecasts are
- 7 inherently uncertain. Some of the potential risks the IESO faces may be anticipated but
- 8 not quantifiable, while others are simply not known.
- 9 13. A number of risks and potential other sources of variances to the SME's forecasts
- 10 have been identified, including:
- the US-Canada exchange rate which has, and will potentially further impact,
 the SME's operating expenses as some operational invoices are billed in US
 dollars;
 - increases in interest rates which could increase financing costs;
 - the potential impacts of new or changing policy initiatives or requirements, including any related to provincial initiatives such as new rate plans, net metering or expanding service to additional customer classes;
 - the potential increase in the number of smart meter data reports & analytics in support of the OEB, government and the IESO mandates and expanding scope of the SME's business model in light of third-party access requirements; and
 - potential technical enhancements as requested by local distribution companies.

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ONGOING STAKEHOLDER OUTREACH

- 1. The Smart Metering Entity ("**SME**") has undertaken multiple outreach and consultations with local distribution companies ("**LDCs**") and stakeholders during the 2018 to 2022 period, including:
- 5 (a) The SME has supported multiple LDC mergers within the Meter Data
 6 Management Repository ("MDM/R") using a specially-designed custom tool
 7 and accompanying processes to ensure a smooth and seamless experience for
 8 the merging LDCs.
 - (b) The SME continues to support LDCs on their Customer Information System ("CIS") upgrade and replacement projects.
 - (c) In September 2021, the SME held its sixth annual province-wide LDC event following a format which aims toward informative and interactive sessions with presentations, speakers and Smart Metering Entity business updates. Such events will continue to be held on a yearly basis, with this year's event planned for the fall of 2022.
 - (d) The SME participated and assisted in collaborative efforts with the Ministry of Energy ("MoE") and the Ontario Energy Board (the "Board" or "OEB") for rate changes related to COVID-19 Relief Planning by implementing global price changes events into the MDM/R at the start and the end of the period to segment billing requests spanning the price changes for the LDCs.
 - (e) The SME continues to support, provide analysis and information to assist in decisions regarding Customer Choice as it relates to enhanced optional Timeof-Use and Tiered pricing alternatives.

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(f) The SME is participating in the OEB's Green Button Industry-Led Working Group as well as offering insights as to the consumption data available via the MDM/R.

- (g) The SME maintains a relationship with the large Advanced Metering Infrastructure ("AMI") and meter providers to ensure that it can support AMI system upgrades and new generations of smart meters being made available to LDCs. The AMI is an integrated system of smart meters, communications networks, and data management systems which allow for two-way communication between utilities and customers.
- (h) The SME has developed and continues to maintain and operate the MDM/R DataMart, a synchronized copy of the MDM/R production database but with 24/7 access and extreme speeds, and is used for fulfilling data extract requests, and other ad-hoc queries without impacting the core operations of the MDM/R. The MDM/R DataMart continues to support new and evolving value-added data services, including the following:
 - the delivery of several custom aggregated reports to assist LDCs with business operations;
 - the MDM/R Data Governance project (an initiative of the SME and the SME Steering Committee, meant to ensure that master and meter data collected from the LDCs and stored in the MDM/R are accurate and mapped correctly, to ensure the highest quality analytics for the LDCs own use, for the OEB and the Independent Electricity System Operator ("IESO") and for other third parties in the future); and
 - data extracts and reports for the IESO, the OEB and the MoE to support planning, forecasting, and policy initiatives.

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(i) The SME Steering Committee ("SSC") is a consultative body which was originally established under the provisions of the SME/LDC Agreement and continued to this day under the Terms of Service. It is made up of representatives from LDCs of various sizes across the province and the SME. The SSC:

- provides input in the ongoing development of the Terms of Service and the MDM/R manuals and procedures;
- provides input on the SME's provision of MDM/R services and adherence to the committed service levels as prescribed in the Terms of Service;
- considers proposals to amend the Terms of Service from the SME,
 MDM/R service recipients, or initiated by the SME Steering
 Committee; and
- participates in consultations as and when requested by the SME, regarding amendments to the MDM/R manuals and procedures.
- 2. During the course of its current 5-year 2018 to 2022 budget and operating cycle, the SME has consistently demonstrated a commitment to operational excellence and efficiency, as evidenced in the performance reports provided to the OEB quarterly and in numerous stakeholder communications. Ontario's MDM/R is now a mature, reliable system and is one of the largest shared service systems in the world supporting Ontario's LDCs and nine authorized agents which make use of the MDM/R.
- The SME provides quarterly reports to the Board on the ongoing operations of the MDM/R. The most recent report, on the fourth quarter 2021, is attached as Exhibit B-4-1 Attachment 1 and an excerpt from this report is below:

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The MDM/R production environment remains stable and reliable, processing reads from over 5 million smart meters, for all LDCs in Ontario on a daily basis.

The SME continues to respond to and address LDC service requests and support issues in a timely manner. In the fourth quarter of 2021, the MDM/R was operationally stable and met or exceeded service levels for 99.67% of Meter Reads, 100% of billing quantity requests, and 100% of master data updates.

- 4. Recent key accomplishments and major projects of the SME include:
 - (a) In 2021, the MDM/R Annual CSAE 3416 Audit resulted in a twelfth consecutive year of an unqualified opinion audit with no findings or exceptions.
 - (b) In 2020, the SME completed a significant upgrade of the MDM/R to version Energy IP8.6 to run on the latest platform and provide improved performance and reliability. This was a multi-year project that upgraded the software, replaced the hardware, storage and network infrastructure, upgraded the database, and performed a data migration and conversion of 10 years of data. Despite the pandemic challenges, the project was completed on time and 11% under budget.



Smart Metering Entity (SME) MDM/R Report

4th Quarter 2021 October to December Issue 34.0 - January 31, 2022

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1. Introduction

Purpose and Contents

The purpose of this report is to provide a quarterly update to the Ontario Energy Board on the ongoing operations of the Meter Data Management and Repository (MDM/R).

More information about the provincial Smart Metering Initiative and the MDM/R is available on the IESO/SME website (https://www.ieso.ca/sector-participants/smart-metering-entity), the Ontario Energy Board website (https://www.oeb.ca), and the Ministry of Energy website (https://www.ontario.ca/page/ministry-energy).

Each section of this report provides updates as required by the Ontario Energy Board in connection with the MDM/R operations and performance, service level attainment, initiatives and software testing, as well as risks and issues.

This report includes the following updates:

- MDM/R Operation and Processing Performance
- MDM/R Performance
- LDC Performance
- MDM/R Service Levels
- 4th Quarter Key SME Activities
- Additional Risks and Issues, and
- Other Opportunities and Next Steps

2. MDM/R Operation and Processing Performance

MDM/R Performance

The MDM/R production environment remains stable and reliable, processing reads from over 5 million smart meters, for all LDCs in Ontario on a daily basis. The SME continues to respond to, and address, LDC service requests and support issues in a timely manner.







5,124,847 Smart Meters

In the fourth quarter of 2021, the MDM/R was operationally stable and met or exceeded service levels for 99.67% of Meter Reads, 100% of Billing Quantity requests, and 100% of Master Data updates.

LDC Performance

The SME produces monthly performance metrics reports, daily-summarized operational data, and a customized LDC Action Items list for each LDC through the MDM/R Service Desk tool. Overall, the quality of the underlying data submitted by LDCs improved slightly during the fourth quarter which lead to a small rise in the number of successful billing responses. The SME continues to work with LDCs to review their LDC Action Items and improve the quality of their data in the MDM/R.

MDM/R Service Levels

The Service Level Performance Chart presents two summary levels:

I. Critical Service Level Summary

The Critical Service Level Summary section includes processing metrics for Automatic Meter Read Processing, Billing Quantity Response Processing, Automatic MMD Incremental Synchronization Processing, MDM/R Graphical User Interface, Meter Read Retrieval Web Services, Reporting, Vendor Service Desk Incident Response, and Vendor Service Desk Service Requests.

II. Non-Critical Service Level Summary

The Non-Critical Service Level Summary section includes processing metrics for Meter Read Retrieval Web Services, MDM/R Availability, and Service Requests. The table also includes a Service Level breakdown for each month along with a quarterly summary¹.

¹ Percentages are rounded to the second decimal place for each metric.

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In the fourth quarter, the SME met all the critical and non-critical service levels as shown in the tables below:

	Service Level Summary	Oct-2021	Nov-2021	Dec-2021	4th Quarter
Automatic Meter Read	Intervals Loaded	3,967,126,679	3,842,965,467	3,965,789,958	11,775,882,104
Processing	Intervals Loaded on Time	3,966,586,988	3,836,497,354	3,933,716,127	11,736,800,469
	% Intervals Loaded on Time	99.99%	99.83%	99.19%	99.67%
	Number of incidents resulting in accumulated delay >240 minutes ²	0	0	0	0
Automatic Billing	BQ Requests	5,284,122	9,154,703	5,739,871	20,178,696
Quantity Processing	BQ Requests Fulfilled on Time	5,284,122	9,154,703	5,739,871	20,178,696
,	% Requests Fulfilled on Time	100.00%	100.00%	100.00%	100.00%
	Number of incidents resulting in accumulated delay >240 minutes ²	0	0	0	0
Automatic MMD	Data Elements Requested	901,495	897,700	568,861	2,368,056
Incremental	Data Elements Loaded on Time		897,700		
Synchronization	% Data Elements Loaded on Time	901,495 100.00%	100.00%	568,861	2,368,056 100.00%
Processing	Number of incidents resulting in Data Elements	100.00%	100.00%	100.00%	100.00%
Frocessing	loaded outside of agreed Service Level target ²	0	0	0	0
MDM/R Graphical User	Availability	100.00%	99.99%	100.00%	100.00%
Interface	Number of incidents resulting in MDM/R Graphical User Interface availability outside of agreed Service Level target ²	0	0	0	0
Meter Read Retrieval	Availability	99.98%	99.99%	99.99%	99.99%
Web Services	Number of incidents resulting in Meter Read Retrieval Web Services availability outside of agreed Service Level target	0	0	0	0
Reporting	Percentage completed on time	99.25%	99.99%	98.26%	99.17%
	Number of incidents resulting in Reporting percentage completion outside of agreed Service Level target	0	0	0	0
Vendor Service Desk	Response Time	100.00%	100.00%	100.00%	100.00%
Incident Response	Number of incidents resulting in Vendor Service Desk Incident Response Time outside of agreed Service Level target	0	0	0	0
Vendor Service Desk	Resolution Time	100.00%	100.00%	100.00%	100.00%
Service Requests	Number of incidents resulting in Vendor Service Desk Request resolution time outside of agreed Service Level target	0	0	0	0

Non-Crit	ical Service Level Summary	Oct-2021	Nov-2021	Dec-2021	4th Quarter
Meter Read Retrieval	Meter Read Retrieval Response Time		99.84%	99.79%	99.80%
Web Services	Number of incidents resulting in Meter Read Retrieval Web Services response time outside of agreed Service Level target	0	0	0	0
MDM/R Availability	Availability	99.72%	100.00%	100.00%	99.91%
	Number of incidents resulting in MDM/R Availability outside of agreed Service Level target	1	0	0	1
Service Requests	Resolution Time	100.00%	100.00%	100.00%	100.00%
	Number of incidents resulting in Service Requests resolution time outside of agreed Service Level target	0	0	0	0

3. 4th Quarter key SME Activities

SME Steering Committee (SSC)

The SSC met on December 2nd to discuss the following topics:

- Energy IP Service Pack 9 deployment and testing
- LDC Mergers and CIS Replacements/Upgrades
- 6th Annual LDC Event Review and Feedback
- Data Governance
- Third Party Access Application Submission
- Smart Metering Charge Application
- Data Excellence Program
- 2021 CSAE-3416 Audit
- GridEx VI Update

The SSC dedicated significant time to discuss matters of MDM/R data quality submissions and the LDCs engagement in addressing such issues, with some important next steps that the SSC and the SME will continue to collaborate on during 2022.

The next SSC meeting is scheduled for February 2nd, 2022.

SME COVID-19 Response

In Q4 2021, IESO employees began a hybrid work model and started working in the office a minimum of two days a week. However, just before the Christmas holidays and in response to the Province moving to a modified stage 2, employees returned to working from home. The SME and the OSP continue to demonstrate the capability to maintain and administer all systems remotely while effectively providing uninterrupted service. Once the province re-opens, the IESO is planning to resume the hybrid work model.

Smart Metering Charge Application

In Q4 the SME started preparing for its Smart Metering Charge Application as the current charge is effective to the end of December 2022. The Application is expected to be completed and submitted by the end of Q1 2022.

Third Party Access Application Submission

On October 29th the IESO submitted its application to the OEB. Case Number EB-2021-0292 was assigned and a notice was issued on November 16th, 2021. The detailed application can be found here: (https://www.oeb.ca/participate/applications/current-major-applications/eb-2021-0292).

Filed: March 31, 2022 Exhibit B Tab 4 Schedule 1 Attachment 1 7 of 9

The following parties sought intervenor status in the application: BOMA (Buildings Owners and Managers Association), CCC (Consumers Council of Canada), EDA (Electricity Distributors Association), Energy Probe, OSEA (Ontario Sustainable Energy Association) and VECC (Vulnerable Energy Consumer Coalition).

The next steps will follow the OEB's adjudication process, as posted.

Smart Metering Analytics & Reporting

The SME's Data and Analytics team continues to provide the OEB with monthly statistics on the uptake of the Tiered pricing option, by LDC. Trending wise, we continue to see a slight increase across the province, month over month, with the December average sitting at approximately 5.5%. The SME noticed significant variations in uptake between LDCs, ranging from 1.6% to 12.8%.

With the introduction of the new global off-peak pricing of \$0.082/kWh, from January 18th through to February 7th, 2022, we will once again provide the LDCs with their own consumption reports, on request (via the SME's Service Desk), while continuing to track and report the Tiered pricing uptake during this pricing change.

SME Operational Updates

2021 CSAE-3416 Audit

In Q4, PricewaterhouseCoopers LLP (PwC) completed the 2021 annual MDM/R CSAE3416 Audit, with a final audit report was issued on November 15th, 2021. This marks the 12th consecutive year of a "clean audit" for the MDM/R. The Audit report and the respective Bridge letter are available to the LDCs upon request, through the SME's Service Desk.

Energy IP 8.6 Service Pack 9

On December 4th, the SME deployed Energy IP 8.6 Service Pack 9. The deployment process went well and was seamless to LDCs. This service pack addressed any outstanding defects identified after the 2020 MDM/R eIP 8.6 upgrade. An update to MDM/R web services, expected to be deployed with Service Pack 9, was postponed at the request of an agent who manages web services for several LDCs in the province. The SME deployed the MDM/R web services update in early January 2022.

SME Service Desk tool upgrade

On October 25th the SME performed its annual upgrade of the SME Service Desk tool. The upgrade had no impact on LDCs operations.

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4. Additional Risks and Issues

There are no additional risks or issues at this time.

5. Other Opportunities and Next Steps

There are no other opportunities at this time.

Filed: March 31, 2022 Exhibit B Tab 4 Schedule 1 Attachment 1 9 of 9

Independent Electricity System Operator

1600-120 Adelaide Street West Toronto, Ontario M5H 1T1

Phone: 905.403.6900 Toll-free: 1.888.448.7777

 $\hbox{E-mail: $\underline{customer.relations@ieso.ca}$}$

ieso.ca

@IESO Tweets facebook.com/OntarioIESO linkedin.com/company/IESO

Filed: March 31, 2022 Exhibit B Tab 5 Schedule 1 Page 1 of 2

1		DEFINITIONS USED
2	AMI:	Advanced Metering Infrastructure
3	Board:	Ontario Energy Board
4	BVA:	Balancing Variance Account
5	CIS:	LDC's Customer Information Systems
6	Electricity Act:	Electricity Act, 1998
7	FTEs	Full time equivalents
8 9 10	Historical SME debt:	The \$100.1 million of unrecovered MDM/R build costs accumulated as debt prior to the first approved SMC recovery period
11	IESO:	Independent Electricity System Operator
12	LDC:	Local distribution company
13 14 15	Low volume consumers:	Residential and general service <50kw customers with smart meters served by LDCs that utilize the services of the MDM/R
16	MDM/R:	Meter Data Management Repository
17	MoE:	Ministry of Energy
18	OEB:	Ontario Energy Board
19	OEB Act:	Ontario Energy Board Act, 1998
20	ORBA:	Operating Reserve Balancing Account
21	OSP:	Operational Service Provider
22 23	Prior SMC application:	The 2018 to 2022 Smart Meter Charge application (EB-2017-02900
24 25	Prior SMC decision:	Decision and Order on the 2018 to 2022 SMC application (EB-2017-0290)
26 27	Report:	Annual Cost and Variance Report with the OEB by May 31 each year

Exhibit B
Tab 5
Schedule 1
Page 2 of 2

1 SME: Smart Metering Entity

2 SMI: Smart Metering Initiative

3 SMC: Smart Metering Charge

4 SSC: SME Steering Committee

5 TPA: Third Party Access

6 Yearbook: The OEBs Yearbook of Electricity Distributors

ONTARIO ENERGY BOARD NOTICE

The Independent Electricity System Operator in its capacity as the Smart Metering Entity has applied for approval of the Smart Metering Charge for the period,
January 1, 2023 to December 31, 2027.

Learn more. Have your say.

The Independent Electricity System Operator in its capacity as the Smart Metering Entity, has applied to the Ontario Energy Board for approval of the following:

- A Smart Metering Charge of \$0.43 per meter per month, for residential and general service less than 50kW customers, to be charged to each electricity distributor for a 5-year period, beginning January 1, 2023 to December 31, 2027
- A revenue requirement of \$137.5 million for the period 2023 to 2027
- To establish the Operating Reserve Balancing Account and to discontinue the Balancing Variance Account and its associated sub-accounts, beginning January 1, 2023
- An operating reserve of up to \$2.5 million in the Operating Reserve Balancing Account
- To continue the practice of sharing a draft of the annual Cost and Variance Report by April 30 of each year with parties for review and filing a final version of the Report with the Ontario Energy Board by May 31 of each year
- To dispose of any surplus balance in the Operating Reserve Balancing Account based on certain conditions.

The current OEB-approved Smart Metering Charge is \$0.57 per meter per month. The Smart Metering Charge covers the costs of developing and operating the Meter Data Management/Repository, which is used to collect, manage, store and retrieve smart metering data.

In a separate Decision and Order dated April 14, 2022, the Ontario Energy Board approved the Smart Metering Entity's request to charge, on an interim basis, a Smart Metering Charge of \$0.43 per meter per month effective April 1, 2022.

Please review the application for more information on the approvals requested and to determine how you may be affected.

THE ONTARIO ENERGY BOARD WILL HOLD A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider the application filed by the Independent Electricity System Operator (IESO) in its capacity as the Smart Metering Entity (SME). During the hearing, which could be an oral or written hearing, we will question the IESO/SME on its case for a decrease to the Smart Metering Charge. We will also hear questions and arguments from individual customers and from groups that represent affected customers. At the end of this hearing, the OEB will decide what, if any, change to the Smart Metering Charge will be allowed.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this application and to be involved in the process.

- You can review the IESO/SME's application on the OEB's website now
- You can file a letter with your comments, which will be considered during the hearing
- You can become an intervenor. As an intervenor, you can ask questions about the IESO/SME's
 application and make arguments on whether the OEB should approve the IESO/SME's request.
 Apply by May 5, 2022 or the hearing will go ahead without you and you will not receive any further
 notice of the proceeding
- At the end of the process, you can review the OEB's decision and its reasons on our website

LEARN MORE

The proposed charge appears on the Regulatory Charges line of your electricity bill. Our file number for this case is **EB-2022-0137**. To learn more about this hearing, find instructions on how to file a letter with your comments or become an intervenor, or to access any document related to this case, please select the file number **EB-2022-0137** from the list on the OEB website: www.oeb.ca/notice. You can also phone our Public Information Centre at 1-877-632-2727 with any questions.

ORAL VS. WRITTEN HEARINGS

There are two types of OEB hearings – oral and written. the IESO/SME has applied for a written hearing. The OEB will determine at a later date whether to proceed by way of a written or oral hearing. If you think an oral hearing is needed, you can write to the OEB to explain why by **May 5, 2022**.

PRIVACY

If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and email address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.

This hearing will be held under section 78 of the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B and section 58 of the Electricity Act, 1998, S.O. 1998, c.15, Schedule A



AVIS DE LA COMMISSION DE L'ÉNERGIE DE L'ONTARIO

La Société indépendante d'exploitation du réseau d'électricité, en sa qualité d'Entité responsable des compteurs intelligents, a déposé une requête en vue d'obtenir une autorisation concernant les frais de comptage intelligent pour la période du 1^{er} janvier 2023 au 31 décembre 2027.

Renseignez-vous. Donnez votre avis.

La Société indépendante d'exploitation du réseau d'électricité, en sa qualité d'Entité responsable des compteurs intelligents, a déposé une requête auprès de la Commission de l'énergie de l'Ontario en vue d'obtenir une autorisation pour :

- Des frais de comptage intelligent à 0,43 \$ par compteur par mois, pour les clients résidentiels et de service général à moins de 50 kW, à la charge de chaque distributeur d'électricité pour une période de 5 ans, du 1^{er} janvier 2023 au 31 décembre 2027
- Un besoin en revenus de 137,5 millions de dollars pour la période de 2023 à 2027
- Établir un compte équilibré de réserve d'exploitation et supprimer l'équilibrage des comptes et des sous-comptes associés, à compter du 1^{er} janvier 2023
- Une réserve d'exploitation pouvant atteindre 2,5 millions de dollars dans le compte de réserve d'exploitation
- Poursuivre le partage avec les parties prenantes d'une version préliminaire du rapport annuel sur les coûts et les écarts au plus tard le 30 avril de chaque année pour examen et du dépôt de la version finale du rapport auprès de la Commission de l'énergie de l'Ontario au plus tard le 31 mai de chaque année
- Disposer de tout solde excédentaire du compte de réserve d'exploitation sous certaines conditions.

Les frais de comptage intelligent actuellement approuvés par la CEO sont de 0,57 \$ par compteur par mois. Les frais de comptage intelligent couvrent les coûts de développement et les opérations associées au comptage intelligent, soit la collecte, la gestion, le stockage et la récupération des données de compteurs intelligents

Dans une décision et son ordonnance datées du 14 avril 2022, la Commission de l'énergie de l'Ontario a approuvé la demande de l'Entité responsable des compteurs intelligents de charger pour des frais de comptage intelligent de 0,43 \$ par compteur par mois, à compter du efficace 1er avril 2022.

Veuillez consulter la demande pour plus de renseignements sur les requêtes et pour déterminer si elles vous concernent.

LA COMMISSION DE L'ÉNERGIE DE L'ONTARIO TIENDRA UNE AUDIENCE PUBLIQUE

La Commission de l'énergie de l'Ontario (CEO) tiendra une audience publique afin d'étudier la requête déposée par la Société indépendante d'exploitation du réseau d'électricité (SIERE) en sa qualité d'Entité responsable des compteurs intelligents (ERCI). Durant cette audience, qui peut être une audience orale ou écrite, nous poserons des questions à la SIERE ou l'ERCI à propos de sa requête concernant les frais de comptage intelligent. Nous écouterons également les questions et les arguments des particuliers et des groupes qui représentent les clients concernés par la requête. À l'issue de cette audience, la CEO décidera du bien-fondé d'une modification des frais de comptage intelligent et, le cas échéant, de la modification à venir.

La CEO est une agence publique indépendante et impartiale. Les décisions que nous prenons visent à servir au mieux l'intérêt public. Notre objectif est d'encourager le développement d'un secteur de l'énergie efficace et financièrement viable, afin d'offrir des services énergétiques fiables à un prix raisonnable.

RENSEIGNEZ-VOUS ET DONNEZ VOTRE AVIS

Vous avez le droit d'être informé au sujet de cette requête et de participer au processus.

- Vous pouvez examiner la requête d'the SIERE/ ERCI sur le site Web de la CEO dès maintenant.
- Vous pouvez déposer une lettre de commentaires qui sera prise en compte au cours de l'audience
- Vous pouvez participer à titre d'intervenant. En tant qu'intervenant, vous pouvez poser des
 questions sur la demande de the SIERE/ ERCI et présenter les raisons pour lesquelles la CEO
 devrait approuver la demande de the SIERE/ ERCI. Inscrivez-vous avant le 5 mai 2022, faute de
 quoi l'audience aura lieu sans votre participation et vous ne recevrez plus d'avis dans le cadre de
 la présente affaire

 Vous pourrez consulter la décision rendue par la CEO à l'issue de la procédure ainsi que les motifs de sa décision sur notre site Web.

EN SAVOIR PLUS

Les frais proposés apparaissent sur la ligne Frais réglementaires de votre facture d'électricité. Le numéro de référence pour ce dossier est **EB-2022-0137**. Pour obtenir de plus amples renseignements sur cette audience, sur les démarches à suivre pour déposer une lettre, participer en tant qu'intervenant ou pour consulter les documents relatifs à cette affaire, veuillez sélectionner le numéro de dossier **EB-2022-0137** dans la liste sur le site Web de la CEO: https://www.oeb.ca/fr/participez/applications/requetes-tarifaires-en-cours. Pour toute question, vous pouvez également communiquer avec notre centre d'information du public au 1 877 632-2727.

AUDIENCES ORALES OU AUDIENCES ÉCRITES

Il existe deux types d'audiences à la CEO : les audiences orales et les audiences écrites. the SIERE/ ERCI a demandé une audience écrite. La CEO décidera ultérieurement de traiter l'affaire par voie d'audience orale ou écrite. Si vous estimez qu'avoir recours à une audience orale serait nécessaire, vous pouvez écrire à la CEO pour lui présenter vos arguments d'ici le 5 mai 2022.

PROTECTION DES RENSEIGNEMENTS PERSONNELS

Si vous écrivez une lettre de commentaires, votre nom et le contenu de cette lettre seront ajoutés au dossier public et au site Web de la CEO. Toutefois, votre numéro de téléphone, votre adresse de domicile et votre adresse électronique ne seront pas rendus publics. Si vous représentez une entreprise, tous les renseignements de l'entreprise demeureront accessibles au public. Si vous participez à titre d'intervenant, tous vos renseignements seront rendus publics.

Cette audience sur les tarifs sera tenue en vertu de l'article 78 de la Loi de 1998 sur la Commission de l'énergie de l'Ontario, L.O 1998, chap. 15 (annexe B) et de l'article 58 de la Loi sur l'électricité, L.O. 1998, chap. 15 (annexe A).



THIS IS EXHIBIT "C" REFERRED TO IN THE AFFIDAVIT OF ADRIAN PYE SWORN BEFORE ME THIS 25th DAY OF APRIL, 2022.

A Commissioner for Taking Affidavits

From: **IESO Customer Relations IESO Customer Relations** To:

Subject: OEB Notices for the Smart Metering Entity Attachments: IESO SME APPL SMC 20220331.pdf

IESO SME Charge - Notice 20220418.pdf IESO SME Charge - Notice 20220418 translation FR.pdf

2023-2027 Smart Meter Charge Application

The Independent Electricity System Operator, in its capacity as the Smart Metering Entity, filed an application for the 2023 - 2027 Smart Meter Charge with the Ontario Energy Board (OEB) on March 31, 2022. The application and other documents which form the record of the proceeding are available on the OEB Website (Case Number EB-2022-0137). A Smart Metering Charge of \$0.43 per meter per month has been proposed, a reduction from the currently approved Smart Metering Charge of \$0.57 per meter per month.

The Smart Metering Entity maintains and operates the province's smart meter data repository that processes, stores and protects electricity consumption data used for consumer billing by Ontario's local distribution companies.

The OEB has issued a Notice of Hearing for the 2023 - 2027 Smart Meter Charge application. See the Notice of Hearing English | French.

Regards,

Customer Relations

Independent Electricity System Operator (IESO)

Web: www.ieso.ca | Twitter: IESO Tweets | LinkedIn: IESO

Stikeman Elliott

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Patrick G. Duffy
Direct: +1 416 869 5257
pduffy@stikeman.com

March 31, 2022

File No.: 101926.1149

By E-mail and RESS

Ontario Energy Board 2300 Yonge Street, 27th Floor Toronto, ON M4P 1E4

Attention: Nancy Marconi, Acting Registrar

Dear Ms. Marconi:

Re: Independent Electricity System Operator / Smart Metering Entity 2023 to 2027 Smart Metering Charge Application

We are counsel to the Independent Electricity System Operator ("**IESO**") in its capacity as the Smart Metering Entity ("**SME**").

We enclose the SME's application, in PDF searchable electronic form, to set the Smart Metering Charge (the "**SMC**") for the 2023 to 2027 period ("**Submission**").

All intervenors to the SME's most recent fee proceeding (EB-2017-0290) and the recent Third Party Access proceeding (EB-2021-0292) have been copied on this Submission.

The current monthly SMC of \$0.57/meter has been approved to be collected through to December 2022. Through this Submission, the SME is seeking a reduced monthly SMC of \$0.43/meter, representing a \$0.14 reduction.

There are several procedural matters that the SME wishes to raise with the Ontario Energy Board (the "**Board**" or "**OEB**") at this time. First, the SME proposes that the Board's Notice of Application ("**Notice**") be given in the following manner:

- (a) information about and hyperlinks to this Submission and the OEB-issued Notices, will be posted on the IESO's website at the "IESO News and Notices", "Regulatory Affairs" and SME webpages on the IESO website;
- (b) information about and hyperlinks to this Submission and the OEB-issued Notices will be sent to each electricity distribution company that currently charges the SMC to its eligible customers; and
- (c) information about and hyperlinks to this Submission and the OEB-issued Notices will be sent to all intervenors registered in the SME's most recent fee proceeding (EB-2017-0290) and the recent Third Party Access proceeding (EB-2021-0292).

As the recipients of the IESO's weekly newsletter are not necessarily involved in the collection of the SMC, the SME does not propose to send information about and hyperlinks to this Submission and the OEB-issued Notices in the weekly newsletter.

Stikeman Elliott

Second, the SME has included a draft Issues List which the SME believes addresses the issues of relevance to this proceeding and requests that this be posted for comment along with the Notice. The draft Issues List is attached as Appendix "A" for the Board's consideration.

Lastly, the SME requests that it be allowed three weeks to respond to interrogatories.

Please contact the undersigned or Adrian Pye, Senior Regulatory Analyst, if you have any questions or wish to discuss these points further.

Yours truly,

Patrick G. Duffy

DD-1/1

PGD/

cc: Miriam Heinz and Adrian Pye, IESO

Michael Bell and Ian Richler, Ontario Energy Board

Ted Wigdor, Kathryn Farmer and Brittany J. Ashby, Energy Distributors Association (EDA)

Julie Girvan, Consumers Council of Canada (CCC)

Mark Garner and John Lawford, Vulnerable Energy Consumers Coalition (VECC)

Albert Engel, Ian Jarvis, Gillian Henderson and Matthew Rutledge, Building Owners and

Managers Association (BOMA)

Tom Ladanyi, Energy Probe Research Foundation

Joanna Vince, Raeya Jackiw and Travis Lusney, Ontario Sustainable Energy Association (OSEA)

Tim Curtis, Niagara-on-the-Lake Hydro Inc.

Appendix A Draft Issues List EB-2022-XXXX

- 1. Is the Smart Metering Entity's ("**SME**") proposed \$137.5 million revenue requirement for the January 1, 2023 to December 31, 2027 period appropriate?
- 2. Is the proposed Smart Metering Charge ("**SMC**") of \$0.43 per smart meter per month appropriate?
- 3. Is the proposed January 1, 2023 effective date for the SME fee appropriate?
- 4. Is the proposed five-year term, January 1, 2023 to December 31,2027, for the SMC appropriate?
- 5. Are the projections for installed smart meters appropriate?
- 6. Is the proposal to establish the Operating Reserve Balancing Account appropriate?
- 7. Is the proposal to retain \$2.5 million in the Operating Reserve Balancing Account as an operating reserve for the SME appropriate?
- 8. Is the proposal to return to ratepayers any year-end balance in the Operating Reserve Balancing Account, exceeding \$2.5 million and which results in a rebate to ratepayers of \$0.05 per meter or greater, three months after the filling of the SME's annual report with the Board on April 30th appropriate?

114883315 v3 1

Filed: March 31, 2022 Exhibit A Tab 1 Schedule 1 Page 1 of 5

ONTARIO ENERGY BOARD

IN THE MATTER OF subsections 21(7), 78(2.1), (3.0.1), (3.0.2) and (3.0.3) of the *Ontario Energy Board Act*, 1998;

AND IN THE MATTER OF subsection 53.8(8) of the *Electricity Act*, 1998;

AND IN THE MATTER OF Ontario Regulation 453/06 made under the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF an Application by the Independent Electricity System Operator, designated as the Smart Metering Entity, for an Order approving a Smart Metering Charge for the period January 1, 2023 to December 31, 2027

APPLICATION

- 1. The applicant, the Independent Electricity System Operator (the "**IESO**"), is a corporation without share capital continued under Part II of the *Electricity Act*, 1998 (the "**Electricity Act**").
- 2. On March 28, 2007, the IESO was designated as the Smart Metering Entity ("SME") by Ontario Regulation 393/07 made under the Electricity Act which came into effect on July 26, 2007. The objects of the SME as outlined in the Electricity Act include, in addition to other objects and business activities, to plan, manage, implement, oversee, administer and deliver the provincial government's smart metering initiative.
- 3. The IESO, in its capacity as SME, hereby applies to the Ontario Energy Board (the "Board" or "OEB") for an order under subsections 21(7), 78(2.1), (3.0.1), (3.0.2) and (3.0.3) of the *Ontario Energy Board Act*, 1998 (the "OEB Act"):

Exhibit A Tab 1 Schedule 1

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(i) approving an interim monthly Smart Metering Charge ("SMC") of \$0.43

per meter per month, replacing the currently approved SMC of \$0.57, for

residential and general service <50kW customers to be charged to each local

distribution company ("LDC") for the period April 1, 2022 to December 31,

2022;

(ii) approving a monthly SMC of \$0.43 per meter per month for residential and

general service <50kW customers to be charged to each LDC for the five-

year period January 1, 2023 to December 31, 2027;

(iii) approving the revenue requirement and 5-year SME budget of \$137.5

million for the period January 1, 2023 to December 31, 2027;

(iv) approving the formation of the Operating Reserve Balancing Account

("ORBA") and the discontinuation of the Balancing Variance Account

("BVA") and its associated sub-accounts beginning January 1, 2023;

(v) approving a balance of up to \$2.5 million as an operating reserve in the

ORBA;

(vi) permitting the SME to continue the approved practice of sharing a draft

annual Cost and Variance report (the "Report") by April 30 of each year

with parties for review and filing a final version of the Report with the OEB

by May 31 of each year; and

(vii) permitting the SME to clear any surplus in the ORBA that (1) exceeds the

proposed operating reserve of \$2.5 million, and (2) amounts to \$0.05 per

meter or greater, by rebating that amount to ratepayers no sooner than the

third month after the filing of the Report with the Board on May 31 of each

year.

114867157 v2

Exhibit A Tab 1

Schedule 1

Page 3 of 5

4. The requested SMC will cover the costs of the SME in the conduct of its activities

over the 2023 to 2027 period. The SME is not seeking approval for a rate of return as the

IESO is a non-profit corporation under the Electricity Act.

5. The requested interim SMC will cover the costs of the SME in the conduct of its

activities from April 1, 2022 to December 31, 2022 and will reduce the forecast

overcollection that would otherwise occur.

6. The persons affected by this application are all LDCs licensed by the Board and

their respective residential and general service <50kW customers ("low volume

consumers").

7. The SME anticipates that it will operate within the proposed revenue requirement

and SMC for the period January 1, 2023 to December 31, 2027 and that it will file an

application in 2027 for a new fee to be effective January 1, 2028.

8. The SME proposes that the Board review of the application proceed by way of a

written hearing.

9. The SME has filed evidence in support of this application, as identified in the

Exhibit List at Exhibit A-2-1. The SME may amend its pre-filed evidence from time to

time prior to, and during, the course of the Board's proceeding. In particular, should the

SME identify a material change to its application, the SME will advise the Board and

update its pre-filed evidence. The SME reserves the right to amend its application

accordingly, including making any necessary adjustments to the proposed SMC.

10. The SME may seek to have additional meetings with Board staff and intervenors

in order to identify and address any further issues arising from this application with a

view to an early settlement and disposition of this proceeding.

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Exhibit A
Tab 1
Schedule 1
Page 4 of 5

- 11. The SME requests that a copy of all documents filed with the Board by each party to this proceeding be served on the SME and the SME's counsel in this proceeding, as follows:
 - (a) The SME:

Mr. Adrian Pye Senior Advisor, Independent Electricity System Operator

Mailing address:

120 Adelaide Street West, Suite 1600 Toronto, Ontario M5H 1T1

Tel: 905-601-2858 Fax: 416 969-6383

Email: regulatoryaffairs@ieso.ca

(b) The SME's counsel:

Mr. Patrick G. Duffy Stikeman Elliott LLP

Mailing address:

5300 Commerce Court West 199 Bay Street Toronto, Ontario M5L 1B9

Tel: (416) 869-5257 Fax: (416) 947-0866

Email: pduffy@stikeman.com

Filed: March 31, 2022 Exhibit A Tab 1 Schedule 1 Page 5 of 5

DATED at Toronto, Ontario, this 31 day of March, 2022.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By its counsel in this proceeding

Patrick G. Duffy

DD-1/1

Filed: March 31, 2022, Exhibit A Tab 2 Schedule 1 Page 1 of 1

SMART METERING ENTITY 2022 TO 2027 SMART METERING CHARGE APPLICATION

EXHIBIT LIST

Exhibit	Tab	Schedule	<u>Description</u>
A - AD	MINIST	RATIO	N
A	1	1	Application
A	2	1	Exhibit List
A	3	1	Background and Legal Authority
B - REV		REQUIR	EMENT, SMART METERING CHARGE AND VARIANCE
В	1	1	SME Revenue Requirement
В	2	1	Smart Metering Charge and Calculation of the Charge
В	3	1	SME Operating Reserve Balance Account
В	4	1	Ongoing Stakeholder Outreach
			Attachment 1 – Q4 2021 SME MDM/R Report, January 31, 2022
В	5	1	Definitions Used

Filed: March 31, 2022 Exhibit A Tab 3 Schedule 1 Page 1 of 2

BACKGROUND AND LEGAL AUTHORITY

- 2 1. The Smart Metering Initiative ("**SMI**") means the Ontario government's policies
- related to its decision to ensure that Ontario electricity consumers are provided, over
- 4 time, with smart meters. The goal of the SMI is to create a conservation culture and a
- toolset for demand management based upon the province-wide deployment of smart
- 6 meters.

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- 7 2. On July 26, 2007, Ontario Regulation 393/07 came into effect, designating the
- 8 Independent Electricity System Operator (the "IESO") as the Smart Metering Entity
- 9 ("SME") and providing the IESO with the authority to, amongst other things, support
- the SMI by coordinating and project managing implementation activities for the Meter
- Data Management Repository ("MDM/R"). The provincial government later amended
- the IESO's objects through Ontario Regulation 288/14 made under the *Electricity Act*,
- 13 1998 (the "Electricity Act") to also require the IESO to plan, manage, implement,
- oversee, administer and deliver the SMI or any aspect of the initiative.
- 15 3. The SME's MDM/R is a repository for smart meter data and is utilized to collect,
- manage, store and retrieve the information and data related to the metering of low
- volume consumers' consumption or use of electricity in Ontario. It has the capability to
- receive smart meter consumption data from a local distribution company's ("LDC")
- advanced metering infrastructure; validate, estimate, and edit the smart metering data;
- 20 and transmit billing quantity data back to the LDC for use in customer billing.
- 21 4. The MDM/R became operational in 2008 and further development of, and
- 22 updates to, the MDM/R have occurred since then and new functionality continues to be
- 23 implemented.
- 5. The *Ontario Energy Board Act*, 1998 (the "**OEB Act**") provides the Ontario Energy
- 25 Board (the "Board" or "OEB") with the legal authority to allow the IESO to recover,

Exhibit A
Tab 3
Schedule 1
Page 2 of 2

- through just and reasonable rates, costs related to its role as the SME through a Board
- 2 Order under subsection 53.8(8) of the Electricity Act and subsections 78(2.1) and (3.0.1,
- 3 3.0.2 and 3.0.3) of the OEB Act and the authority to make interim orders under
- 4 subsection 21 (7) of the OEB Act.
- 5 6. The IESO Market Rules were amended effective December 12, 2007 to permit the
- 6 collection of the Smart Metering Charge (the "SMC") by the IESO.
- 7. In its decision on the SME's prior SMC application for the 2018-2022 period, EB-
- 8 2017-0290 (the "prior Decision"), the OEB ordered that effective January 1, 2018 to
- 9 December 31, 2022 the SME could levy and collect a SMC of \$0.57 per month for each
- 10 Residential and General Service <50kW customers from all LDCs identified in the
- Board's annual *Yearbook of Electricity Distributors*¹ (the "**Yearbook**").

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¹ Natural gas and electricity utility yearbooks | Ontario Energy Board (oeb.ca)

Filed: March 31, 2022 Exhibit B Tab 1 Schedule 1 Page 1 of 6

SME REVENUE REQUIREMENT

- 2 1. The Smart Metering Entity's ("SME") revenue requirement for the period from
- 3 January 1, 2023 to December 31, 2027 is \$137.5 million, based on the projected operating
- 4 expenses, as shown in Table 1 below. This includes the budget for operating the Meter
- 5 Data Management Repository ("MDM/R") and the amortization of capital expenses for
- 6 asset additions and/or upgrades.
- 7 2. For reference, the January 1, 2018 to December 31, 2022 budget approved by the
- 8 Ontario Energy Board (the "Board" or "OEB") in EB-2017-0290 was \$170.6 million.
- 9 Smart Metering Entity Revenue Requirement: 2023 to 2027:

10 **Table 1**

1

Operating Expenses (\$M)	2023	2024	2025	2026	2027	Total
Compensation and Benefits	4.8	4.9	5.0	5.1	5.2	25.0
Professional and Consulting	2.0	2.1	2.1	2.1	2.1	10.4
Operating and Administration	20.5	20.6	18.6	18.7	20.9	99.3
OM&A Expenses	27.3	27.6	25.7	25.9	28.2	134.7
Amortization	0.0	0.2	0.4	0.6	1.6	2.8
Total Operating Expenses	27.3	27.7	26.0	26.4	29.7	137.5

- 3. The key assumptions and business conditions supporting the proposed revenue requirement are as follows:
- (a) The 5-year period during which the costs will be recovered is from January 1,
 2023 to December 31, 2027.

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Filed: March 31, 2022 Exhibit B Tab 1 Schedule 1

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(b) The SME has fully repaid the historical debt related to the initial MDM/R build costs and historical SME debt of \$100.1 million of unrecovered MDM/R build costs accumulated as debt prior to the first approved Smart Metering Charge ("SMC") recovery period.

- (c) In reflection of the SME's stable business model as an ongoing concern, the SME will move from a cash accounting method that was in place since the Board approved the initial SMC, to an accrual accounting method, which the Independent Electricity System Operator ("IESO") also operates under, as of January 1, 2023. Under an accrual accounting method, revenue and expenses are recorded when a transaction occurs versus when a payment is received or made, as is the case for a cash accounting method, and this is reflected in the revenue requirement being proposed for the 2023 to 2027 period. Under the accrual accounting method, any debt and associated financing costs to support capital investments will be amortized over the service life of assets, and any operating surplus or deficit will, beginning January 1, 2023, be recorded in the proposed Operating Reserve Balancing Account ("ORBA"), which will replace the Balancing Variance Account ("BVA") and associated sub-accounts.
- (d) OEB approval of this move to an accrual accounting method is not required and is not being sought.
- (e) As a non-profit corporation, the IESO, as the SME, has not included and is not seeking approval for a rate of return.

Capital Investments

4. At this time, the MDM/R is an established, mature operation which requires ongoing maintenance and refreshes at a rate that is comparable with other similar IT projects. The SME forecasts \$10.0 million of capital investments for the acquisition of

Filed: March 31, 2022 Exhibit B

Exhibit B Tab 1 Schedule 1 Page 3 of 6

- new assets and upgrades to hardware and software solutions during the January 1, 2023
- to December 31, 2027 period; these assets will be amortized over the service life
- 3 expected of each asset once they are placed into service in accordance with the IESO's
- 4 accounting policy.

(\$M)	2023	2024	2025	2026	2027	Total
Capital Expenses	1.0	1.0	2.0	4.0	2.0	10.0

6 Operating Budget

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- 7 5. The SME's proposed budget for the 2023 to 2027 period, shown in Table 1 above,
- 8 includes costs associated with the following:
 - Compensation and benefits
 - Professional and consulting fees
 - Operating and administration
- Amortization

Compensation and Benefits

- 15 6. The SME currently has 20 full time equivalents ("FTEs") and is proposing to add
- up to 3 FTEs during the 2023 to 2027 period. The incremental FTEs will help support
- ongoing core operations which are currently understaffed as the SME has been
- reducing its reliance on certain work historically performed by consultants and external
- vendors, as well as expected additional Third Party Access ("TPA") activities, and other
- 20 change initiatives as later described. By moving more responsibilities in-house the SME
- will reduce expenses for outsourced work and build its in-house knowledge and
- 22 expertise. The staffing and associated compensation and benefits costs for the budgeting
- 23 period are shown below.

Exhibit B
Tab 1
Schedule 1
Page 4 of 6

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Full Time Equivalents	2023	2024	2025	2026	2027
Regular	23	23	23	23	23
Temporary	-	-	-	-	-
Full Time Equivalents					
Total	23	23	23	23	23

 (\$M)
 2023
 2024
 2025
 2026
 2027
 Total

 Compensation & Benefits
 4.8
 4.9
 5.0
 5.1
 5.2
 25.0

The compensation and benefits costs include the SME's costs to perform services

4 pertaining to the operation of the MDM/R, supporting local distribution companies

5 ("LDCs"), overseeing the Operational Service Provider's ("OSP") support of the

6 MDM/R, managing the design, testing and implementation of changes to the MDM/R,

7 LDCs communications and training.

- 8. The SME will also continue to be supported by resources from the IESO's
- 9 mainstream business as required, primarily in the areas of finance, settlements, legal,
- regulatory, information technology, and human resources. This support work will
- continue to be resourced on a time and material basis and the costs of IESO resources
- utilized by the SME will be charged to the SME in the manner recommended in the
- Report on Methodology for the Allocation of Shared Costs To Certain Identified
- Activities filed July 16, 2018, in EB-2018-0143 and approved by the Board. These costs
- have been included within the SME's proposed revenue requirement.

Professional and Consulting Services

- 17 9. The professional and consulting costs include all externally contracted resources
- in support of the MDM/R operations. These costs include the annual CSAE 3416 audit
- and other potential operational audits, external legal services, Third Party Access

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- activities including associated privacy, security and ethics projects as described in the
- 2 Third Party Access application (EB-2021-0292), LDC communications and stakeholder
- 3 engagements among other requirements. The budget for professional and consulting
- 4 costs are shown below:

(\$M)	2023	2024	2025	2026	2027	Total
Professional &						
Consulting	2.0	2.1	2.1	2.1	2.1	10.4

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Operating & Administration

- 7 10. The operating and administration costs of the SME include provisions for the
- 8 core operating MDM/R services provided by the OSP; rental costs of the SME facilities;
- a portion of the OEB's annual operating invoices issued to the IESO; OEB registration
- 10 fees related to the SME license; computer hardware and software maintenance and
- support costs; training and other staff expenses. The budget for operating and
- administration costs shown below reflect savings for OSP fees during the 2025 to 2026
- period, which were achieved in recent contract negotiations, and forecast increased
- costs beginning in 2027 as a potential new vendor and/or contract will need to be in
- 15 place by Q1 2027.

(\$M)	2023	2024	2025	2026	2027	Total
Operating &						
Administration	20.5	20.6	18.6	18.7	20.9	99.3

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Amortization

- 18 11. The amortization expenses in the SME budget represent the costs of the long-
- term assets, including amounts directly attributable to the acquisition, construction,
- development or betterment of the assets, over the lifetime of their use. The amortization

Exhibit B
Tab 1
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- expenses build-up over time as new assets are placed into service and until the cost of
- 2 existing assets are fully expensed or the asset is sold or replaced. The budgeted capital
- 3 expenses of an asset projected to be placed into service during the 2023 to 2027 period is
- 4 amortized on a straight-line basis over its estimated service life.

(\$M)	2023	2024	2025	2026	2027	Total
Amortization	0.0	0.2	0.4	0.6	1.6	2.8

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SMART METERING CHARGE AND CALCULATION OF THE CHARGE

- 3 1. Through this application the Smart Metering Entity ("SME") is seeking approval
- 4 for a Smart Metering Charge ("SMC") of \$0.43 per meter per month for five years, from
- January 1, 2023 to December 31, 2027, and an interim SMC of \$0.43 per meter per month
- for the period April 1, 2022 to December 31, 2022 as explained below.
- 7 2. For reference he proposed SMC for the 2023 to 2027 period is lower than the
- 8 current SMC of \$0.57 per meter per month, approved from January 1, 2018 to December
- 9 31, 2022, which is lower than the original SMC, approved from 2013 to 2018, of \$0.79 per
- meter per month.

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- 11 3. The SME proposes to continue with the currently approved rate structure for the
- SMC by using a monthly charge per residential and general service <50kW customers
- collected from local distribution companies ("LDCs"). Under this approach, the SME's
- approved revenue requirement will continue to be allocated to, and recovered monthly
- from, the LDCs on a "per customer" basis.
- 16 4. In advance of the initial approved SMC (EB-2012-0100/EB-2012-0211), the SME
- consulted with LDC representatives and determined that the most appropriate rate
- structure for the SMC was through a "per customer" charge. This rate structure
- spreads the costs of the SME over the total number of smart meters deployed in
- recognition that the Meter Data Management Repository ("MDM/R") provides a
- service that will continue to benefit all end-use smart meter customers across Ontario
- 22 and continue to enable a number of value added applications from the data held and
- collected by the SME.
- 5. The proposed rate structure continues to be consistent with the well-established
- criteria of a sound rate structure:

Exhibit B Tab 2 Schedule 1 Page 2 of 5

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- (a) Simplicity: The proposed rate structure is simple to understand and administer because it uses reliable and accurate data on the number of residential and general Service <50kW customers in Ontario as a whole and for each LDC. This will allow LDCs to easily and accurately anticipate the SMC payable each year.
- (b) *Stability:* Application of the proposed rate structure allows the SME to recover its costs. The proposed structure also provides for both revenue and rate stability and smooths the cash flow impact for the SME, and reduces its forecast risk.
- (c) Fairness: The SME's capability to provide services is mainly achieved through its staff and integrated information technology, and the bulk of the SME's costs do not vary with the number of meters enrolled with the MDM/R or whether those meters serve residential and general Service <50kW customers. The ongoing costs of the MDM/R do not depend on usage levels. Therefore, it is fair that the costs of the SME be shared equally amongst end use customers regardless of when that customer began receiving service.

Calculation of the 2023 - 2027 Smart Metering Charge ("SMC")

18 6. The calculation of the proposed SMC of \$0.43 per meter per month is 19 summarized as follows:

- a. Revenue Requirement
 - i. \$137.5M
- b. Average Number of Residential and General Service <50kW Customers over the January 1, 2023 to December 31, 2027 period
 - i. 5.37 million meters
- c. Number of collection periods
 - i. 60 months

SMC = (a. / b.) / c.

= (\$137.5M/5.37 million meters) / 60 months

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7. Each of the components for the formula is discussed below in greater detail.

2 Revenue Requirement

- 3 8. The SME has applied for a revenue requirement of \$137.5 million as detailed in
- 4 Exhibit A-1-1.

5 Average Number of Residential and General Service <50kW Customers

- 6 9. The "per customer" count used by the SME for the purposes of the SMC is the
- 7 projected average number of residential and general service <50kW customers that the
- 8 SME expects to provide service to during the period between January 1, 2023 to
- 9 December 31, 2027.
- 10. The projection for 2023 enrollment of smart meters in the MDM/R is forecast to
- be approximately 5.29 million smart meters. Enrolment is estimated to continue to
- increase or grow at a rate of 0.8% per year from January 1, 2023 to December 31, 2027.
- The 0.8% growth rate is based on a 5-year historical average of smart meter growth for
- both residential and general service <50kW across all LDCs as reported in each of the
- Ontario Energy Board's (the "**Board**" or "**OEB**") 2016 to 2020 Yearbooks Of Electricity
- Distributors (the "**Yearbook**").
- 17 11. Based on this growth, the SME estimates that there will be approximately
- 5.29 million meters in place by the beginning of 2023 and an average 5.37 million smart
- meters over the 5-year period between 2023 and 2027, the period during which the
- 20 proposed new SMC is proposed to be in effect.

Number of Collection Periods

- 12. The SME proposes to continue to collect the proposed SMC on a monthly basis
- over the 60 collection periods in the five-year term proposed. The proposed SMC will

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Exhibit B
Tab 2
Schedule 1
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- be invoiced to LDCs for the applicable month on the tenth business day (as per the
- 2 Independent Electricity System Operator's Market Rules) following the end of the
- previous month, such that it would be paid by each LDC in the applicable month.
- 4 13. Based on the proposed rate structure and calculation, the proposed SMC for the
- 5 2023 to 2027 period is \$0.43 per meter per month.

6 The Proposed Interim Smart Meter Charge

- 7 14. An interim SMC of \$0.43 per meter per month is being proposed for the April 1,
- 8 2022 to December 31, 2022 period.
- 9 15. The proposed interim SMC is forecast to reduce the revenue collected in 2022 by
- approximately \$6.6 million, as shown below:
- \$0.14/meter x 5.25 million meters x 9 billing periods = \$6.6 million
- 12 16. The interim SMC is intended to reduce a forecast 2022 overcollection that would
- otherwise occur. This forecast overcollection is due to multiple factors, including:
- 14 (a) a greater number of meters installed in 2022 than forecast;
- the historical SME debt having been paid off earlier than forecast; and
- (c) contract negotiations for the MDM/R Operational Service Provider
- 17 ("OSP") resulting in lower operating costs than forecast.
- 18 17. As described in Exhibit B-3-1, any over-collection by the SME is returned to
- ratepayers, unless otherwise ordered by the OEB, after the SMEs Annual Cost and
- 20 Variance report is filed with the OEB by May 31 of each year. The SME is not proposing
- to alter this approved methodology, it is seeking to reduce the total amount collected
- from customers through the SMC in 2022. Any over or under-collection in 2022 will be

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- 1 managed according to the approved methodology after the 2022 Report has been filed
- 2 with the OEB in May 2023.
- 3 18. As detailed in the prior SMC application, the majority of the historical SME debt
- 4 had been paid off at the time of that application with approximately \$5 million
- remaining to be paid down over the 2018 to 2022 period. As described in the 2020 Cost
- and Variance report filed with the OEB1, the SME managed to achieve an operating
- surplus of \$8.4 million as of December 31, 2020, which was used to fully pay-off the
- 8 historical SME debt and rebate back to low volume consumers the remaining surplus
- 9 above the \$2.5 million retained in the Balancing Variance Account.

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¹ IESO_PHF_SMEAnnualCostandVarianceReport_20210528.PDF

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SME OPERATING RESERVE BALANCE ACCOUNT

- 2 1. In the prior Smart Metering Charge ("SMC") decision, the Ontario Energy Board
- 3 (the "Board" or "OEB") approved the current SMC, the establishment of the Balancing
- 4 Variance Account ("**BVA**") and corresponding sub-accounts:
- 5 (a) The *Balancing Variance Account,* which consolidates and tracks the balances in the existing sub-accounts.
- 5 (b) Sub-account *Costs Account,* to record any changes in the Smart Metering Entity's ("SME") forecast costs.
- 9 (c) Sub-account *Revenue Account,* to record any revenue surplus or deficiency relative to the forecast revenue.
 - (d) Sub-account Service Level Credits Account, to record a penalty in the form of a service credit payable by the Operational Service Provider ("OSP") to the SME that may be triggered in the event that the OSP fails to meet the target service levels for Critical Meter Data Management & Repository ("MDM/R") Services set out as per the contractual provision in that agreement. The OSP is contractually required to meet agreed to service levels specific to the availability and performance of the MDM/R. The target service levels contained in the MDM/R Service and Performance Levels document lists the target service levels set out in an agreement between the SME and the OSP.
- 2. In the prior SMC decision, the Board also approved the SME accumulating \$2.5 million in the BVA as an operating reserve and that any surplus exceeding the proposed reserve to be rebated back to ratepayers if the rebate was \$0.05/meter or greater.

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Exhibit B
Tab 3
Schedule 1
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- 1 3. The 5-year SME budget approved in the SME's initial SMC application (EB-2012-
- 2 0100/EB-2012-0211) included \$100.1 million of unrecovered MDM/R build costs
- accumulated as debt prior to the first approved SMC recovery period (the "historical
- 4 SME debt"). The historical SME debt and approximately \$5 million of residual debt and
- 5 financing costs were paid off ahead of schedule, by December 31, 2020, rather than the
- end of this five-year budget period, December 31, 2022, as forecast in the prior SMC
- 7 application. As a result, the BVA had a surplus exceeding \$2.5 million in 2020, which
- resulted in a rebate of \$2.5 million to ratepayers in 2020 and, as will be provided in the
- 9 annual Cost and Variance Report to be filed with the Board by May 31, 2022, a forecast
- 10 rebate of \$13.7 million in 2021.
- 11 4. Currently the SME reports its financials to the OEB on a cash accounting basis.
- The SME will adopt the accrual accounting method, under which the IESO operates, as
- of January 1, 2023. This change will align the SME's accounting methods with the
- Independent Electricity System Operator's ("IESO") and, as the historical SME debt has
- now been fully paid off, it is appropriate to make this change with the 2023 to 2027
- 16 budget cycle.
- 5. In consideration of the full repayment of the historical SME debt and the move to
- the accrual accounting method, the SME proposes to move from tracking in and
- reporting on the BVA and its associated sub-accounts to reporting through the
- 20 proposed Operating Reserve Balance Account ("ORBA"), as described below, to fund
- 21 the SME's operations in the event of revenue shortfalls or unanticipated expenditures in
- 22 2023 and going forward. This change is in line with how the IESO manages surplus or
- deficits in its operations. The January 1, 2023 beginning balance of the ORBA will be the
- December 31, 2022 BVA ending balance, after which any surplus or deficit in operation
- will be accumulated in the account, and any excess of the established \$2.5 million
- balance will be rebated back as per the approved mechanism to SMC ratepayers, or any

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- deficit from the approved \$2.5M operating reserve balance will be replenished through
- 2 retention of the difference in future years' surplus.
- 3 6. The table below demonstrates how the SME will report on the ORBA, using
- 4 projected 2023 budget amounts as an example:

SME Operating Reserve	2023	
Balance Account (\$M)	Actual	
Opening Balance	\$2.5	
Surplus (Deficit)	(\$0.3)	
Closing Balance	\$2.2	
OEB Approved Balance	\$2.5	

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- 6 7. It is expected that there will be some variance between the actual revenues and
- 7 expenses and the OEB-approved SME budget. This variance will be reflected as either a
- 8 deficit or surplus in SME's financial results, including the necessary rebates. Surplus
- 9 variances will be collected in the SME's operating reserve account. Deficit variances will
- draw on the operating reserve and will be similarly recorded in the operating reserve
- 11 account.

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Third Party Access

- 13 8. The Board approved the settlement reached in the IESO's Third Party Access
- application (EB-2021-0292). As part of the approved settlement, all parties agreed on the
- mechanism for the SME to report on Third Party Access costs and revenues in
- accordance with the approach and schedule utilized for the SMC. In addition, the Board
- approved the establishment of a new variance sub-account to the BVA called the Third-
- Party Access Variance Account to track costs associated with fulfilling requests for data
- access and any revenue generated from requestors. The SME proposes to continue the
- 20 Third-Party Access Variance Account as part of the ORBA.

Exhibit B
Tab 3
Schedule 1
Page 4 of 5

Market Rebates

- 2 9. The SME is also proposing to use the same formula and timing to return any
- 3 excess revenues as was approved in the prior SMC decision, for any surplus in the
- 4 ORBA that:

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- 5 (1) exceeds the proposed operating reserve of \$2.5 million;
- 6 (2) amounts to \$0.05 per meter or greater be rebated back to ratepayers; and
- 7 (3) that any surplus be rebated no sooner than three months from filing the
- annual Cost and Variance Report with the OEB, as approved in the prior SMC
- decision, and which allows the OEB due time to review the Cost and Variance
- 10 Report and provide alternative direction prior to any rebate being processed
- should it choose to do so.
- 12 10. The SME proposes to continue to use the most recent version of the OEB's
- Yearbook of Electricity Distributors (the "Yearbook") available for the number of
- meters served.
- 15 11. The proposed method is to take the surplus in the ORBA in excess of the
- proposed operating reserve of \$2.5 million and divide it by the number of meters as set
- out in the most recently published OEB Yearbook as shown below. If the resulting
- amount equals or exceeds \$0.05 per meter, then the amount will be rebated back to
- 19 ratepayers.

Surplus in the ORBA in excess of \$2.5 million/ number of meters as set out in the OEBs most recently published Yearbook.

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1 Risks

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- 2 12. As with any business operation, the SME faces certain risks in both its revenues
- and operating expenses. The SME's expenses and revenues are forecast based on both
- 4 the experience of IESO and SME staff, and the best information available at the time.
- 5 While the SME and the IESO strive to reduce uncertainty in the inputs in order to make
- the resulting revenue requirement and SMC as robust as possible, all forecasts are
- 7 inherently uncertain. Some of the potential risks the IESO faces may be anticipated but
- 8 not quantifiable, while others are simply not known.
- 9 13. A number of risks and potential other sources of variances to the SME's forecasts
- 10 have been identified, including:
 - the US-Canada exchange rate which has, and will potentially further impact, the SME's operating expenses as some operational invoices are billed in US dollars;
 - increases in interest rates which could increase financing costs;
 - the potential impacts of new or changing policy initiatives or requirements, including any related to provincial initiatives such as new rate plans, net metering or expanding service to additional customer classes;
 - the potential increase in the number of smart meter data reports & analytics in support of the OEB, government and the IESO mandates and expanding scope of the SME's business model in light of third-party access requirements; and
 - potential technical enhancements as requested by local distribution companies.

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ONGOING STAKEHOLDER OUTREACH

- The Smart Metering Entity ("SME") has undertaken multiple outreach and 1. 2 consultations with local distribution companies ("LDCs") and stakeholders during the 3 2018 to 2022 period, including: 4
- (a) The SME has supported multiple LDC mergers within the Meter Data 5 Management Repository ("MDM/R") using a specially-designed custom tool 6 and accompanying processes to ensure a smooth and seamless experience for 7 the merging LDCs.
 - (b) The SME continues to support LDCs on their Customer Information System ("CIS") upgrade and replacement projects.
 - (c) In September 2021, the SME held its sixth annual province-wide LDC event following a format which aims toward informative and interactive sessions with presentations, speakers and Smart Metering Entity business updates. Such events will continue to be held on a yearly basis, with this year's event planned for the fall of 2022.
 - (d) The SME participated and assisted in collaborative efforts with the Ministry of Energy ("MoE") and the Ontario Energy Board (the "Board" or "OEB") for rate changes related to COVID-19 Relief Planning by implementing global price changes events into the MDM/R at the start and the end of the period to segment billing requests spanning the price changes for the LDCs.
 - (e) The SME continues to support, provide analysis and information to assist in decisions regarding Customer Choice as it relates to enhanced optional Timeof-Use and Tiered pricing alternatives.

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(f) The SME is participating in the OEB's Green Button Industry-Led Working Group as well as offering insights as to the consumption data available via the MDM/R.

- (g) The SME maintains a relationship with the large Advanced Metering Infrastructure ("AMI") and meter providers to ensure that it can support AMI system upgrades and new generations of smart meters being made available to LDCs. The AMI is an integrated system of smart meters, communications networks, and data management systems which allow for two-way communication between utilities and customers.
- (h) The SME has developed and continues to maintain and operate the MDM/R DataMart, a synchronized copy of the MDM/R production database but with 24/7 access and extreme speeds, and is used for fulfilling data extract requests, and other ad-hoc queries without impacting the core operations of the MDM/R. The MDM/R DataMart continues to support new and evolving value-added data services, including the following:
 - the delivery of several custom aggregated reports to assist LDCs with business operations;
 - the MDM/R Data Governance project (an initiative of the SME and the SME Steering Committee, meant to ensure that master and meter data collected from the LDCs and stored in the MDM/R are accurate and mapped correctly, to ensure the highest quality analytics for the LDCs own use, for the OEB and the Independent Electricity System Operator ("IESO") and for other third parties in the future); and
 - data extracts and reports for the IESO, the OEB and the MoE to support planning, forecasting, and policy initiatives.

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(i) The SME Steering Committee ("SSC") is a consultative body which was originally established under the provisions of the SME/LDC Agreement and continued to this day under the Terms of Service. It is made up of representatives from LDCs of various sizes across the province and the SME. The SSC:

- provides input in the ongoing development of the Terms of Service and the MDM/R manuals and procedures;
- provides input on the SME's provision of MDM/R services and adherence to the committed service levels as prescribed in the Terms of Service;
- considers proposals to amend the Terms of Service from the SME,
 MDM/R service recipients, or initiated by the SME Steering
 Committee; and
- participates in consultations as and when requested by the SME, regarding amendments to the MDM/R manuals and procedures.
- 2. During the course of its current 5-year 2018 to 2022 budget and operating cycle, the SME has consistently demonstrated a commitment to operational excellence and efficiency, as evidenced in the performance reports provided to the OEB quarterly and in numerous stakeholder communications. Ontario's MDM/R is now a mature, reliable system and is one of the largest shared service systems in the world supporting Ontario's LDCs and nine authorized agents which make use of the MDM/R.
- The SME provides quarterly reports to the Board on the ongoing operations of the MDM/R. The most recent report, on the fourth quarter 2021, is attached as Exhibit B-4-1 Attachment 1 and an excerpt from this report is below:

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The MDM/R production environment remains stable and reliable, processing reads from over 5 million smart meters, for all LDCs in Ontario on a daily basis.

The SME continues to respond to and address LDC service requests and support issues in a timely manner. In the fourth quarter of 2021, the MDM/R was operationally stable and met or exceeded service levels for 99.67% of Meter Reads, 100% of billing quantity requests, and 100% of master data updates.

- 4. Recent key accomplishments and major projects of the SME include:
 - (a) In 2021, the MDM/R Annual CSAE 3416 Audit resulted in a twelfth consecutive year of an unqualified opinion audit with no findings or exceptions.
 - (b) In 2020, the SME completed a significant upgrade of the MDM/R to version Energy IP8.6 to run on the latest platform and provide improved performance and reliability. This was a multi-year project that upgraded the software, replaced the hardware, storage and network infrastructure, upgraded the database, and performed a data migration and conversion of 10 years of data. Despite the pandemic challenges, the project was completed on time and 11% under budget.



Smart Metering Entity (SME) MDM/R Report

4th Quarter 2021 October to December Issue 34.0 - January 31, 2022

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1. Introduction

Purpose and Contents

The purpose of this report is to provide a quarterly update to the Ontario Energy Board on the ongoing operations of the Meter Data Management and Repository (MDM/R).

More information about the provincial Smart Metering Initiative and the MDM/R is available on the IESO/SME website (https://www.ieso.ca/sector-participants/smart-metering-entity), the Ontario Energy Board website (https://www.oeb.ca), and the Ministry of Energy website (https://www.ontario.ca/page/ministry-energy).

Each section of this report provides updates as required by the Ontario Energy Board in connection with the MDM/R operations and performance, service level attainment, initiatives and software testing, as well as risks and issues.

This report includes the following updates:

- MDM/R Operation and Processing Performance
- MDM/R Performance
- LDC Performance
- MDM/R Service Levels
- 4th Quarter Key SME Activities
- Additional Risks and Issues, and
- Other Opportunities and Next Steps

2. MDM/R Operation and Processing Performance

MDM/R Performance

The MDM/R production environment remains stable and reliable, processing reads from over 5 million smart meters, for all LDCs in Ontario on a daily basis. The SME continues to respond to, and address, LDC service requests and support issues in a timely manner.







5,124,847 Smart Meters

In the fourth quarter of 2021, the MDM/R was operationally stable and met or exceeded service levels for 99.67% of Meter Reads, 100% of Billing Quantity requests, and 100% of Master Data updates.

LDC Performance

The SME produces monthly performance metrics reports, daily-summarized operational data, and a customized LDC Action Items list for each LDC through the MDM/R Service Desk tool. Overall, the quality of the underlying data submitted by LDCs improved slightly during the fourth quarter which lead to a small rise in the number of successful billing responses. The SME continues to work with LDCs to review their LDC Action Items and improve the quality of their data in the MDM/R.

MDM/R Service Levels

The Service Level Performance Chart presents two summary levels:

I. Critical Service Level Summary

The Critical Service Level Summary section includes processing metrics for Automatic Meter Read Processing, Billing Quantity Response Processing, Automatic MMD Incremental Synchronization Processing, MDM/R Graphical User Interface, Meter Read Retrieval Web Services, Reporting, Vendor Service Desk Incident Response, and Vendor Service Desk Service Requests.

II. Non-Critical Service Level Summary

The Non-Critical Service Level Summary section includes processing metrics for Meter Read Retrieval Web Services, MDM/R Availability, and Service Requests. The table also includes a Service Level breakdown for each month along with a quarterly summary¹.

¹ Percentages are rounded to the second decimal place for each metric.

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In the fourth quarter, the SME met all the critical and non-critical service levels as shown in the tables below:

	Service Level Summary	Oct-2021	Nov-2021	Dec-2021	4th Quarter
Automatic Meter Read	Intervals Loaded	3,967,126,679	3,842,965,467	3,965,789,958	11,775,882,104
Processing	Intervals Loaded on Time	3,966,586,988	3,836,497,354	3,933,716,127	11,736,800,469
	% Intervals Loaded on Time	99.99%	99.83%	99.19%	99.67%
	Number of incidents resulting in accumulated delay >240 minutes ²	0	0	0	0
Automatic Billing	BQ Requests	5,284,122	9,154,703	5,739,871	20,178,696
Quantity Processing	BQ Requests Fulfilled on Time	5,284,122	9,154,703	5,739,871	20,178,696
,	% Requests Fulfilled on Time	100.00%	100.00%	100.00%	100.00%
	Number of incidents resulting in accumulated delay >240 minutes ²	0	0	0	0
Automatic MMD	Data Elements Requested	901,495	897,700	568,861	2,368,056
Incremental	Data Elements Loaded on Time		897,700		
Synchronization	% Data Elements Loaded on Time	901,495 100.00%	100.00%	568,861	2,368,056 100.00%
Processing	Number of incidents resulting in Data Elements	100.00%	100.00%	100.00%	100.00%
Frocessing	loaded outside of agreed Service Level target ²	0	0	0	0
MDM/R Graphical User	Availability	100.00%	99.99%	100.00%	100.00%
Interface	Number of incidents resulting in MDM/R Graphical User Interface availability outside of agreed Service Level target ²	0	0	0	0
Meter Read Retrieval	Availability	99.98%	99.99%	99.99%	99.99%
Web Services	Number of incidents resulting in Meter Read Retrieval Web Services availability outside of agreed Service Level target	0	0	0	0
Reporting	Percentage completed on time	99.25%	99.99%	98.26%	99.17%
	Number of incidents resulting in Reporting percentage completion outside of agreed Service Level target	0	0	0	0
Vendor Service Desk	Response Time	100.00%	100.00%	100.00%	100.00%
Incident Response	Number of incidents resulting in Vendor Service Desk Incident Response Time outside of agreed Service Level target	0	0	0	0
Vendor Service Desk	Resolution Time	100.00%	100.00%	100.00%	100.00%
Service Requests	Number of incidents resulting in Vendor Service Desk Request resolution time outside of agreed Service Level target	0	0	0	0

Non-Critical Service Level Summary		Oct-2021	Nov-2021	Dec-2021	4th Quarter
Meter Read Retrieval	Response Time	99.77%	99.84%	99.79%	99.80%
Web Services	Number of incidents resulting in Meter Read Retrieval Web Services response time outside of agreed Service Level target	0	0	0	0
MDM/R Availability	Availability	99.72%	100.00%	100.00%	99.91%
	Number of incidents resulting in MDM/R Availability outside of agreed Service Level target	1	0	0	1
Service Requests	Resolution Time	100.00%	100.00%	100.00%	100.00%
	Number of incidents resulting in Service Requests resolution time outside of agreed Service Level target	0	0	0	0

3. 4th Quarter key SME Activities

SME Steering Committee (SSC)

The SSC met on December 2nd to discuss the following topics:

- Energy IP Service Pack 9 deployment and testing
- LDC Mergers and CIS Replacements/Upgrades
- 6th Annual LDC Event Review and Feedback
- Data Governance
- Third Party Access Application Submission
- Smart Metering Charge Application
- Data Excellence Program
- 2021 CSAE-3416 Audit
- GridEx VI Update

The SSC dedicated significant time to discuss matters of MDM/R data quality submissions and the LDCs engagement in addressing such issues, with some important next steps that the SSC and the SME will continue to collaborate on during 2022.

The next SSC meeting is scheduled for February 2nd, 2022.

SME COVID-19 Response

In Q4 2021, IESO employees began a hybrid work model and started working in the office a minimum of two days a week. However, just before the Christmas holidays and in response to the Province moving to a modified stage 2, employees returned to working from home. The SME and the OSP continue to demonstrate the capability to maintain and administer all systems remotely while effectively providing uninterrupted service. Once the province re-opens, the IESO is planning to resume the hybrid work model.

Smart Metering Charge Application

In Q4 the SME started preparing for its Smart Metering Charge Application as the current charge is effective to the end of December 2022. The Application is expected to be completed and submitted by the end of Q1 2022.

Third Party Access Application Submission

On October 29th the IESO submitted its application to the OEB. Case Number EB-2021-0292 was assigned and a notice was issued on November 16th, 2021. The detailed application can be found here: (https://www.oeb.ca/participate/applications/current-major-applications/eb-2021-0292).

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The following parties sought intervenor status in the application: BOMA (Buildings Owners and Managers Association), CCC (Consumers Council of Canada), EDA (Electricity Distributors Association), Energy Probe, OSEA (Ontario Sustainable Energy Association) and VECC (Vulnerable Energy Consumer Coalition).

The next steps will follow the OEB's adjudication process, as posted.

Smart Metering Analytics & Reporting

The SME's Data and Analytics team continues to provide the OEB with monthly statistics on the uptake of the Tiered pricing option, by LDC. Trending wise, we continue to see a slight increase across the province, month over month, with the December average sitting at approximately 5.5%. The SME noticed significant variations in uptake between LDCs, ranging from 1.6% to 12.8%.

With the introduction of the new global off-peak pricing of \$0.082/kWh, from January 18th through to February 7th, 2022, we will once again provide the LDCs with their own consumption reports, on request (via the SME's Service Desk), while continuing to track and report the Tiered pricing uptake during this pricing change.

SME Operational Updates

2021 CSAE-3416 Audit

In Q4, PricewaterhouseCoopers LLP (PwC) completed the 2021 annual MDM/R CSAE3416 Audit, with a final audit report was issued on November 15th, 2021. This marks the 12th consecutive year of a "clean audit" for the MDM/R. The Audit report and the respective Bridge letter are available to the LDCs upon request, through the SME's Service Desk.

Energy IP 8.6 Service Pack 9

On December 4th, the SME deployed Energy IP 8.6 Service Pack 9. The deployment process went well and was seamless to LDCs. This service pack addressed any outstanding defects identified after the 2020 MDM/R eIP 8.6 upgrade. An update to MDM/R web services, expected to be deployed with Service Pack 9, was postponed at the request of an agent who manages web services for several LDCs in the province. The SME deployed the MDM/R web services update in early January 2022.

SME Service Desk tool upgrade

On October 25th the SME performed its annual upgrade of the SME Service Desk tool. The upgrade had no impact on LDCs operations.

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4. Additional Risks and Issues

There are no additional risks or issues at this time.

5. Other Opportunities and Next Steps

There are no other opportunities at this time.

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Independent Electricity System Operator

1600-120 Adelaide Street West Toronto, Ontario M5H 1T1

Phone: 905.403.6900 Toll-free: 1.888.448.7777

 $\hbox{E-mail: $\underline{customer.relations@ieso.ca}$}$

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1		DEFINITIONS USED
2	AMI:	Advanced Metering Infrastructure
3	Board:	Ontario Energy Board
4	BVA:	Balancing Variance Account
5	CIS:	LDC's Customer Information Systems
6	Electricity Act:	Electricity Act, 1998
7	FTEs	Full time equivalents
8 9 10	Historical SME debt:	The \$100.1 million of unrecovered MDM/R build costs accumulated as debt prior to the first approved SMC recovery period
11	IESO:	Independent Electricity System Operator
12	LDC:	Local distribution company
13 14 15	Low volume consumers:	Residential and general service <50kw customers with smart meters served by LDCs that utilize the services of the MDM/R
16	MDM/R:	Meter Data Management Repository
17	MoE:	Ministry of Energy
18	OEB:	Ontario Energy Board
19	OEB Act:	Ontario Energy Board Act, 1998
20	ORBA:	Operating Reserve Balancing Account
21	OSP:	Operational Service Provider
22 23	Prior SMC application:	The 2018 to 2022 Smart Meter Charge application (EB-2017-02900
24 25	Prior SMC decision:	Decision and Order on the 2018 to 2022 SMC application (EB-2017-0290)
26 27	Report:	Annual Cost and Variance Report with the OEB by May 31 each year

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1 SME: Smart Metering Entity

2 SMI: Smart Metering Initiative

3 SMC: Smart Metering Charge

4 SSC: SME Steering Committee

5 TPA: Third Party Access

6 Yearbook: The OEBs Yearbook of Electricity Distributors

ONTARIO ENERGY BOARD NOTICE

The Independent Electricity System Operator in its capacity as the Smart Metering Entity has applied for approval of the Smart Metering Charge for the period,
January 1, 2023 to December 31, 2027.

Learn more. Have your say.

The Independent Electricity System Operator in its capacity as the Smart Metering Entity, has applied to the Ontario Energy Board for approval of the following:

- A Smart Metering Charge of \$0.43 per meter per month, for residential and general service less than 50kW customers, to be charged to each electricity distributor for a 5-year period, beginning January 1, 2023 to December 31, 2027
- A revenue requirement of \$137.5 million for the period 2023 to 2027
- To establish the Operating Reserve Balancing Account and to discontinue the Balancing Variance Account and its associated sub-accounts, beginning January 1, 2023
- An operating reserve of up to \$2.5 million in the Operating Reserve Balancing Account
- To continue the practice of sharing a draft of the annual Cost and Variance Report by April 30 of each year with parties for review and filing a final version of the Report with the Ontario Energy Board by May 31 of each year
- To dispose of any surplus balance in the Operating Reserve Balancing Account based on certain conditions.

The current OEB-approved Smart Metering Charge is \$0.57 per meter per month. The Smart Metering Charge covers the costs of developing and operating the Meter Data Management/Repository, which is used to collect, manage, store and retrieve smart metering data.

In a separate Decision and Order dated April 14, 2022, the Ontario Energy Board approved the Smart Metering Entity's request to charge, on an interim basis, a Smart Metering Charge of \$0.43 per meter per month effective April 1, 2022.

Please review the application for more information on the approvals requested and to determine how you may be affected.

THE ONTARIO ENERGY BOARD WILL HOLD A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider the application filed by the Independent Electricity System Operator (IESO) in its capacity as the Smart Metering Entity (SME). During the hearing, which could be an oral or written hearing, we will question the IESO/SME on its case for a decrease to the Smart Metering Charge. We will also hear questions and arguments from individual customers and from groups that represent affected customers. At the end of this hearing, the OEB will decide what, if any, change to the Smart Metering Charge will be allowed.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this application and to be involved in the process.

- You can review the IESO/SME's application on the OEB's website now
- You can file a letter with your comments, which will be considered during the hearing
- You can become an intervenor. As an intervenor, you can ask questions about the IESO/SME's
 application and make arguments on whether the OEB should approve the IESO/SME's request.
 Apply by May 5, 2022 or the hearing will go ahead without you and you will not receive any further
 notice of the proceeding
- At the end of the process, you can review the OEB's decision and its reasons on our website

LEARN MORE

The proposed charge appears on the Regulatory Charges line of your electricity bill. Our file number for this case is **EB-2022-0137**. To learn more about this hearing, find instructions on how to file a letter with your comments or become an intervenor, or to access any document related to this case, please select the file number **EB-2022-0137** from the list on the OEB website: www.oeb.ca/notice. You can also phone our Public Information Centre at 1-877-632-2727 with any questions.

ORAL VS. WRITTEN HEARINGS

There are two types of OEB hearings – oral and written. the IESO/SME has applied for a written hearing. The OEB will determine at a later date whether to proceed by way of a written or oral hearing. If you think an oral hearing is needed, you can write to the OEB to explain why by **May 5, 2022**.

PRIVACY

If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and email address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.

This hearing will be held under section 78 of the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B and section 58 of the Electricity Act, 1998, S.O. 1998, c.15, Schedule A



AVIS DE LA COMMISSION DE L'ÉNERGIE DE L'ONTARIO

La Société indépendante d'exploitation du réseau d'électricité, en sa qualité d'Entité responsable des compteurs intelligents, a déposé une requête en vue d'obtenir une autorisation concernant les frais de comptage intelligent pour la période du 1^{er} janvier 2023 au 31 décembre 2027.

Renseignez-vous. Donnez votre avis.

La Société indépendante d'exploitation du réseau d'électricité, en sa qualité d'Entité responsable des compteurs intelligents, a déposé une requête auprès de la Commission de l'énergie de l'Ontario en vue d'obtenir une autorisation pour :

- Des frais de comptage intelligent à 0,43 \$ par compteur par mois, pour les clients résidentiels et de service général à moins de 50 kW, à la charge de chaque distributeur d'électricité pour une période de 5 ans, du 1^{er} janvier 2023 au 31 décembre 2027
- Un besoin en revenus de 137,5 millions de dollars pour la période de 2023 à 2027
- Établir un compte équilibré de réserve d'exploitation et supprimer l'équilibrage des comptes et des sous-comptes associés, à compter du 1^{er} janvier 2023
- Une réserve d'exploitation pouvant atteindre 2,5 millions de dollars dans le compte de réserve d'exploitation
- Poursuivre le partage avec les parties prenantes d'une version préliminaire du rapport annuel sur les coûts et les écarts au plus tard le 30 avril de chaque année pour examen et du dépôt de la version finale du rapport auprès de la Commission de l'énergie de l'Ontario au plus tard le 31 mai de chaque année
- Disposer de tout solde excédentaire du compte de réserve d'exploitation sous certaines conditions.

Les frais de comptage intelligent actuellement approuvés par la CEO sont de 0,57 \$ par compteur par mois. Les frais de comptage intelligent couvrent les coûts de développement et les opérations associées au comptage intelligent, soit la collecte, la gestion, le stockage et la récupération des données de compteurs intelligents

Dans une décision et son ordonnance datées du 14 avril 2022, la Commission de l'énergie de l'Ontario a approuvé la demande de l'Entité responsable des compteurs intelligents de charger pour des frais de comptage intelligent de 0,43 \$ par compteur par mois, à compter du efficace 1er avril 2022.

Veuillez consulter la demande pour plus de renseignements sur les requêtes et pour déterminer si elles vous concernent.

LA COMMISSION DE L'ÉNERGIE DE L'ONTARIO TIENDRA UNE AUDIENCE PUBLIQUE

La Commission de l'énergie de l'Ontario (CEO) tiendra une audience publique afin d'étudier la requête déposée par la Société indépendante d'exploitation du réseau d'électricité (SIERE) en sa qualité d'Entité responsable des compteurs intelligents (ERCI). Durant cette audience, qui peut être une audience orale ou écrite, nous poserons des questions à la SIERE ou l'ERCI à propos de sa requête concernant les frais de comptage intelligent. Nous écouterons également les questions et les arguments des particuliers et des groupes qui représentent les clients concernés par la requête. À l'issue de cette audience, la CEO décidera du bien-fondé d'une modification des frais de comptage intelligent et, le cas échéant, de la modification à venir.

La CEO est une agence publique indépendante et impartiale. Les décisions que nous prenons visent à servir au mieux l'intérêt public. Notre objectif est d'encourager le développement d'un secteur de l'énergie efficace et financièrement viable, afin d'offrir des services énergétiques fiables à un prix raisonnable.

RENSEIGNEZ-VOUS ET DONNEZ VOTRE AVIS

Vous avez le droit d'être informé au sujet de cette requête et de participer au processus.

- Vous pouvez examiner la requête d'the SIERE/ ERCI sur le site Web de la CEO dès maintenant.
- Vous pouvez déposer une lettre de commentaires qui sera prise en compte au cours de l'audience
- Vous pouvez participer à titre d'intervenant. En tant qu'intervenant, vous pouvez poser des
 questions sur la demande de the SIERE/ ERCI et présenter les raisons pour lesquelles la CEO
 devrait approuver la demande de the SIERE/ ERCI. Inscrivez-vous avant le 5 mai 2022, faute de
 quoi l'audience aura lieu sans votre participation et vous ne recevrez plus d'avis dans le cadre de
 la présente affaire

 Vous pourrez consulter la décision rendue par la CEO à l'issue de la procédure ainsi que les motifs de sa décision sur notre site Web.

EN SAVOIR PLUS

Les frais proposés apparaissent sur la ligne Frais réglementaires de votre facture d'électricité. Le numéro de référence pour ce dossier est **EB-2022-0137**. Pour obtenir de plus amples renseignements sur cette audience, sur les démarches à suivre pour déposer une lettre, participer en tant qu'intervenant ou pour consulter les documents relatifs à cette affaire, veuillez sélectionner le numéro de dossier **EB-2022-0137** dans la liste sur le site Web de la CEO: https://www.oeb.ca/fr/participez/applications/requetes-tarifaires-en-cours. Pour toute question, vous pouvez également communiquer avec notre centre d'information du public au 1 877 632-2727.

AUDIENCES ORALES OU AUDIENCES ÉCRITES

Il existe deux types d'audiences à la CEO : les audiences orales et les audiences écrites. the SIERE/ ERCI a demandé une audience écrite. La CEO décidera ultérieurement de traiter l'affaire par voie d'audience orale ou écrite. Si vous estimez qu'avoir recours à une audience orale serait nécessaire, vous pouvez écrire à la CEO pour lui présenter vos arguments d'ici le 5 mai 2022.

PROTECTION DES RENSEIGNEMENTS PERSONNELS

Si vous écrivez une lettre de commentaires, votre nom et le contenu de cette lettre seront ajoutés au dossier public et au site Web de la CEO. Toutefois, votre numéro de téléphone, votre adresse de domicile et votre adresse électronique ne seront pas rendus publics. Si vous représentez une entreprise, tous les renseignements de l'entreprise demeureront accessibles au public. Si vous participez à titre d'intervenant, tous vos renseignements seront rendus publics.

Cette audience sur les tarifs sera tenue en vertu de l'article 78 de la Loi de 1998 sur la Commission de l'énergie de l'Ontario, L.O 1998, chap. 15 (annexe B) et de l'article 58 de la Loi sur l'électricité, L.O. 1998, chap. 15 (annexe A).



THIS IS EXHIBIT "D" REFERRED TO IN THE AFFIDAVIT OF ADRIAN PYE SWORN BEFORE ME THIS 25th DAY OF APRIL, 2022.

A Commissioner for Taking Affidavits

From: Adrian Pye

To: <u>SEC@oesc-cseo.org</u>; <u>mark@shepherdrubenstein.com</u>; <u>fred@shepherdrubenstein.com</u>;

cossette.helene@hydroquebec.com; Pelletier.eveline@hydroquebec.com; shelley.grice@rogers.com;

cayer.marieeve@hydroquebec.com; herman.mo@opg.com; regulatory@thesociety.ca; hastingsm@thesociety.ca; bohdan.dumka@gmail.com; tresckow44@gmail.com; mathew.wilson@cme-mec.ca; Allison.Bernholtz@cme-

mec.ca; eblanchard@blg.com; spainc@rogers.com; swifty4488@outlook.com;

BGiannetta@renewablesassociation.ca; jrangooni@energystoragecanada.org; pnorris@owa.ca; jchee-aloy@poweradvisoryllc.com; rjackiw@willmsshier.com; spollock@blg.com; scampbell@blg.com; ivesj@pwu.ca;

<u>aloy@poweradvisorylic.com; rjackiw@willmsshier.com; spollock@big.com; scampbell@big.com; ivesj@pwu.ca; richard.stephenson@paliareroland.com; bkidane@econalysis.ca; rchua@elenchus.ca; tom.ladanyi@rogers.com;</u>

jack@cleanairalliance.org; "kent@elsonadvocacy.ca"; "jvince@willmsshier.com"; tlusney

Subject: IESO Smart Metering Entity - 2023 to 2027 Smart Metering Charge Application and Notices

Attachments: IESO SME APPL SMC 20220331.pdf

IESO SME Charge - Notice 20220418.pdf

IESO SME Charge - Notice 20220418 translation FR.pdf

Procedural Order #1 for the Independent Electricity System Operators Application for Approval of 2022 Expenditures, Revenue Requirement and Fees has been issued approving intervenors in that proceeding. As intervenors in that proceeding I wanted to inform you of the recent application by the IESO, in its capacity as the Smart Metering Entity, for the 2023-2027 Smart Metering Charge which is described below.

2023-2027 Smart Metering Charge Application

The Independent Electricity System Operator, in its capacity as the Smart Metering Entity, filed an application for the 2023 - 2027 Smart Metering Charge with the Ontario Energy Board (OEB) on March 31, 2022. The application and OEB issued Notices are attached. The application and other documents which form the record of the proceeding are available on the OEB Website (Case Number EB-2022-0137). A Smart Metering Charge of \$0.43 per meter per month for residential and General Service <50kW customers has been proposed, a reduction from the currently approved Smart Metering Charge of \$0.57 per meter per month. The Smart Metering Charge is only charged to residential and General Service <50kW customers.

The Smart Metering Entity maintains and operates the province's smart meter data repository that processes, stores and protects electricity consumption data used for consumer billing by Ontario's local distribution companies.

The OEB has issued a Notice of Hearing for the 2023 - 2027 Smart Metering Charge application. See the Notice of Hearing English | French.

Regards,

Adrian

Web: www.ieso.ca | Twitter: IESO Tweets | LinkedIn: IESO

Stikeman Elliott

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON Canada M5L 1B9

Main: 416 869 5500 Fax: 416 947 0866 www.stikeman.com

Patrick G. Duffy
Direct: +1 416 869 5257
pduffy@stikeman.com

March 31, 2022

File No.: 101926.1149

By E-mail and RESS

Ontario Energy Board 2300 Yonge Street, 27th Floor Toronto, ON M4P 1E4

Attention: Nancy Marconi, Acting Registrar

Dear Ms. Marconi:

Re: Independent Electricity System Operator / Smart Metering Entity 2023 to 2027 Smart Metering Charge Application

We are counsel to the Independent Electricity System Operator ("**IESO**") in its capacity as the Smart Metering Entity ("**SME**").

We enclose the SME's application, in PDF searchable electronic form, to set the Smart Metering Charge (the "**SMC**") for the 2023 to 2027 period ("**Submission**").

All intervenors to the SME's most recent fee proceeding (EB-2017-0290) and the recent Third Party Access proceeding (EB-2021-0292) have been copied on this Submission.

The current monthly SMC of \$0.57/meter has been approved to be collected through to December 2022. Through this Submission, the SME is seeking a reduced monthly SMC of \$0.43/meter, representing a \$0.14 reduction.

There are several procedural matters that the SME wishes to raise with the Ontario Energy Board (the "**Board**" or "**OEB**") at this time. First, the SME proposes that the Board's Notice of Application ("**Notice**") be given in the following manner:

- (a) information about and hyperlinks to this Submission and the OEB-issued Notices, will be posted on the IESO's website at the "IESO News and Notices", "Regulatory Affairs" and SME webpages on the IESO website;
- (b) information about and hyperlinks to this Submission and the OEB-issued Notices will be sent to each electricity distribution company that currently charges the SMC to its eligible customers; and
- (c) information about and hyperlinks to this Submission and the OEB-issued Notices will be sent to all intervenors registered in the SME's most recent fee proceeding (EB-2017-0290) and the recent Third Party Access proceeding (EB-2021-0292).

As the recipients of the IESO's weekly newsletter are not necessarily involved in the collection of the SMC, the SME does not propose to send information about and hyperlinks to this Submission and the OEB-issued Notices in the weekly newsletter.

Stikeman Elliott

Second, the SME has included a draft Issues List which the SME believes addresses the issues of relevance to this proceeding and requests that this be posted for comment along with the Notice. The draft Issues List is attached as Appendix "A" for the Board's consideration.

Lastly, the SME requests that it be allowed three weeks to respond to interrogatories.

Please contact the undersigned or Adrian Pye, Senior Regulatory Analyst, if you have any questions or wish to discuss these points further.

Yours truly,

Patrick G. Duffy

DD-1/1

PGD/

cc: Miriam Heinz and Adrian Pye, IESO

Michael Bell and Ian Richler, Ontario Energy Board

Ted Wigdor, Kathryn Farmer and Brittany J. Ashby, Energy Distributors Association (EDA)

Julie Girvan, Consumers Council of Canada (CCC)

Mark Garner and John Lawford, Vulnerable Energy Consumers Coalition (VECC)

Albert Engel, Ian Jarvis, Gillian Henderson and Matthew Rutledge, Building Owners and

Managers Association (BOMA)

Tom Ladanyi, Energy Probe Research Foundation

Joanna Vince, Raeya Jackiw and Travis Lusney, Ontario Sustainable Energy Association (OSEA)

Tim Curtis, Niagara-on-the-Lake Hydro Inc.

Appendix A Draft Issues List EB-2022-XXXX

- 1. Is the Smart Metering Entity's ("**SME**") proposed \$137.5 million revenue requirement for the January 1, 2023 to December 31, 2027 period appropriate?
- 2. Is the proposed Smart Metering Charge ("**SMC**") of \$0.43 per smart meter per month appropriate?
- 3. Is the proposed January 1, 2023 effective date for the SME fee appropriate?
- 4. Is the proposed five-year term, January 1, 2023 to December 31,2027, for the SMC appropriate?
- 5. Are the projections for installed smart meters appropriate?
- 6. Is the proposal to establish the Operating Reserve Balancing Account appropriate?
- 7. Is the proposal to retain \$2.5 million in the Operating Reserve Balancing Account as an operating reserve for the SME appropriate?
- 8. Is the proposal to return to ratepayers any year-end balance in the Operating Reserve Balancing Account, exceeding \$2.5 million and which results in a rebate to ratepayers of \$0.05 per meter or greater, three months after the filling of the SME's annual report with the Board on April 30th appropriate?

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Filed: March 31, 2022 Exhibit A Tab 1 Schedule 1 Page 1 of 5

ONTARIO ENERGY BOARD

IN THE MATTER OF subsections 21(7), 78(2.1), (3.0.1), (3.0.2) and (3.0.3) of the *Ontario Energy Board Act*, 1998;

AND IN THE MATTER OF subsection 53.8(8) of the *Electricity Act*, 1998;

AND IN THE MATTER OF Ontario Regulation 453/06 made under the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF an Application by the Independent Electricity System Operator, designated as the Smart Metering Entity, for an Order approving a Smart Metering Charge for the period January 1, 2023 to December 31, 2027

APPLICATION

- 1. The applicant, the Independent Electricity System Operator (the "**IESO**"), is a corporation without share capital continued under Part II of the *Electricity Act*, 1998 (the "**Electricity Act**").
- 2. On March 28, 2007, the IESO was designated as the Smart Metering Entity ("SME") by Ontario Regulation 393/07 made under the Electricity Act which came into effect on July 26, 2007. The objects of the SME as outlined in the Electricity Act include, in addition to other objects and business activities, to plan, manage, implement, oversee, administer and deliver the provincial government's smart metering initiative.
- 3. The IESO, in its capacity as SME, hereby applies to the Ontario Energy Board (the "Board" or "OEB") for an order under subsections 21(7), 78(2.1), (3.0.1), (3.0.2) and (3.0.3) of the *Ontario Energy Board Act*, 1998 (the "OEB Act"):

Exhibit A Tab 1 Schedule 1

Page 2 of 5

(i) approving an interim monthly Smart Metering Charge ("SMC") of \$0.43

per meter per month, replacing the currently approved SMC of \$0.57, for

residential and general service <50kW customers to be charged to each local

distribution company ("LDC") for the period April 1, 2022 to December 31,

2022;

(ii) approving a monthly SMC of \$0.43 per meter per month for residential and

general service <50kW customers to be charged to each LDC for the five-

year period January 1, 2023 to December 31, 2027;

(iii) approving the revenue requirement and 5-year SME budget of \$137.5

million for the period January 1, 2023 to December 31, 2027;

(iv) approving the formation of the Operating Reserve Balancing Account

("ORBA") and the discontinuation of the Balancing Variance Account

("BVA") and its associated sub-accounts beginning January 1, 2023;

(v) approving a balance of up to \$2.5 million as an operating reserve in the

ORBA;

(vi) permitting the SME to continue the approved practice of sharing a draft

annual Cost and Variance report (the "Report") by April 30 of each year

with parties for review and filing a final version of the Report with the OEB

by May 31 of each year; and

(vii) permitting the SME to clear any surplus in the ORBA that (1) exceeds the

proposed operating reserve of \$2.5 million, and (2) amounts to \$0.05 per

meter or greater, by rebating that amount to ratepayers no sooner than the

third month after the filing of the Report with the Board on May 31 of each

year.

114867157 v2

Exhibit A Tab 1

Schedule 1

Page 3 of 5

4. The requested SMC will cover the costs of the SME in the conduct of its activities

over the 2023 to 2027 period. The SME is not seeking approval for a rate of return as the

IESO is a non-profit corporation under the Electricity Act.

5. The requested interim SMC will cover the costs of the SME in the conduct of its

activities from April 1, 2022 to December 31, 2022 and will reduce the forecast

overcollection that would otherwise occur.

6. The persons affected by this application are all LDCs licensed by the Board and

their respective residential and general service <50kW customers ("low volume

consumers").

7. The SME anticipates that it will operate within the proposed revenue requirement

and SMC for the period January 1, 2023 to December 31, 2027 and that it will file an

application in 2027 for a new fee to be effective January 1, 2028.

8. The SME proposes that the Board review of the application proceed by way of a

written hearing.

9. The SME has filed evidence in support of this application, as identified in the

Exhibit List at Exhibit A-2-1. The SME may amend its pre-filed evidence from time to

time prior to, and during, the course of the Board's proceeding. In particular, should the

SME identify a material change to its application, the SME will advise the Board and

update its pre-filed evidence. The SME reserves the right to amend its application

accordingly, including making any necessary adjustments to the proposed SMC.

10. The SME may seek to have additional meetings with Board staff and intervenors

in order to identify and address any further issues arising from this application with a

view to an early settlement and disposition of this proceeding.

114867157 v2

Exhibit A
Tab 1
Schedule 1
Page 4 of 5

- 11. The SME requests that a copy of all documents filed with the Board by each party to this proceeding be served on the SME and the SME's counsel in this proceeding, as follows:
 - (a) The SME:

Mr. Adrian Pye Senior Advisor, Independent Electricity System Operator

Mailing address:

120 Adelaide Street West, Suite 1600 Toronto, Ontario M5H 1T1

Tel: 905-601-2858 Fax: 416 969-6383

Email: regulatoryaffairs@ieso.ca

(b) The SME's counsel:

Mr. Patrick G. Duffy Stikeman Elliott LLP

Mailing address:

5300 Commerce Court West 199 Bay Street Toronto, Ontario M5L 1B9

Tel: (416) 869-5257 Fax: (416) 947-0866

Email: pduffy@stikeman.com

Filed: March 31, 2022 Exhibit A Tab 1 Schedule 1 Page 5 of 5

DATED at Toronto, Ontario, this 31 day of March, 2022.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By its counsel in this proceeding

Patrick G. Duffy

DDMM

Filed: March 31, 2022, Exhibit A Tab 2 Schedule 1 Page 1 of 1

SMART METERING ENTITY 2022 TO 2027 SMART METERING CHARGE APPLICATION

EXHIBIT LIST

Exhibit	Tab	Schedule	<u>Description</u>
A - AD	MINIST	RATIO	N
A	1	1	Application
A	2	1	Exhibit List
A	3	1	Background and Legal Authority
B - REV		REQUIR	EMENT, SMART METERING CHARGE AND VARIANCE
В	1	1	SME Revenue Requirement
В	2	1	Smart Metering Charge and Calculation of the Charge
В	3	1	SME Operating Reserve Balance Account
В	4	1	Ongoing Stakeholder Outreach
			Attachment 1 – Q4 2021 SME MDM/R Report, January 31, 2022
В	5	1	Definitions Used

Filed: March 31, 2022 Exhibit A Tab 3 Schedule 1 Page 1 of 2

BACKGROUND AND LEGAL AUTHORITY

- 2 1. The Smart Metering Initiative ("**SMI**") means the Ontario government's policies
- related to its decision to ensure that Ontario electricity consumers are provided, over
- 4 time, with smart meters. The goal of the SMI is to create a conservation culture and a
- toolset for demand management based upon the province-wide deployment of smart
- 6 meters.

- 7 2. On July 26, 2007, Ontario Regulation 393/07 came into effect, designating the
- 8 Independent Electricity System Operator (the "IESO") as the Smart Metering Entity
- 9 ("SME") and providing the IESO with the authority to, amongst other things, support
- the SMI by coordinating and project managing implementation activities for the Meter
- Data Management Repository ("MDM/R"). The provincial government later amended
- the IESO's objects through Ontario Regulation 288/14 made under the *Electricity Act*,
- 13 1998 (the "Electricity Act") to also require the IESO to plan, manage, implement,
- oversee, administer and deliver the SMI or any aspect of the initiative.
- 15 3. The SME's MDM/R is a repository for smart meter data and is utilized to collect,
- manage, store and retrieve the information and data related to the metering of low
- volume consumers' consumption or use of electricity in Ontario. It has the capability to
- receive smart meter consumption data from a local distribution company's ("LDC")
- advanced metering infrastructure; validate, estimate, and edit the smart metering data;
- 20 and transmit billing quantity data back to the LDC for use in customer billing.
- 21 4. The MDM/R became operational in 2008 and further development of, and
- 22 updates to, the MDM/R have occurred since then and new functionality continues to be
- 23 implemented.
- 5. The *Ontario Energy Board Act*, 1998 (the "**OEB Act**") provides the Ontario Energy
- 25 Board (the "Board" or "OEB") with the legal authority to allow the IESO to recover,

Exhibit A
Tab 3
Schedule 1
Page 2 of 2

- through just and reasonable rates, costs related to its role as the SME through a Board
- 2 Order under subsection 53.8(8) of the Electricity Act and subsections 78(2.1) and (3.0.1,
- 3 3.0.2 and 3.0.3) of the OEB Act and the authority to make interim orders under
- 4 subsection 21 (7) of the OEB Act.
- 5 6. The IESO Market Rules were amended effective December 12, 2007 to permit the
- 6 collection of the Smart Metering Charge (the "SMC") by the IESO.
- 7. In its decision on the SME's prior SMC application for the 2018-2022 period, EB-
- 8 2017-0290 (the "prior Decision"), the OEB ordered that effective January 1, 2018 to
- 9 December 31, 2022 the SME could levy and collect a SMC of \$0.57 per month for each
- 10 Residential and General Service <50kW customers from all LDCs identified in the
- Board's annual *Yearbook of Electricity Distributors*¹ (the "**Yearbook**").

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¹ Natural gas and electricity utility yearbooks | Ontario Energy Board (oeb.ca)

Filed: March 31, 2022 Exhibit B Tab 1 Schedule 1 Page 1 of 6

SME REVENUE REQUIREMENT

- 2 1. The Smart Metering Entity's ("SME") revenue requirement for the period from
- 3 January 1, 2023 to December 31, 2027 is \$137.5 million, based on the projected operating
- 4 expenses, as shown in Table 1 below. This includes the budget for operating the Meter
- 5 Data Management Repository ("MDM/R") and the amortization of capital expenses for
- 6 asset additions and/or upgrades.
- 7 2. For reference, the January 1, 2018 to December 31, 2022 budget approved by the
- 8 Ontario Energy Board (the "Board" or "OEB") in EB-2017-0290 was \$170.6 million.
- 9 Smart Metering Entity Revenue Requirement: 2023 to 2027:

10 **Table 1**

1

Operating Expenses (\$M)	2023	2024	2025	2026	2027	Total
Compensation and Benefits	4.8	4.9	5.0	5.1	5.2	25.0
Professional and Consulting	2.0	2.1	2.1	2.1	2.1	10.4
Operating and Administration	20.5	20.6	18.6	18.7	20.9	99.3
OM&A Expenses	27.3	27.6	25.7	25.9	28.2	134.7
Amortization	0.0	0.2	0.4	0.6	1.6	2.8
Total Operating Expenses	27.3	27.7	26.0	26.4	29.7	137.5

- 3. The key assumptions and business conditions supporting the proposed revenue requirement are as follows:
- (a) The 5-year period during which the costs will be recovered is from January 1,
 2023 to December 31, 2027.

11

12

Filed: March 31, 2022 Exhibit B Tab 1 Schedule 1

Page 2 of 6

- (b) The SME has fully repaid the historical debt related to the initial MDM/R build costs and historical SME debt of \$100.1 million of unrecovered MDM/R build costs accumulated as debt prior to the first approved Smart Metering Charge ("SMC") recovery period.
- (c) In reflection of the SME's stable business model as an ongoing concern, the SME will move from a cash accounting method that was in place since the Board approved the initial SMC, to an accrual accounting method, which the Independent Electricity System Operator ("IESO") also operates under, as of January 1, 2023. Under an accrual accounting method, revenue and expenses are recorded when a transaction occurs versus when a payment is received or made, as is the case for a cash accounting method, and this is reflected in the revenue requirement being proposed for the 2023 to 2027 period. Under the accrual accounting method, any debt and associated financing costs to support capital investments will be amortized over the service life of assets, and any operating surplus or deficit will, beginning January 1, 2023, be recorded in the proposed Operating Reserve Balancing Account ("ORBA"), which will replace the Balancing Variance Account ("BVA") and associated sub-accounts.
- (d) OEB approval of this move to an accrual accounting method is not required and is not being sought.
- (e) As a non-profit corporation, the IESO, as the SME, has not included and is not seeking approval for a rate of return.

Capital Investments

4. At this time, the MDM/R is an established, mature operation which requires ongoing maintenance and refreshes at a rate that is comparable with other similar IT projects. The SME forecasts \$10.0 million of capital investments for the acquisition of

Filed: March 31, 2022 Exhibit B

Exhibit B Tab 1 Schedule 1 Page 3 of 6

- new assets and upgrades to hardware and software solutions during the January 1, 2023
- to December 31, 2027 period; these assets will be amortized over the service life
- 3 expected of each asset once they are placed into service in accordance with the IESO's
- 4 accounting policy.

(\$M)	2023	2024	2025	2026	2027	Total
Capital Expenses	1.0	1.0	2.0	4.0	2.0	10.0

6 Operating Budget

5

9

10

11

13

14

- 7 5. The SME's proposed budget for the 2023 to 2027 period, shown in Table 1 above,
- 8 includes costs associated with the following:
 - Compensation and benefits
 - Professional and consulting fees
 - Operating and administration
- Amortization

Compensation and Benefits

- 15 6. The SME currently has 20 full time equivalents ("FTEs") and is proposing to add
- up to 3 FTEs during the 2023 to 2027 period. The incremental FTEs will help support
- ongoing core operations which are currently understaffed as the SME has been
- reducing its reliance on certain work historically performed by consultants and external
- vendors, as well as expected additional Third Party Access ("TPA") activities, and other
- 20 change initiatives as later described. By moving more responsibilities in-house the SME
- will reduce expenses for outsourced work and build its in-house knowledge and
- 22 expertise. The staffing and associated compensation and benefits costs for the budgeting
- 23 period are shown below.

Exhibit B
Tab 1
Schedule 1
Page 4 of 6

1

2

Full Time Equivalents	2023	2024	2025	2026	2027
Regular	23	23	23	23	23
Temporary	-	-	-	-	-
Full Time Equivalents					
Total	23	23	23	23	23

 (\$M)
 2023
 2024
 2025
 2026
 2027
 Total

 Compensation & Benefits
 4.8
 4.9
 5.0
 5.1
 5.2
 25.0

The compensation and benefits costs include the SME's costs to perform services

4 pertaining to the operation of the MDM/R, supporting local distribution companies

5 ("LDCs"), overseeing the Operational Service Provider's ("OSP") support of the

6 MDM/R, managing the design, testing and implementation of changes to the MDM/R,

7 LDCs communications and training.

- 8. The SME will also continue to be supported by resources from the IESO's
- 9 mainstream business as required, primarily in the areas of finance, settlements, legal,
- regulatory, information technology, and human resources. This support work will
- continue to be resourced on a time and material basis and the costs of IESO resources
- utilized by the SME will be charged to the SME in the manner recommended in the
- Report on Methodology for the Allocation of Shared Costs To Certain Identified
- Activities filed July 16, 2018, in EB-2018-0143 and approved by the Board. These costs
- have been included within the SME's proposed revenue requirement.

Professional and Consulting Services

- 17 9. The professional and consulting costs include all externally contracted resources
- in support of the MDM/R operations. These costs include the annual CSAE 3416 audit
- and other potential operational audits, external legal services, Third Party Access

Filed: March 31, 2022 Exhibit B Tab 1 Schedule 1

Page 5 of 6

- activities including associated privacy, security and ethics projects as described in the
- 2 Third Party Access application (EB-2021-0292), LDC communications and stakeholder
- 3 engagements among other requirements. The budget for professional and consulting
- 4 costs are shown below:

(\$M)	2023	2024	2025	2026	2027	Total
Professional &						
Consulting	2.0	2.1	2.1	2.1	2.1	10.4

5

6

Operating & Administration

- 7 10. The operating and administration costs of the SME include provisions for the
- 8 core operating MDM/R services provided by the OSP; rental costs of the SME facilities;
- a portion of the OEB's annual operating invoices issued to the IESO; OEB registration
- 10 fees related to the SME license; computer hardware and software maintenance and
- support costs; training and other staff expenses. The budget for operating and
- administration costs shown below reflect savings for OSP fees during the 2025 to 2026
- period, which were achieved in recent contract negotiations, and forecast increased
- costs beginning in 2027 as a potential new vendor and/or contract will need to be in
- 15 place by Q1 2027.

(\$M)	2023	2024	2025	2026	2027	Total
Operating &						
Administration	20.5	20.6	18.6	18.7	20.9	99.3

16

17

Amortization

- 18 11. The amortization expenses in the SME budget represent the costs of the long-
- term assets, including amounts directly attributable to the acquisition, construction,
- development or betterment of the assets, over the lifetime of their use. The amortization

Exhibit B
Tab 1
Schedule 1
Page 6 of 6

- expenses build-up over time as new assets are placed into service and until the cost of
- 2 existing assets are fully expensed or the asset is sold or replaced. The budgeted capital
- 3 expenses of an asset projected to be placed into service during the 2023 to 2027 period is
- 4 amortized on a straight-line basis over its estimated service life.

(\$M)	2023	2024	2025	2026	2027	Total
Amortization	0.0	0.2	0.4	0.6	1.6	2.8

Filed: March 31, 2022 Exhibit B Tab 2 Schedule 1 Page 1 of 5

SMART METERING CHARGE AND CALCULATION OF THE CHARGE

- 3 1. Through this application the Smart Metering Entity ("SME") is seeking approval
- 4 for a Smart Metering Charge ("SMC") of \$0.43 per meter per month for five years, from
- January 1, 2023 to December 31, 2027, and an interim SMC of \$0.43 per meter per month
- for the period April 1, 2022 to December 31, 2022 as explained below.
- 7 2. For reference he proposed SMC for the 2023 to 2027 period is lower than the
- 8 current SMC of \$0.57 per meter per month, approved from January 1, 2018 to December
- 9 31, 2022, which is lower than the original SMC, approved from 2013 to 2018, of \$0.79 per
- meter per month.

1

- 11 3. The SME proposes to continue with the currently approved rate structure for the
- SMC by using a monthly charge per residential and general service <50kW customers
- collected from local distribution companies ("LDCs"). Under this approach, the SME's
- approved revenue requirement will continue to be allocated to, and recovered monthly
- from, the LDCs on a "per customer" basis.
- 16 4. In advance of the initial approved SMC (EB-2012-0100/EB-2012-0211), the SME
- consulted with LDC representatives and determined that the most appropriate rate
- structure for the SMC was through a "per customer" charge. This rate structure
- spreads the costs of the SME over the total number of smart meters deployed in
- recognition that the Meter Data Management Repository ("MDM/R") provides a
- service that will continue to benefit all end-use smart meter customers across Ontario
- 22 and continue to enable a number of value added applications from the data held and
- collected by the SME.
- 5. The proposed rate structure continues to be consistent with the well-established
- criteria of a sound rate structure:

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- (a) Simplicity: The proposed rate structure is simple to understand and administer because it uses reliable and accurate data on the number of residential and general Service <50kW customers in Ontario as a whole and for each LDC. This will allow LDCs to easily and accurately anticipate the SMC payable each year.
- (b) *Stability:* Application of the proposed rate structure allows the SME to recover its costs. The proposed structure also provides for both revenue and rate stability and smooths the cash flow impact for the SME, and reduces its forecast risk.
- (c) Fairness: The SME's capability to provide services is mainly achieved through its staff and integrated information technology, and the bulk of the SME's costs do not vary with the number of meters enrolled with the MDM/R or whether those meters serve residential and general Service <50kW customers. The ongoing costs of the MDM/R do not depend on usage levels. Therefore, it is fair that the costs of the SME be shared equally amongst end use customers regardless of when that customer began receiving service.

Calculation of the 2023 - 2027 Smart Metering Charge ("SMC")

- 18 6. The calculation of the proposed SMC of \$0.43 per meter per month is 19 summarized as follows:
 - a. Revenue Requirement
 - i. \$137.5M
 - b. Average Number of Residential and General Service <50kW Customers over the January 1, 2023 to December 31, 2027 period
 - i. 5.37 million meters
 - c. Number of collection periods
 - i. 60 months

SMC = (a. / b.) / c.

= (\$137.5M/5.37 million meters) / 60 months

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7. Each of the components for the formula is discussed below in greater detail.

2 Revenue Requirement

- 3 8. The SME has applied for a revenue requirement of \$137.5 million as detailed in
- 4 Exhibit A-1-1.

5 Average Number of Residential and General Service <50kW Customers

- 6 9. The "per customer" count used by the SME for the purposes of the SMC is the
- 7 projected average number of residential and general service <50kW customers that the
- 8 SME expects to provide service to during the period between January 1, 2023 to
- 9 December 31, 2027.
- 10. The projection for 2023 enrollment of smart meters in the MDM/R is forecast to
- be approximately 5.29 million smart meters. Enrolment is estimated to continue to
- increase or grow at a rate of 0.8% per year from January 1, 2023 to December 31, 2027.
- The 0.8% growth rate is based on a 5-year historical average of smart meter growth for
- both residential and general service <50kW across all LDCs as reported in each of the
- Ontario Energy Board's (the "**Board**" or "**OEB**") 2016 to 2020 Yearbooks Of Electricity
- Distributors (the "**Yearbook**").
- 17 11. Based on this growth, the SME estimates that there will be approximately
- 5.29 million meters in place by the beginning of 2023 and an average 5.37 million smart
- meters over the 5-year period between 2023 and 2027, the period during which the
- 20 proposed new SMC is proposed to be in effect.

Number of Collection Periods

- 22 12. The SME proposes to continue to collect the proposed SMC on a monthly basis
- over the 60 collection periods in the five-year term proposed. The proposed SMC will

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- be invoiced to LDCs for the applicable month on the tenth business day (as per the
- 2 Independent Electricity System Operator's Market Rules) following the end of the
- previous month, such that it would be paid by each LDC in the applicable month.
- 4 13. Based on the proposed rate structure and calculation, the proposed SMC for the
- 5 2023 to 2027 period is \$0.43 per meter per month.

6 The Proposed Interim Smart Meter Charge

- 7 14. An interim SMC of \$0.43 per meter per month is being proposed for the April 1,
- 8 2022 to December 31, 2022 period.
- 9 15. The proposed interim SMC is forecast to reduce the revenue collected in 2022 by
- approximately \$6.6 million, as shown below:
- \$0.14/meter x 5.25 million meters x 9 billing periods = \$6.6 million
- 12 16. The interim SMC is intended to reduce a forecast 2022 overcollection that would
- otherwise occur. This forecast overcollection is due to multiple factors, including:
- 14 (a) a greater number of meters installed in 2022 than forecast;
- the historical SME debt having been paid off earlier than forecast; and
- (c) contract negotiations for the MDM/R Operational Service Provider
- 17 ("OSP") resulting in lower operating costs than forecast.
- 18 17. As described in Exhibit B-3-1, any over-collection by the SME is returned to
- ratepayers, unless otherwise ordered by the OEB, after the SMEs Annual Cost and
- 20 Variance report is filed with the OEB by May 31 of each year. The SME is not proposing
- to alter this approved methodology, it is seeking to reduce the total amount collected
- from customers through the SMC in 2022. Any over or under-collection in 2022 will be

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- 1 managed according to the approved methodology after the 2022 Report has been filed
- 2 with the OEB in May 2023.
- 3 18. As detailed in the prior SMC application, the majority of the historical SME debt
- 4 had been paid off at the time of that application with approximately \$5 million
- remaining to be paid down over the 2018 to 2022 period. As described in the 2020 Cost
- and Variance report filed with the OEB1, the SME managed to achieve an operating
- surplus of \$8.4 million as of December 31, 2020, which was used to fully pay-off the
- 8 historical SME debt and rebate back to low volume consumers the remaining surplus
- 9 above the \$2.5 million retained in the Balancing Variance Account.

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¹ IESO_PHF_SMEAnnualCostandVarianceReport_20210528.PDF

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SME OPERATING RESERVE BALANCE ACCOUNT

- 2 1. In the prior Smart Metering Charge ("SMC") decision, the Ontario Energy Board
- 3 (the "Board" or "OEB") approved the current SMC, the establishment of the Balancing
- 4 Variance Account ("**BVA**") and corresponding sub-accounts:
- 5 (a) The *Balancing Variance Account,* which consolidates and tracks the balances in the existing sub-accounts.
- 5 Sub-account *Costs Account,* to record any changes in the Smart Metering Entity's ("SME") forecast costs.
- 9 (c) Sub-account *Revenue Account,* to record any revenue surplus or deficiency relative to the forecast revenue.
 - (d) Sub-account Service Level Credits Account, to record a penalty in the form of a service credit payable by the Operational Service Provider ("OSP") to the SME that may be triggered in the event that the OSP fails to meet the target service levels for Critical Meter Data Management & Repository ("MDM/R") Services set out as per the contractual provision in that agreement. The OSP is contractually required to meet agreed to service levels specific to the availability and performance of the MDM/R. The target service levels contained in the MDM/R Service and Performance Levels document lists the target service levels set out in an agreement between the SME and the OSP.
- 2. In the prior SMC decision, the Board also approved the SME accumulating \$2.5 million in the BVA as an operating reserve and that any surplus exceeding the proposed reserve to be rebated back to ratepayers if the rebate was \$0.05/meter or greater.

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- 1 3. The 5-year SME budget approved in the SME's initial SMC application (EB-2012-
- 2 0100/EB-2012-0211) included \$100.1 million of unrecovered MDM/R build costs
- accumulated as debt prior to the first approved SMC recovery period (the "historical
- 4 SME debt"). The historical SME debt and approximately \$5 million of residual debt and
- 5 financing costs were paid off ahead of schedule, by December 31, 2020, rather than the
- end of this five-year budget period, December 31, 2022, as forecast in the prior SMC
- 7 application. As a result, the BVA had a surplus exceeding \$2.5 million in 2020, which
- resulted in a rebate of \$2.5 million to ratepayers in 2020 and, as will be provided in the
- 9 annual Cost and Variance Report to be filed with the Board by May 31, 2022, a forecast
- 10 rebate of \$13.7 million in 2021.
- 11 4. Currently the SME reports its financials to the OEB on a cash accounting basis.
- The SME will adopt the accrual accounting method, under which the IESO operates, as
- of January 1, 2023. This change will align the SME's accounting methods with the
- Independent Electricity System Operator's ("IESO") and, as the historical SME debt has
- now been fully paid off, it is appropriate to make this change with the 2023 to 2027
- 16 budget cycle.
- 5. In consideration of the full repayment of the historical SME debt and the move to
- the accrual accounting method, the SME proposes to move from tracking in and
- reporting on the BVA and its associated sub-accounts to reporting through the
- 20 proposed Operating Reserve Balance Account ("ORBA"), as described below, to fund
- 21 the SME's operations in the event of revenue shortfalls or unanticipated expenditures in
- 22 2023 and going forward. This change is in line with how the IESO manages surplus or
- deficits in its operations. The January 1, 2023 beginning balance of the ORBA will be the
- December 31, 2022 BVA ending balance, after which any surplus or deficit in operation
- will be accumulated in the account, and any excess of the established \$2.5 million
- balance will be rebated back as per the approved mechanism to SMC ratepayers, or any

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- deficit from the approved \$2.5M operating reserve balance will be replenished through
- 2 retention of the difference in future years' surplus.
- 3 6. The table below demonstrates how the SME will report on the ORBA, using
- 4 projected 2023 budget amounts as an example:

SME Operating Reserve	2023		
Balance Account (\$M)	Actual		
Opening Balance	\$2.5		
Surplus (Deficit)	(\$0.3)		
Closing Balance	\$2.2		
OEB Approved Balance	\$2.5		

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- 6 7. It is expected that there will be some variance between the actual revenues and
- 7 expenses and the OEB-approved SME budget. This variance will be reflected as either a
- 8 deficit or surplus in SME's financial results, including the necessary rebates. Surplus
- 9 variances will be collected in the SME's operating reserve account. Deficit variances will
- draw on the operating reserve and will be similarly recorded in the operating reserve
- 11 account.

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Third Party Access

- 13 8. The Board approved the settlement reached in the IESO's Third Party Access
- application (EB-2021-0292). As part of the approved settlement, all parties agreed on the
- mechanism for the SME to report on Third Party Access costs and revenues in
- accordance with the approach and schedule utilized for the SMC. In addition, the Board
- approved the establishment of a new variance sub-account to the BVA called the Third-
- Party Access Variance Account to track costs associated with fulfilling requests for data
- access and any revenue generated from requestors. The SME proposes to continue the
- 20 Third-Party Access Variance Account as part of the ORBA.

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Market Rebates

- 2 9. The SME is also proposing to use the same formula and timing to return any
- 3 excess revenues as was approved in the prior SMC decision, for any surplus in the
- 4 ORBA that:

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- 5 (1) exceeds the proposed operating reserve of \$2.5 million;
- 6 (2) amounts to \$0.05 per meter or greater be rebated back to ratepayers; and
- 7 (3) that any surplus be rebated no sooner than three months from filing the
- annual Cost and Variance Report with the OEB, as approved in the prior SMC
- decision, and which allows the OEB due time to review the Cost and Variance
- Report and provide alternative direction prior to any rebate being processed
- should it choose to do so.
- 12 10. The SME proposes to continue to use the most recent version of the OEB's
- Yearbook of Electricity Distributors (the "Yearbook") available for the number of
- meters served.
- 15 11. The proposed method is to take the surplus in the ORBA in excess of the
- proposed operating reserve of \$2.5 million and divide it by the number of meters as set
- out in the most recently published OEB Yearbook as shown below. If the resulting
- amount equals or exceeds \$0.05 per meter, then the amount will be rebated back to
- 19 ratepayers.

Surplus in the ORBA in excess of \$2.5 million/ number of meters as set out in the OEBs most recently published Yearbook.

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1 Risks

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- 2 12. As with any business operation, the SME faces certain risks in both its revenues
- and operating expenses. The SME's expenses and revenues are forecast based on both
- 4 the experience of IESO and SME staff, and the best information available at the time.
- 5 While the SME and the IESO strive to reduce uncertainty in the inputs in order to make
- the resulting revenue requirement and SMC as robust as possible, all forecasts are
- 7 inherently uncertain. Some of the potential risks the IESO faces may be anticipated but
- 8 not quantifiable, while others are simply not known.
- 9 13. A number of risks and potential other sources of variances to the SME's forecasts
- 10 have been identified, including:
 - the US-Canada exchange rate which has, and will potentially further impact, the SME's operating expenses as some operational invoices are billed in US dollars;
 - increases in interest rates which could increase financing costs;
 - the potential impacts of new or changing policy initiatives or requirements, including any related to provincial initiatives such as new rate plans, net metering or expanding service to additional customer classes;
 - the potential increase in the number of smart meter data reports & analytics in support of the OEB, government and the IESO mandates and expanding scope of the SME's business model in light of third-party access requirements; and
 - potential technical enhancements as requested by local distribution companies.

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ONGOING STAKEHOLDER OUTREACH

- The Smart Metering Entity ("SME") has undertaken multiple outreach and 1. 2 consultations with local distribution companies ("LDCs") and stakeholders during the 3 2018 to 2022 period, including: 4
- (a) The SME has supported multiple LDC mergers within the Meter Data 5 Management Repository ("MDM/R") using a specially-designed custom tool 6 and accompanying processes to ensure a smooth and seamless experience for 7 the merging LDCs.
 - (b) The SME continues to support LDCs on their Customer Information System ("CIS") upgrade and replacement projects.
 - (c) In September 2021, the SME held its sixth annual province-wide LDC event following a format which aims toward informative and interactive sessions with presentations, speakers and Smart Metering Entity business updates. Such events will continue to be held on a yearly basis, with this year's event planned for the fall of 2022.
 - (d) The SME participated and assisted in collaborative efforts with the Ministry of Energy ("MoE") and the Ontario Energy Board (the "Board" or "OEB") for rate changes related to COVID-19 Relief Planning by implementing global price changes events into the MDM/R at the start and the end of the period to segment billing requests spanning the price changes for the LDCs.
 - (e) The SME continues to support, provide analysis and information to assist in decisions regarding Customer Choice as it relates to enhanced optional Timeof-Use and Tiered pricing alternatives.

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(f) The SME is participating in the OEB's Green Button Industry-Led Working Group as well as offering insights as to the consumption data available via the MDM/R.

- (g) The SME maintains a relationship with the large Advanced Metering Infrastructure ("AMI") and meter providers to ensure that it can support AMI system upgrades and new generations of smart meters being made available to LDCs. The AMI is an integrated system of smart meters, communications networks, and data management systems which allow for two-way communication between utilities and customers.
- (h) The SME has developed and continues to maintain and operate the MDM/R DataMart, a synchronized copy of the MDM/R production database but with 24/7 access and extreme speeds, and is used for fulfilling data extract requests, and other ad-hoc queries without impacting the core operations of the MDM/R. The MDM/R DataMart continues to support new and evolving value-added data services, including the following:
 - the delivery of several custom aggregated reports to assist LDCs with business operations;
 - the MDM/R Data Governance project (an initiative of the SME and the SME Steering Committee, meant to ensure that master and meter data collected from the LDCs and stored in the MDM/R are accurate and mapped correctly, to ensure the highest quality analytics for the LDCs own use, for the OEB and the Independent Electricity System Operator ("IESO") and for other third parties in the future); and
 - data extracts and reports for the IESO, the OEB and the MoE to support planning, forecasting, and policy initiatives.

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(i) The SME Steering Committee ("SSC") is a consultative body which was originally established under the provisions of the SME/LDC Agreement and continued to this day under the Terms of Service. It is made up of representatives from LDCs of various sizes across the province and the SME. The SSC:

- provides input in the ongoing development of the Terms of Service and the MDM/R manuals and procedures;
- provides input on the SME's provision of MDM/R services and adherence to the committed service levels as prescribed in the Terms of Service;
- considers proposals to amend the Terms of Service from the SME,
 MDM/R service recipients, or initiated by the SME Steering
 Committee; and
- participates in consultations as and when requested by the SME, regarding amendments to the MDM/R manuals and procedures.
- 2. During the course of its current 5-year 2018 to 2022 budget and operating cycle, the SME has consistently demonstrated a commitment to operational excellence and efficiency, as evidenced in the performance reports provided to the OEB quarterly and in numerous stakeholder communications. Ontario's MDM/R is now a mature, reliable system and is one of the largest shared service systems in the world supporting Ontario's LDCs and nine authorized agents which make use of the MDM/R.
- The SME provides quarterly reports to the Board on the ongoing operations of the MDM/R. The most recent report, on the fourth quarter 2021, is attached as Exhibit B-4-1 Attachment 1 and an excerpt from this report is below:

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The MDM/R production environment remains stable and reliable, processing reads from over 5 million smart meters, for all LDCs in Ontario on a daily basis.

The SME continues to respond to and address LDC service requests and support issues in a timely manner. In the fourth quarter of 2021, the MDM/R was operationally stable and met or exceeded service levels for 99.67% of Meter Reads, 100% of billing quantity requests, and 100% of master data updates.

- 4. Recent key accomplishments and major projects of the SME include:
 - (a) In 2021, the MDM/R Annual CSAE 3416 Audit resulted in a twelfth consecutive year of an unqualified opinion audit with no findings or exceptions.
 - (b) In 2020, the SME completed a significant upgrade of the MDM/R to version Energy IP8.6 to run on the latest platform and provide improved performance and reliability. This was a multi-year project that upgraded the software, replaced the hardware, storage and network infrastructure, upgraded the database, and performed a data migration and conversion of 10 years of data. Despite the pandemic challenges, the project was completed on time and 11% under budget.



Smart Metering Entity (SME) MDM/R Report

4th Quarter 2021 October to December Issue 34.0 - January 31, 2022

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1. Introduction

Purpose and Contents

The purpose of this report is to provide a quarterly update to the Ontario Energy Board on the ongoing operations of the Meter Data Management and Repository (MDM/R).

More information about the provincial Smart Metering Initiative and the MDM/R is available on the IESO/SME website (https://www.ieso.ca/sector-participants/smart-metering-entity), the Ontario Energy Board website (https://www.oeb.ca), and the Ministry of Energy website (https://www.ontario.ca/page/ministry-energy).

Each section of this report provides updates as required by the Ontario Energy Board in connection with the MDM/R operations and performance, service level attainment, initiatives and software testing, as well as risks and issues.

This report includes the following updates:

- MDM/R Operation and Processing Performance
- MDM/R Performance
- LDC Performance
- MDM/R Service Levels
- 4th Quarter Key SME Activities
- Additional Risks and Issues, and
- Other Opportunities and Next Steps

2. MDM/R Operation and Processing Performance

MDM/R Performance

The MDM/R production environment remains stable and reliable, processing reads from over 5 million smart meters, for all LDCs in Ontario on a daily basis. The SME continues to respond to, and address, LDC service requests and support issues in a timely manner.







5,124,847 Smart Meters

In the fourth quarter of 2021, the MDM/R was operationally stable and met or exceeded service levels for 99.67% of Meter Reads, 100% of Billing Quantity requests, and 100% of Master Data updates.

LDC Performance

The SME produces monthly performance metrics reports, daily-summarized operational data, and a customized LDC Action Items list for each LDC through the MDM/R Service Desk tool. Overall, the quality of the underlying data submitted by LDCs improved slightly during the fourth quarter which lead to a small rise in the number of successful billing responses. The SME continues to work with LDCs to review their LDC Action Items and improve the quality of their data in the MDM/R.

MDM/R Service Levels

The Service Level Performance Chart presents two summary levels:

I. Critical Service Level Summary

The Critical Service Level Summary section includes processing metrics for Automatic Meter Read Processing, Billing Quantity Response Processing, Automatic MMD Incremental Synchronization Processing, MDM/R Graphical User Interface, Meter Read Retrieval Web Services, Reporting, Vendor Service Desk Incident Response, and Vendor Service Desk Service Requests.

II. Non-Critical Service Level Summary

The Non-Critical Service Level Summary section includes processing metrics for Meter Read Retrieval Web Services, MDM/R Availability, and Service Requests. The table also includes a Service Level breakdown for each month along with a quarterly summary¹.

¹ Percentages are rounded to the second decimal place for each metric.

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In the fourth quarter, the SME met all the critical and non-critical service levels as shown in the tables below:

	Service Level Summary	Oct-2021	Nov-2021	Dec-2021	4th Quarter
Automatic Meter Read	Intervals Loaded	3,967,126,679	3,842,965,467	3,965,789,958	11,775,882,104
Processing	Intervals Loaded on Time	3,966,586,988	3,836,497,354	3,933,716,127	11,736,800,469
	% Intervals Loaded on Time	99.99%	99.83%	99.19%	99.67%
	Number of incidents resulting in accumulated delay >240 minutes ²	0	0	0	0
Automatic Billing	BQ Requests	5,284,122	9,154,703	5,739,871	20,178,696
Quantity Processing	BQ Requests Fulfilled on Time	5,284,122	9,154,703	5,739,871	20,178,696
	% Requests Fulfilled on Time	100.00%	100.00%	100.00%	100.00%
	Number of incidents resulting in accumulated delay >240 minutes ²	0	0	0	0
Automatic MMD	,	004.405	207.702	500.004	0.000.050
	Data Elements Requested	901,495	897,700	568,861	2,368,056
Incremental	Data Elements Loaded on Time	901,495	897,700	568,861	2,368,056
Synchronization	% Data Elements Loaded on Time	100.00%	100.00%	100.00%	100.00%
Processing	Number of incidents resulting in Data Elements loaded outside of agreed Service Level target ²	0	0	0	0
MDM/R Graphical User	Availability	100.00%	99.99%	100.00%	100.00%
Interface	Number of incidents resulting in MDM/R Graphical User Interface availability outside of agreed Service Level target ²	0	0	0	0
Meter Read Retrieval	Availability	99.98%	99.99%	99.99%	99.99%
Web Services	Number of incidents resulting in Meter Read Retrieval Web Services availability outside of agreed Service Level target	0	0	0	0
Reporting	Percentage completed on time	99.25%	99.99%	98.26%	99.17%
	Number of incidents resulting in Reporting percentage completion outside of agreed Service Level target	0	0	0	0
Vendor Service Desk	Response Time	100.00%	100.00%	100.00%	100.00%
Incident Response	Number of incidents resulting in Vendor Service Desk Incident Response Time outside of agreed Service Level target	0	0	0	0
Vendor Service Desk	Resolution Time	100.00%	100.00%	100.00%	100.00%
Service Requests	Number of incidents resulting in Vendor Service Desk Request resolution time outside of agreed Service Level target	0	0	0	0

Non-Crit	ical Service Level Summary	Oct-2021	Nov-2021	Dec-2021	4th Quarter
Meter Read Retrieval	Response Time	99.77%	99.84%	99.79%	99.80%
Web Services	Number of incidents resulting in Meter Read Retrieval Web Services response time outside of agreed Service Level target	0	0	0	0
MDM/R Availability	Availability	99.72%	100.00%	100.00%	99.91%
	Number of incidents resulting in MDM/R Availability outside of agreed Service Level target	1	0	0	1
Service Requests	Resolution Time	100.00%	100.00%	100.00%	100.00%
	Number of incidents resulting in Service Requests resolution time outside of agreed Service Level target	0	0	0	0

3. 4th Quarter key SME Activities

SME Steering Committee (SSC)

The SSC met on December 2nd to discuss the following topics:

- Energy IP Service Pack 9 deployment and testing
- LDC Mergers and CIS Replacements/Upgrades
- 6th Annual LDC Event Review and Feedback
- Data Governance
- Third Party Access Application Submission
- Smart Metering Charge Application
- Data Excellence Program
- 2021 CSAE-3416 Audit
- GridEx VI Update

The SSC dedicated significant time to discuss matters of MDM/R data quality submissions and the LDCs engagement in addressing such issues, with some important next steps that the SSC and the SME will continue to collaborate on during 2022.

The next SSC meeting is scheduled for February 2nd, 2022.

SME COVID-19 Response

In Q4 2021, IESO employees began a hybrid work model and started working in the office a minimum of two days a week. However, just before the Christmas holidays and in response to the Province moving to a modified stage 2, employees returned to working from home. The SME and the OSP continue to demonstrate the capability to maintain and administer all systems remotely while effectively providing uninterrupted service. Once the province re-opens, the IESO is planning to resume the hybrid work model.

Smart Metering Charge Application

In Q4 the SME started preparing for its Smart Metering Charge Application as the current charge is effective to the end of December 2022. The Application is expected to be completed and submitted by the end of Q1 2022.

Third Party Access Application Submission

On October 29th the IESO submitted its application to the OEB. Case Number EB-2021-0292 was assigned and a notice was issued on November 16th, 2021. The detailed application can be found here: (https://www.oeb.ca/participate/applications/current-major-applications/eb-2021-0292).

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The following parties sought intervenor status in the application: BOMA (Buildings Owners and Managers Association), CCC (Consumers Council of Canada), EDA (Electricity Distributors Association), Energy Probe, OSEA (Ontario Sustainable Energy Association) and VECC (Vulnerable Energy Consumer Coalition).

The next steps will follow the OEB's adjudication process, as posted.

Smart Metering Analytics & Reporting

The SME's Data and Analytics team continues to provide the OEB with monthly statistics on the uptake of the Tiered pricing option, by LDC. Trending wise, we continue to see a slight increase across the province, month over month, with the December average sitting at approximately 5.5%. The SME noticed significant variations in uptake between LDCs, ranging from 1.6% to 12.8%.

With the introduction of the new global off-peak pricing of \$0.082/kWh, from January 18th through to February 7th, 2022, we will once again provide the LDCs with their own consumption reports, on request (via the SME's Service Desk), while continuing to track and report the Tiered pricing uptake during this pricing change.

SME Operational Updates

2021 CSAE-3416 Audit

In Q4, PricewaterhouseCoopers LLP (PwC) completed the 2021 annual MDM/R CSAE3416 Audit, with a final audit report was issued on November 15th, 2021. This marks the 12th consecutive year of a "clean audit" for the MDM/R. The Audit report and the respective Bridge letter are available to the LDCs upon request, through the SME's Service Desk.

Energy IP 8.6 Service Pack 9

On December 4th, the SME deployed Energy IP 8.6 Service Pack 9. The deployment process went well and was seamless to LDCs. This service pack addressed any outstanding defects identified after the 2020 MDM/R eIP 8.6 upgrade. An update to MDM/R web services, expected to be deployed with Service Pack 9, was postponed at the request of an agent who manages web services for several LDCs in the province. The SME deployed the MDM/R web services update in early January 2022.

SME Service Desk tool upgrade

On October 25th the SME performed its annual upgrade of the SME Service Desk tool. The upgrade had no impact on LDCs operations.

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4. Additional Risks and Issues

There are no additional risks or issues at this time.

5. Other Opportunities and Next Steps

There are no other opportunities at this time.

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Independent Electricity System Operator

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 $\hbox{E-mail: $\underline{customer.relations@ieso.ca}$}$

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1		DEFINITIONS USED
2	AMI:	Advanced Metering Infrastructure
3	Board:	Ontario Energy Board
4	BVA:	Balancing Variance Account
5	CIS:	LDC's Customer Information Systems
6	Electricity Act:	Electricity Act, 1998
7	FTEs	Full time equivalents
8 9 10	Historical SME debt:	The \$100.1 million of unrecovered MDM/R build costs accumulated as debt prior to the first approved SMC recovery period
11	IESO:	Independent Electricity System Operator
12	LDC:	Local distribution company
13 14 15	Low volume consumers:	Residential and general service <50kw customers with smart meters served by LDCs that utilize the services of the MDM/R
16	MDM/R:	Meter Data Management Repository
17	MoE:	Ministry of Energy
18	OEB:	Ontario Energy Board
19	OEB Act:	Ontario Energy Board Act, 1998
20	ORBA:	Operating Reserve Balancing Account
21	OSP:	Operational Service Provider
22 23	Prior SMC application:	The 2018 to 2022 Smart Meter Charge application (EB-2017-02900
24 25	Prior SMC decision:	Decision and Order on the 2018 to 2022 SMC application (EB-2017-0290)
26 27	Report:	Annual Cost and Variance Report with the OEB by May 31 each year

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1 SME: Smart Metering Entity

2 SMI: Smart Metering Initiative

3 SMC: Smart Metering Charge

4 SSC: SME Steering Committee

5 TPA: Third Party Access

6 Yearbook: The OEBs Yearbook of Electricity Distributors

ONTARIO ENERGY BOARD NOTICE

The Independent Electricity System Operator in its capacity as the Smart Metering Entity has applied for approval of the Smart Metering Charge for the period,
January 1, 2023 to December 31, 2027.

Learn more. Have your say.

The Independent Electricity System Operator in its capacity as the Smart Metering Entity, has applied to the Ontario Energy Board for approval of the following:

- A Smart Metering Charge of \$0.43 per meter per month, for residential and general service less than 50kW customers, to be charged to each electricity distributor for a 5-year period, beginning January 1, 2023 to December 31, 2027
- A revenue requirement of \$137.5 million for the period 2023 to 2027
- To establish the Operating Reserve Balancing Account and to discontinue the Balancing Variance Account and its associated sub-accounts, beginning January 1, 2023
- An operating reserve of up to \$2.5 million in the Operating Reserve Balancing Account
- To continue the practice of sharing a draft of the annual Cost and Variance Report by April 30 of each year with parties for review and filing a final version of the Report with the Ontario Energy Board by May 31 of each year
- To dispose of any surplus balance in the Operating Reserve Balancing Account based on certain conditions.

The current OEB-approved Smart Metering Charge is \$0.57 per meter per month. The Smart Metering Charge covers the costs of developing and operating the Meter Data Management/Repository, which is used to collect, manage, store and retrieve smart metering data.

In a separate Decision and Order dated April 14, 2022, the Ontario Energy Board approved the Smart Metering Entity's request to charge, on an interim basis, a Smart Metering Charge of \$0.43 per meter per month effective April 1, 2022.

Please review the application for more information on the approvals requested and to determine how you may be affected.

THE ONTARIO ENERGY BOARD WILL HOLD A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider the application filed by the Independent Electricity System Operator (IESO) in its capacity as the Smart Metering Entity (SME). During the hearing, which could be an oral or written hearing, we will question the IESO/SME on its case for a decrease to the Smart Metering Charge. We will also hear questions and arguments from individual customers and from groups that represent affected customers. At the end of this hearing, the OEB will decide what, if any, change to the Smart Metering Charge will be allowed.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this application and to be involved in the process.

- You can review the IESO/SME's application on the OEB's website now
- You can file a letter with your comments, which will be considered during the hearing
- You can become an intervenor. As an intervenor, you can ask questions about the IESO/SME's
 application and make arguments on whether the OEB should approve the IESO/SME's request.
 Apply by May 5, 2022 or the hearing will go ahead without you and you will not receive any further
 notice of the proceeding
- At the end of the process, you can review the OEB's decision and its reasons on our website

LEARN MORE

The proposed charge appears on the Regulatory Charges line of your electricity bill. Our file number for this case is **EB-2022-0137**. To learn more about this hearing, find instructions on how to file a letter with your comments or become an intervenor, or to access any document related to this case, please select the file number **EB-2022-0137** from the list on the OEB website: www.oeb.ca/notice. You can also phone our Public Information Centre at 1-877-632-2727 with any questions.

ORAL VS. WRITTEN HEARINGS

There are two types of OEB hearings – oral and written. the IESO/SME has applied for a written hearing. The OEB will determine at a later date whether to proceed by way of a written or oral hearing. If you think an oral hearing is needed, you can write to the OEB to explain why by **May 5, 2022**.

PRIVACY

If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and email address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.

This hearing will be held under section 78 of the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B and section 58 of the Electricity Act, 1998, S.O. 1998, c.15, Schedule A



AVIS DE LA COMMISSION DE L'ÉNERGIE DE L'ONTARIO

La Société indépendante d'exploitation du réseau d'électricité, en sa qualité d'Entité responsable des compteurs intelligents, a déposé une requête en vue d'obtenir une autorisation concernant les frais de comptage intelligent pour la période du 1^{er} janvier 2023 au 31 décembre 2027.

Renseignez-vous. Donnez votre avis.

La Société indépendante d'exploitation du réseau d'électricité, en sa qualité d'Entité responsable des compteurs intelligents, a déposé une requête auprès de la Commission de l'énergie de l'Ontario en vue d'obtenir une autorisation pour :

- Des frais de comptage intelligent à 0,43 \$ par compteur par mois, pour les clients résidentiels et de service général à moins de 50 kW, à la charge de chaque distributeur d'électricité pour une période de 5 ans, du 1^{er} janvier 2023 au 31 décembre 2027
- Un besoin en revenus de 137,5 millions de dollars pour la période de 2023 à 2027
- Établir un compte équilibré de réserve d'exploitation et supprimer l'équilibrage des comptes et des sous-comptes associés, à compter du 1^{er} janvier 2023
- Une réserve d'exploitation pouvant atteindre 2,5 millions de dollars dans le compte de réserve d'exploitation
- Poursuivre le partage avec les parties prenantes d'une version préliminaire du rapport annuel sur les coûts et les écarts au plus tard le 30 avril de chaque année pour examen et du dépôt de la version finale du rapport auprès de la Commission de l'énergie de l'Ontario au plus tard le 31 mai de chaque année
- Disposer de tout solde excédentaire du compte de réserve d'exploitation sous certaines conditions.

Les frais de comptage intelligent actuellement approuvés par la CEO sont de 0,57 \$ par compteur par mois. Les frais de comptage intelligent couvrent les coûts de développement et les opérations associées au comptage intelligent, soit la collecte, la gestion, le stockage et la récupération des données de compteurs intelligents

Dans une décision et son ordonnance datées du 14 avril 2022, la Commission de l'énergie de l'Ontario a approuvé la demande de l'Entité responsable des compteurs intelligents de charger pour des frais de comptage intelligent de 0,43 \$ par compteur par mois, à compter du efficace 1er avril 2022.

Veuillez consulter la demande pour plus de renseignements sur les requêtes et pour déterminer si elles vous concernent.

LA COMMISSION DE L'ÉNERGIE DE L'ONTARIO TIENDRA UNE AUDIENCE PUBLIQUE

La Commission de l'énergie de l'Ontario (CEO) tiendra une audience publique afin d'étudier la requête déposée par la Société indépendante d'exploitation du réseau d'électricité (SIERE) en sa qualité d'Entité responsable des compteurs intelligents (ERCI). Durant cette audience, qui peut être une audience orale ou écrite, nous poserons des questions à la SIERE ou l'ERCI à propos de sa requête concernant les frais de comptage intelligent. Nous écouterons également les questions et les arguments des particuliers et des groupes qui représentent les clients concernés par la requête. À l'issue de cette audience, la CEO décidera du bien-fondé d'une modification des frais de comptage intelligent et, le cas échéant, de la modification à venir.

La CEO est une agence publique indépendante et impartiale. Les décisions que nous prenons visent à servir au mieux l'intérêt public. Notre objectif est d'encourager le développement d'un secteur de l'énergie efficace et financièrement viable, afin d'offrir des services énergétiques fiables à un prix raisonnable.

RENSEIGNEZ-VOUS ET DONNEZ VOTRE AVIS

Vous avez le droit d'être informé au sujet de cette requête et de participer au processus.

- Vous pouvez examiner la requête d'the SIERE/ ERCI sur le site Web de la CEO dès maintenant.
- Vous pouvez déposer une lettre de commentaires qui sera prise en compte au cours de l'audience
- Vous pouvez participer à titre d'intervenant. En tant qu'intervenant, vous pouvez poser des
 questions sur la demande de the SIERE/ ERCI et présenter les raisons pour lesquelles la CEO
 devrait approuver la demande de the SIERE/ ERCI. Inscrivez-vous avant le 5 mai 2022, faute de
 quoi l'audience aura lieu sans votre participation et vous ne recevrez plus d'avis dans le cadre de
 la présente affaire

 Vous pourrez consulter la décision rendue par la CEO à l'issue de la procédure ainsi que les motifs de sa décision sur notre site Web.

EN SAVOIR PLUS

Les frais proposés apparaissent sur la ligne Frais réglementaires de votre facture d'électricité. Le numéro de référence pour ce dossier est **EB-2022-0137**. Pour obtenir de plus amples renseignements sur cette audience, sur les démarches à suivre pour déposer une lettre, participer en tant qu'intervenant ou pour consulter les documents relatifs à cette affaire, veuillez sélectionner le numéro de dossier **EB-2022-0137** dans la liste sur le site Web de la CEO: https://www.oeb.ca/fr/participez/applications/requetes-tarifaires-en-cours. Pour toute question, vous pouvez également communiquer avec notre centre d'information du public au 1 877 632-2727.

AUDIENCES ORALES OU AUDIENCES ÉCRITES

Il existe deux types d'audiences à la CEO : les audiences orales et les audiences écrites. the SIERE/ ERCI a demandé une audience écrite. La CEO décidera ultérieurement de traiter l'affaire par voie d'audience orale ou écrite. Si vous estimez qu'avoir recours à une audience orale serait nécessaire, vous pouvez écrire à la CEO pour lui présenter vos arguments d'ici le 5 mai 2022.

PROTECTION DES RENSEIGNEMENTS PERSONNELS

Si vous écrivez une lettre de commentaires, votre nom et le contenu de cette lettre seront ajoutés au dossier public et au site Web de la CEO. Toutefois, votre numéro de téléphone, votre adresse de domicile et votre adresse électronique ne seront pas rendus publics. Si vous représentez une entreprise, tous les renseignements de l'entreprise demeureront accessibles au public. Si vous participez à titre d'intervenant, tous vos renseignements seront rendus publics.

Cette audience sur les tarifs sera tenue en vertu de l'article 78 de la Loi de 1998 sur la Commission de l'énergie de l'Ontario, L.O 1998, chap. 15 (annexe B) et de l'article 58 de la Loi sur l'électricité, L.O. 1998, chap. 15 (annexe A).

