

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

SME Responses to OEB Staff Questions on the SME's 2021 Annual Cost and Variance Account Report

Reference 1:

As of December 31, 2021 the SME achieved an operating surplus of \$13.7 million to be rebated back to ratepayers after retaining a balance of \$2.5 million in the BVA as per the OEB decision and order in the SMC Application¹.

OEB Staff Question:

- (a) OEB staff understands that the SME will be rebating all of the operating surplus of \$13.7 million. However, the way the above reference reads it suggests the SME will rebate an amount net of the allowable BVA balance of \$2.5 million. I.e., The SME will rebate to customers $\$13.7 - \$2.5 = \$11.2$ million. Please clarify.
- (b) There appears to be a disconnect between the above numbers and what's described in Section 3, SME Debt.

Section 3 states that the SME is in a positive cash position of \$16.4 million as of December 31, 2021. OEB staff understands this amount was calculated by adding the operating surplus of \$13.5 million and the opening balance of the BVA of \$2.5 million together. However, this only adds to \$16.2 million. Please clarify.

SME Response

- (a) The December 31, 2021 balance in the BVA was \$16.2M, of this the SME will retain \$2.5M and rebate \$13.7M.
- (b) As shown in Table 5 of the Report, the positive cash position of \$16.4 million as of December 31, 2021 was calculated by adding the opening BVA balance of \$2.5 million (in Table 3), the operating surplus (rebate-, not yet paid) of \$13.7 million, and 0.2 million of accrued liabilities (not yet paid)

Reference 2:

Section 3 SME Debt

OEB Staff Question:

- (a) Please provide the calculation/inputs used to develop the \$16.4 million. Staff is aware that the \$16.4 million is listed in Table 5, but it doesn't provide how it was calculated.

SME Response:

- (a) Please see the response to Question 1 (b) above.

Reference 3:

Section 5 Balancing Variance Account

OEB Staff Question:

- (a) Please Indicate what amount will be rebated to each SME ratepayer and the timing for when the rebate will be provided.

SME Response:

- (a) Amount to be rebated:
According to the OEBs 2020 Yearbook of Electricity Distributors [\[LINK to Natural gas and electricity utility yearbooks\]](#) there are 5.24M customers who will be rebated \$13.7M. The formula and calculation for the amount to be rebated is shown below:
- (\$ amount to be rebated/number of customers)
 - \$13.7M/5.24M
 - each individual customer is expected to receive approximately \$2.60
- NOTE:
- all numbers are approximate due to rounding
 - the actual amount each customer receives may differ from \$2.60 as the SME rebates the funds to LDCs based on the number of smart metered customers they serve according to the OEB yearbook, the LDCs then rebate the funds to the customers

Timing of the rebate:

Within 3 months of the SME receiving the OEB approval on the 2021 Cost and Variance Account Report, the SME will rebate the amount identified in the OEB Cost and Variance Account Report and will be allocated by the SME in proportion to the customers of each LDC as per the OEB's 2020 Yearbook of Electricity Distributors.

Reference 4:

Total SME Expenses

OEB Staff Question:

- (a) The SME states that "there were no expenses against MDM/R Changes & Initiatives for the year, and this resulted in savings of \$2.0 million. This was primarily due to no advances on potential projects such as Net Metering or the integration of Commercial & Industrial meters in the MDM/R."

Please confirm if these "potential projects" will go forward.

SME Response:

- (a) The SME continues to work with the OEB and the Ministry of Energy on their examination of integrating Net Metered and Commercial & Industrial customers with the MDMR. Another potential project that the SME is currently working with the OEB and MoE on is the Optional Enhanced TOU price plan. [\[LINK\]](#)

The SME will continue to work with the OEB and MoE on these and any new concepts and projects.

These and other projects will remain as potential projects until the OEB provides direction/order for the SME to perform this work.