



PUBLIC INTEREST ADVOCACY CENTRE
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June 10, 2022

VIA E-MAIL

Ms. Nancy Marconi
Acting Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

**Re: The Independent Electricity System Operator (IESO), as the Smart Metering Entity (SME)
Application for a Smart Metering Charge for the years 2023 to 2027 and related matters
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

A handwritten signature in black ink, appearing to read 'M. Garner', is written over a light blue horizontal line.

Mark Garner
Consultants for VECC/PIAC

Email copy:

Mr. Adrian Pye, Senior Advisor, IESO Regulatory Affairs
regulatoryaffairs@ieso.ca

Mr. Patrick G. Duffy, Stikeman Elliott LLP, counsel to IESO,
pduffy@stikeman.com

REQUESTOR NAME	VECC
TO:	IESO/SME
DATE:	June 10, 2022
CASE NO:	EB-2022-0137
APPLICATION NAME	SME Fees

1. Is the Independent Electricity System Operator, in its capacity as the Smart Metering Entity (SME), proposed \$137.5 million revenue requirement for the January 1, 2023 to December 31, 2027 period appropriate?

1-VECC-1

Ref: A/T3/S1

“The MDM/R became operational in 2008 and further development of, and updates to, the MDM/R have occurred since then and new functionality continues to be implemented.”

- a) Please provide a chronology and description of the significant changes in functionality of the MDM/R since its origins in 2008.

1-VECC-2

Ref: A/T1/S1

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

- a) Please provide the equivalent table showing the actual expenses for the period 2018-2022.

1-VECC-3

Ref: A/T3/S1 & B/T4/S1

- a) Other than acting as a repository for meter data what services does the SME provide local distribution companies?
- b) Please list the main activities of the SME and the number of FTEs assigned to each of those activities.
- c) Please describe the SME's role in the Green Button initiative.

1-VECC-4

Ref: B/T3/S1

- a) The SME/IESO notes that one of the forecast risks is an increase in interest rates. Interest rates recently been rising in response to monetary policy to address rising inflation. Please comment on how the recent increases in interest and inflation rates are impacting the 2023 SME forecast budget.

2. Is the proposed Smart Metering Charge (SMC) of \$0.43 per smart meter per month appropriate?

2-VECC-5

Ref: B/T2/S1

“For reference the proposed SMC for the 2023 to 2027 period is lower than the current SMC of \$0.57 per meter per month, approved from January 1, 2018 to December 31, 2022, which is lower than the original SMC, approved from 2013 to 2018, of \$0.79 per meter per month.”

- a) What were the main factors driving the reduction in SME fees over the 2018 to 2022 period?
- b) How does the change to accrual accounting impact the SME fee as compared to prior period which used cash accounting?

2-VECC-6

Ref: B/T2/S1

- a) Please provide a table showing the forecast revenues based on the assumed 0.8% growth rate in enrolled smart meters for the period 2023 to 2027.

4. Is the proposed five-year term, January 1, 2023 to December 3, 2027, for the SMC appropriate?

4-VECC-7

Ref: B/T2/S1

- a) Under the IESO/SME proposal there will necessarily be a mismatch between the forecast revenues (increasing in each year) and the forecast costs (declining to 2026 and then increasing). Why would it not be better (more accurate) to adjust the SME charge each year to match the entity's budget?

5. Is the SME's forecast of installed smart meters for the 2023 to 2027 period based on appropriate data and a sound methodology?

5-VECC-8

Ref: B/T2/S1

- a) Are there any sources of forecasts for electricity customer growth in Ontario other than the extrapolated historical trend of 0.8% that is proposed to be used?
- b) Please provide the year-on-year historical growth rate for smart meters for each of the years 2008 to 2022 and separated by residential and GS<50 meters.
- c) What is the basis for concluding that the past 5 year period growth in meters are reasonably representative of the next five years?

6. Are the forecast staffing levels appropriate and reasonable?

6-VECC-9

Ref: B/T1/S1

" The SME currently has 20 full time equivalents ("FTEs") and is proposing to add up to 3 FTEs during the 2023 to 2027 period"

- a) Please confirm (or correct) that all SME FTEs are based on allocations of time for employees of the IESO.
- b) Of the current 20 FTEs, how many are positions are exclusively employed on SME activities (i.e., 100% allocated time on SME activities)?
- c) Of the 3 proposed incremental FTE's what is the forecast allocation of time for SME vs IESO activities for these FTEs in each of 2023 through 2027 (that is to say are there more than 3 FTEs being hired by the IESO but only a sub-set of their time allocated to the SME)?

6-VECC-10

Ref: B/T1/S1

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

- a) Please provide a breakdown of the above table to show benefits separate from salary compensation.
- b) Please also amend the table to show in each year the amount of compensation and benefits that are expected to be capitalized in each year.

6-VECC-11

Ref: B/T1/S1

“The SME will also continue to be supported by resources from the IESO’s mainstream business as required, primarily in the areas of finance, settlements, legal, regulatory, information technology, and human resources.”

- a) Does the Operating expense table (Total Operating Expenses of \$137.5 million) include all costs for services from the IESO and third parties?
- b) Who is the Operational Service Provider (OSP)?

7. Is the proposal to establish the Operating Reserve Balancing Account appropriate?

7-VECC-12

Ref: B/T3/S1

- a) What is the current balance of the BVA?

8. Is the proposal to retain \$2.5 million in the Operating Reserve Balancing Account as an operating reserve for the SME appropriate?

8-VECC-13

Ref: B/T3/S1

- a) Please explain the rationale for the amount of \$2.5 million retained balance? What would be the benefit or harm of a different amount, for example \$1 million or \$3 million?

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