



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

DECISION AND ORDER

EB-2022-0137

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, IN ITS CAPACITY AS THE SMART METERING ENTITY

**Application for Approval of a Smart Metering Charge for the years 2023 to 2027
and related matters**

BEFORE: Pankaj Sardana
Presiding Commissioner

Allison Duff
Commissioner

Michael Janigan
Commissioner

September 8, 2022



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1 OVERVIEW

The Independent Electricity System Operator (IESO), in its capacity as the Smart Metering Entity (SME) filed an application with the Ontario Energy Board (OEB) requesting approval of its Smart Metering Charge (SMC) for the years 2023 to 2027 and related matters.

On August 8, 2022, the IESO/SME filed a settlement proposal that reflected a full settlement between the IESO/SME and participating intervenors (collectively, the Parties) on all issues included on the OEB-approved Issues List.¹ OEB staff filed a submission supporting the settlement proposal on August 17, 2022.

The OEB approves the settlement proposal as filed for the reasons described in this Decision and Order.

¹ EB-2022-0137, Decision on Issues List, June 2, 2022.

2 PROCESS

On March 31, 2022, the IESO/SME filed its application for approval of its SMC for the years 2023 to 2027 and related matters under subsections 27(7), 78(2.1), (3.0.1), (3.0.2) and (3.0.3) of the *Ontario Energy Board Act, 1998*, Ontario Regulation 453/06 made under the *Ontario Energy Board Act, 1998* and subsection 53.8(8) of the *Electricity Act, 1998*.

The following parties requested intervenor status:

- Consumers Council of Canada (CCC)
- The Electricity Distributors Association
- Energy Probe Research Foundation (Energy Probe)
- Environmental Defence Canada Inc. (Environmental Defence)
- Niagara-on-the-Lake Hydro Inc.
- Vulnerable Energy Consumers Coalition (VECC)

The OEB issued Procedural Order No. 1 on May 13, 2022 which approved these intervenors and granted cost award eligibility to CCC, Energy Probe, Environmental Defence and VECC. Procedural Order No. 1 also established a schedule for the proceeding, which included a settlement conference.

Following an interrogatory process, the settlement conference was held on July 20 and 21, 2022. A full settlement proposal addressing all issues was filed on August 8, 2022.

On August 17, 2022, OEB staff filed a submission supporting the settlement proposal.

3 DECISION ON THE SETTLEMENT PROPOSAL

As part of the settlement proposal, the Parties agreed to certain revisions to the proposals included in the application.

The Parties agreed to revise the SME's revenue requirement from January 1, 2023 to December 31, 2027 to \$137.1 million from the originally proposed revenue requirement of \$137.5 million to better align with the information contained in the application.

The Parties agreed to revise the SMC from January 1, 2023 to December 31, 2027 to \$0.42 per smart meter per month for each applicable customer in the Residential and General Service <50kW classes. This is a \$0.01 reduction from the originally proposed rate of \$0.43 per smart meter per month. This reduction is a result of a reduced revenue requirement and the revised forecast of installed smart meters from January 1, 2023 to December 31, 2027.

The Parties agreed that the SME's forecast of the installed smart meters for Residential and General Service <50kW customers for the 2023 to 2027 period should be revised by utilizing an annual growth rate of 1.0%. This revised growth rate was an increase from the 0.8% proposed, to better reflect historical growth trends.

The Parties agreed that the SME's proposal to establish and report on the Operating Reserve Balancing Account (ORBA) as a replacement for the Balancing Variance Account was appropriate. The Parties agreed that the SME's operating reserve in the ORBA should be set at \$2.0 million, a decrease from the \$2.5 million proposed. The Parties considered a \$2.0 million operating reserve appropriate given the reduction in the revenue requirement from 2023 to 2027. The Parties further agreed that any year-end balance in the ORBA would be rebated to ratepayers when the balance exceeded the operating reserve of \$2.0 million and the rebate to ratepayers was \$0.05 per meter or greater.

The Parties agreed that, as part of the next application to set the SMC, the SME would identify available data sources other than the OEB Yearbook (including internal SME data) that could be utilized to accurately forecast the number of installed smart meters for Residential and General Service <50kW customers for the next rate period.

In a Decision and Order dated April 14, 2022, the OEB approved the SME's request to charge, on an interim basis, an SMC of \$0.43 per smart meter per month, for the 9-

month period beginning April 1, 2022 to December 31, 2022.² The interim rate was a reduction from the previous SMC of \$0.57 per meter per month approved from January 1, 2018 until December 31, 2022.³ The Parties agreed that the interim rate should be made final for the 9-month period.

Findings

The OEB has reviewed the settlement proposal and OEB staff's submission. The OEB finds that the settlement proposal addresses all issues in the proceeding and appropriately serves the public interest. The approved settlement proposal finalizes the interim rate of \$0.43 per smart meter per month from April 1, 2022 to December 31, 2022, and reduces the SMC further to \$0.42 from January 1, 2023 to December 31, 2027. Given the rationale provided by the Parties, the OEB finds that these SMC reductions can be accommodated without compromising the services to be provided by the SME.

The approved settlement proposal is attached as Schedule A.

3.1 Pass-through of SMC by electricity distributors

As explained in the 2018 to 2022 SMC proceeding Decision, the SMC charged by the SME to distributors is passed through to Residential and General Service <50kW distribution customers.⁴ The SMC charged by the SME to distributors is the same retail SMC to be charged by distributors to applicable Residential and General Service <50kW customers. Electricity distributors will continue to use the SMC-related variance accounts currently approved.

Correspondence to distributors is attached as Schedule B.

3.2 Accounting Order

With the approved establishment of the ORBA, an accounting order is required. The OEB directs the SME to file a draft accounting order for the ORBA for review by the Parties and OEB staff. The draft accounting order should indicate that the ORBA replaces the Balance Variance Account and include journal entries to illustrate the accounts involved in expected transactions.

² Interim Smart Metering Charge Order, April 14, 2022.

³ EB-2017-0290, Decision and Order, March 1, 2018.

⁴ Ibid, pp. 3-4.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The OEB-approved settlement proposal is attached as Schedule A.
2. The Smart Metering Charge to be levied and collected by the Smart Meter Entity from all electricity distributors identified in the OEB's annual Yearbook of Electricity Distributors shall be \$0.42 per smart meter per month for each applicable Residential and General Service <50kW customer from January 1, 2023 to December 31, 2027.
3. The retail Smart Metering Charge to be levied and collected by electricity distributors from applicable Residential and General Service <50kW distribution customers shall be \$0.42 per smart meter per month from January 1, 2023 to December 31, 2027.
4. The interim Smart Metering Charge of \$0.43 per smart meter per month to be levied and collected by the Smart Meter Entity (approved on April 14, 2022) is made final as of April 1, 2022 until December 31, 2022.
5. The interim retail Smart Metering Charge of \$0.43 per smart meter per month to be levied and collected by electricity distributors to applicable Residential and General Service <50kW distribution customers (approved on April 14, 2022) is made final as of May 1, 2022 until December 31, 2022.
6. The IESO/SME shall file with the OEB and forward to intervenors a draft accounting order for the establishment of the Operating Reserve Balancing Account by **September 19, 2022**.
7. OEB staff and intervenors may file any comments on the draft accounting order with the OEB and forward to the IESO/SME by **September 26, 2022**.
8. The IESO/SME shall file with the OEB and forward to intervenors responses to any comments on its draft accounting order by **October 3, 2022**.
9. Eligible intervenors shall file with the OEB, and forward to the IESO/SME their respective cost claims by **September 22, 2022**.

10. The IESO/SME shall file with the OEB, and forward to eligible intervenors, any objections to the claimed costs by **September 29, 2022**.
11. Eligible intervenors shall file with the OEB, and forward to the IESO/SME, any responses to any objections to cost claims by **October 6, 2022**.
12. The IESO/SME shall pay the OEB's costs of and incidental to this proceeding upon receipt of the OEB's invoice.

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

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

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

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

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto **September 8, 2022**

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

SCHEDULE A
SETTLEMENT PROPOSAL
DECISION AND ORDER
INDEPENDENT ELECTRICITY SYSTEM OPERATOR, IN ITS CAPACITY
AS THE SMART METERING ENTITY
EB-2022-0137
SEPTEMBER 8, 2022

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

August 8, 2022

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
Settlement Proposal**

On behalf of the Independent Electricity System Operator in its capacity as the Smart Metering Entity, enclosed is the settlement proposal pursuant to the Board's Procedural Order No. 1 issued on May 13, 2022.

The proposal was filed through the Board's RESS portal on August 8, 2022.

Please contact me if you have any questions or concerns about this matter.

Yours truly,



Patrick G. Duffy

PGD/sb

Enclosure

cc. All parties to the proceeding

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

**Application for approval of a Smart Metering Charge
for the years 2023 to 2027 and related matters**

Settlement Proposal

EB-2022-0137

August 8, 2022

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 - 7. Is the proposal to establish the Operating Reserve Balancing Account appropriate? 10
 - 8. Is the proposal to retain \$2.5 million in the Operating Reserve Balancing Account as an operating reserve for the SME appropriate? 10
 - 9. 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 filing of the SME's annual report with the Board on April 30th appropriate? 10

A. PREAMBLE

This Settlement Proposal is filed with the Ontario Energy Board (“**OEB**”) in connection with the Application by the Independent Electricity System Operator (“**IESO**”), designated as the Smart Metering Entity (“**SME**”), for a Smart Metering Charge (“**SMC**”) for the period January 1, 2022 to December 31, 2027 and related matters.

In Procedural Order No. 1 dated May 13, 2022 (“**PO No. 1**”), the OEB established an issues list and a process to address the Application, including interrogatories and a Settlement Conference.

A Settlement Conference was held virtually on July 20 and 21, 2022. Andrew Mandyam and Brandon Ott of Utilis Consulting acted as facilitators for the Settlement Conference. This Settlement Proposal arises from the Settlement Conference.

The SME and the following intervenors, as well as OEB technical staff (“**OEB Staff**”), participated in the Settlement Conference:

- Consumers Council of Canada (“**CCC**”)
- Electricity Distributors Association (“**EDA**”)
- Energy Probe Research Foundation (“**Energy Probe**”)
- Environmental Defence Canada Inc. (“**ED**”)
- Niagara-on-the-Lake Hydro Inc. (“**NOTL**”)
- Vulnerable Energy Consumers Coalition (“**VECC**”)

The Settlement Proposal deals with the relief sought in this proceeding. As set out in more detail below, a full settlement has been reached on all issues.

The SME and all intervenors listed above have agreed to the settlement described on the following pages. Any reference to “**Parties**” in this Settlement Proposal is intended to refer to the SME and the intervenors listed above. Notwithstanding any other clause in this Settlement Proposal, ED takes no position with respect to, and does not oppose, any of the issues.

All Parties participated virtually in the Settlement Conference and subsequent discussions. OEB Staff is not a party to the Settlement Proposal. After the Settlement Proposal is filed, OEB Staff will file a submission on the Settlement Proposal. Also, as noted in the OEB’s *Practice Direction on Settlement Conferences*, OEB Staff who participated in the Settlement Conference are bound by the same confidentiality and privilege rules that apply to the Parties to the proceeding.

This document is called a “Settlement Proposal” because it is a proposal by the Parties to the OEB to settle the issues in this proceeding. It is termed a proposal as between the Parties and the OEB. However, as between the Parties, and subject only to the OEB’s approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth below, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the Parties, it is null and void and of no further effect. In entering into this agreement, the Parties understand and agree that, pursuant to the *Ontario Energy Board Act, 1998*, the OEB has exclusive jurisdiction with respect to the interpretation or enforcement of the terms hereof.

Best efforts have been made to identify all the evidence that relates to each settled issue. The supporting evidence for each settled issue is identified individually by reference to its exhibit number in an abbreviated format; for example, Exhibit B, Tab 3, Schedule 1 is referred to as B-3-1. The identification and listing of the evidence that relates to each settled issue is provided to assist the OEB. The Settlement Proposal describes the agreements reached on the issues list and the settled issues. The Settlement Proposal provides a direct link between each settled issue and the supporting evidence in the record to date.

In this regard, the Parties are of the view that the evidence provided, as supplemented by the information contained in and appended to this Settlement Proposal, is sufficient to support the Settlement Proposal in relation to the settled issues and, moreover, that the quality and detail of the supporting evidence, together with the corresponding rationale, will allow the OEB to make findings agreeing with the proposed resolution of the settled issues. If the OEB does not accept the proposed settlement of any issue, then subject to the Parties' agreement on non-severability set out in the final paragraph below, further evidence may be required on the issue for the OEB to consider it fully.

None of the Parties can withdraw from the Settlement Proposal except in accordance with Rule 30 of the OEB's *Rules of Practice and Procedure*. Further, unless stated otherwise, a settlement of any particular issue in this proceeding is without prejudice to the positions Parties might take with respect to the same issue in future proceedings.

The Parties acknowledge that the Settlement Conference (including subsequent related discussions) is confidential in accordance with the OEB's Practice Direction on Settlement Conferences. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB's *Practice Direction on Confidential Filings*, and the rules of that latter document do not apply. Instead, in the Settlement Conference, and in this Settlement Proposal, the Parties have interpreted "confidential" to mean that the documents and other information provided during the course of the Settlement Conference, the discussion of each issue, the offers and counteroffers, and the negotiations leading to the settlement of each issue during the Settlement Conference are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception, the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal.

Further, the Parties shall not disclose those documents or other information to persons who were not attendees at the Settlement Conference. The Parties agree that "attendees" is deemed to include, in this context, persons who were not virtually in attendance at the Settlement Conference but were: a) any persons or entities that the Parties engage to assist them with the Settlement Conference, and b) any persons or entities from whom they seek instructions with respect to the negotiations; in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions. It is fundamental to the agreement of the Parties that none of the provisions of this Settlement Proposal are severable. If the OEB does not, prior to the commencement of the hearing of the evidence in this proceeding, accept the provisions of the Settlement Proposal in their entirety, there is no Settlement Proposal (unless the Parties agree that any portion of the Settlement Proposal that the OEB does accept may continue as a valid Settlement Proposal).

B. OVERVIEW

The Parties have reached a package settlement of issues in this proceeding (the "**Package Settlement**"). The Package Settlement includes agreement on all issues on the OEB-approved issues list attached as Schedule A to PO No. 1.

The Package Settlement includes acceptance of the SME'S proposals in respect of all issues as stated in the Application unless otherwise modified in this Settlement Proposal.

C. THE SETTLED ISSUES

All Issues have been settled, a summary of the items agreed to in the Settlement Agreement is below:

- A five-year term from January 1, 2023 to December 31, 2027;
- A revenue Requirement of \$137.1M for the five-year term;
- An SMC of \$0.43 per meter per month from April 1, 2022 to December 31, 2022;
- A SMC of \$0.42 per meter per month from January 1, 2023 to December 31, 2027;
- The SME will be able to implement net metering under the agreed to \$137.1M revenue requirement;
- The SME's forecast of the installed smart meters for Residential and General Service <50 kW customers for the five-year term will utilize an annual growth rate of 1.0%;
- As part of the SME's next application to set the SMC, the SME shall identify available data sources other than the OEB Yearbook (including internal SME data) that could be utilized to accurately forecast the number of installed smart meters for Residential and General Service <50 kW customers for the next rate period. The SME's application shall identify which of the available data sources has been selected as the basis of the SME's forecast and provide a rationale for the SME's decision;
- The proposed staffing levels are appropriate and reasonable;
- The establishment of and reporting on the Operating Reserve Balancing Account ("ORBA") as a replacement for the Balancing Variance Account ("BVA") is appropriate;
- The operating reserve in the ORBA will be \$2.0 million and any year-end balance in the ORBA will be rebated to ratepayers where the balance:
 - exceeds the operating reserve of \$2.0 million;
 - would result in a rebate to ratepayers of \$0.05 per meter or greater; and
 - any rebate shall be paid by the SME within three months after the filing of the SME's annual report with the Board on May 31st.

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?**

The Parties agree that it is appropriate to revise the SME's revenue requirement for the January 1, 2023 to December 31, 2027 period to \$137.1 million from the originally proposed revenue requirement of \$137.5 million to better align with the information contained in the Application.

The table below shows the revised revenue requirement and the forecast revenues that will be generated using the agreed upon SMC of \$0.42 per meter month for the January 1, 2023 to December 31, 2027 period (see Issue 2) and the revised annual growth rate of smart meters (see Issue 5).

Pro-forma Financial Statement (\$ Millions)	2023	2024	2025	2026	2027	Total
Revenue	26.7	27.0	27.3	27.5	27.8	136.3
Compensation and Benefits	4.8	4.9	5.0	5.1	5.2	25.0
Professional and Consulting	2.0	2.0	2.0	2.0	2.0	10.0
Operating and Administration	20.5	20.6	18.6	18.7	20.9	99.3
OM&A Expenses	27.3	27.5	25.6	25.8	28.1	134.3
Amortization	0	0.2	0.4	0.6	1.6	2.8
Total Operating Expenses	27.3	27.7	26.0	26.4	29.7	137.1
Operating Surplus/(Deficit)	(0.6)	(0.7)	1.3	1.1	(1.9)	(0.8)

As part of this Package Settlement, the SME has agreed to provide the additional detail below with respect to the forecast “Professional and Consulting” and “Operating and Administration” contained in the response to EDA Interrogatory 7 (Ex I-2-7).

Drivers of the variance in the combined Professional & Consulting and Operating & Administration categories from 2022 to 2023

	2022 Forecast	2023 Budget	Variance of	Reason for the Variance
	(\$M)	(\$M)	(\$M)	
Professional & Consulting (“P&C”)				
Contractors and other consulting and legal services	1	2	1	For 6 months of 2022 there was a delay in filling positions to complete work. This backlog of filling contracts resulted in work which was anticipated to be completed in 2022 has now been shifted into 2023.
OSP	12.3		-12.3	This difference in the Operational Service Provider amounts is a result of Economic Change Adjustment due to cost of living as a result of previous negotiations
Total Professional and Consulting	13.3	2	-11.3	

Operating & Administration (“O&A”)				
OSP		12.7	12.7	See OSP above
MDMR Software Vendor	2.1	2.3	0.2	Result of the exchange rate, currently invoiced in USD
MDMR Database Vendor	1.4	1.8	0.4	Additional Oracle subscription services to support the Data Mart and an annual maintenance and support uplift.
Other maintenance of MDMR	0.6	1.9	1.3	Planned maintenance work was delayed in 2022 and rescheduled to 2023. Future maintenance work includes upgrades, security patches and defect fixes.
Other Administration costs	1.7	1.8	0.1	Increase in expenses for travel, training and other that have been lagging in 2022 due to pandemic impacts on in-person gatherings and hybrid working conditions.
Total Operating and Administration	5.8	20.5	14.7	
Total P&C + O&A	19.1	22.5	3.4	

Through Interrogatories the SME was asked whether it could make the necessary changes to the Meter Data Management Repository to facilitate time-of-use rates for net-metered customers (Residential and General Service <50 kW) within a revenue requirement of \$137.1 million. The IESO confirms it could make the necessary changes to the Meter Data Management Repository to facilitate time-of-use rates for net-metered customers (Residential and General Service <50 kW) within the agreed to revenue requirement of \$137.1M The SME expects that the implementation costs would be less than \$250,000 and that ongoing costs would not be material. Detailed costing has not been undertaken at this time and would depend on the technical configuration.

Evidence:

- Exhibit A-1-1 Application
- Exhibit A-3-1 Background and Legal Authority
- Exhibit B-1-1 SME Revenue Requirement

Interrogatories:

- Exhibit I-2, EDA 1 to 5, EDA 7, EDA 8,
- Exhibit I-3, ED 1 to 3
- Exhibit I-6, VECC 4
- Exhibit I-7, Energy Probe 1

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

The Parties agree that it is appropriate to revise the SMC for the January 1, 2023 to December 31, 2027 period to \$0.42 per smart meter per month for each applicable Residential and General Service <50 kW customer. This is a \$0.01 reduction from the originally proposed rate of \$0.43 per smart meter per month. This reduction is a result of:

- a reduced revenue requirement of \$137.1 million, as discussed in more detail under Issue 1; and
- the revised forecast of installed smart meters for the for the January 1, 2023 to December 31, 2027 period, as discussed in more detail under Issue 5.

In its Interim Smart Metering Charge Order dated April 14, 2022, the OEB approved an interim rate of \$0.43 per smart meter per month for each applicable Residential and General Service <50 kW customer effective April 1, 2022. The Parties agree that the interim rate shall be made final at \$0.43 per smart meter per month until December 31, 2022.

When the OEB approved the SMC for the 2017 to 2022 period it made provision for distributors to pass through the SMC to their own customers. Parties agree the same provision should be included in the OEB's final decision and order on this application. That is, the decision and order should make it clear that distributors shall charge their customers the same amount per smart meter that the distributors will pay to the SME as described above. The 2017-2022 SMC decision and order included as an attachment a letter to be sent to all licensed distributors identified in the annual Yearbook of Electricity Distributors published by the OEB (the "**OEB Yearbook**"), advising them of the revised charge.

Evidence:

Exhibit A-1-1 Application
Exhibit A-3-1 Background and Legal Authority
Exhibit B-1-1 SME Revenue Requirement

Interrogatories:

Exhibit I-2, EDA 9
Exhibit I-6, VECC 6, 7 & 8

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 3, 2027, for the SMC appropriate?

The Parties agree that the proposed effective date and five-year term of January 1, 2023 to December 3, 2027 are appropriate.

Evidence:

Exhibit A-1-1 Application
Exhibit A-3-1 Background and Legal Authority
Exhibit B-1-1 SME Revenue Requirement
Exhibit B-2-1 Smart Metering Charge and Calculation of the Charge

Interrogatories:

Exhibit I-2, EDA 2 to 7, 9
 Exhibit I-5 CCC 3
 Exhibit I-6, VECC 6 to 8

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

The Parties agree that the SME’s forecast of the installed smart meters for Residential and General Service <50 kW customers for the 2023 to 2027 period should be revised utilizing an annual growth rate of 1.0% as this better reflects past historical growth trends. The SME’s revised forecast is set out in the table below.

IESO Billing Year	Residential	% Residential increase	SGS< 50	% SGS<50 increase	Total SDPs (D+F)
2022*	4,801,697		446,066		5,247,763
2023	4,849,714	1.00%	450,527	1.00%	5,300,241
2024	4,898,211	1.00%	455,032	1.00%	5,353,243
2025	4,947,193	1.00%	459,582	1.00%	5,406,775
2026	4,996,665	1.00%	464,178	1.00%	5,460,843
2027	5,046,632	1.00%	468,820	1.00%	5,515,452

* Smart Meter count numbers from 2020 OEB Yearbook

The Parties agree that, as part of the SME’s next application to set the SMC, the SME shall identify available data sources other than the OEB Yearbook (including internal SME data) that could be utilized to accurately forecast the number of installed smart meters for Residential and General Service <50 kW customers for the next rate period. The SME’s application shall identify which of the available data sources has been selected as the basis of the SME’s forecast and provide a rationale for the SME’s decision.

Evidence: The evidence in relation to this issue includes the following:

Exhibit B-2-1 Smart Metering Charge and Calculation of the Charge

Interrogatories:

Exhibit I-2, EDA 9
 Exhibit I-6, VECC 6, 8

6. Are the forecast staffing levels appropriate and reasonable?

The Parties agree that the proposed staffing levels are appropriate and reasonable.

Evidence:

Exhibit A-1-1-Application
 Exhibit B-1-1-SME Revenue Requirement

Interrogatories:

Exhibit I-1, OEB staff 1
 Exhibit I-7, Energy Probe 4

Exhibit I-6, VECC 3, 9 & 10

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

The Parties agree that the SME's proposal to establish and report on the Operating Reserve Balancing Account ("ORBA") as a replacement for the Balancing Variance Account ("BVA") is appropriate as modified below.

The SME will establish a separate account for the ORBA and shall invest any balance in the ORBA in accordance with the IESO's Treasury Policy as approved by the Ministry of Finance. Any investment income earned shall be retained in the ORBA and rebated to ratepayers in accordance with the SME's proposal agreed to under Issue 9, which is consistent with the IESO operates.

The SME shall provide an annual report with the final year-end balance in the ORBA and an explanation of any balance to all Parties and OEB Staff by April 30th. Parties and OEB Staff may ask the SME questions on the report within 10 business days of the report being sent by the SME and the SME will respond to these questions. The SME will file the annual report with the OEB by May 31st under OEB File No. EB-2022-0137.

Evidence: The evidence in relation to this issue includes the following:

Exhibit B-3-1 SME Operating Reserve Balance Account

Interrogatories:

Exhibit I-1, OEB staff 2, 3
Exhibit I-2, EDA 11, 12
Exhibit I-5 CCC 2

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

In EB-2017-0290, the OEB approved the SME's use of an operating reserve of \$2.5 million in the BVA based on a revenue requirement of \$170.6 million. The SME proposed to continue the \$2.5 million operating reserve under the ORBA for the 2023 to 2027 period.

The Parties agree the SME's operating reserve in the ORBA should be set at \$2.0 million. The Parties agree that a \$2.0 million operating reserve is appropriate in light of the \$137.1 million revenue requirement for the 2023 to 2027 period.

Evidence: The evidence in relation to this issue includes the following:

Exhibit B-3-1 SME Operating Reserve Balance Account

Interrogatories:

Exhibit I-1, OEB staff 2, 3
Exhibit I-2, EDA 11, 12
Exhibit I-7, Energy Probe 5
Exhibit I-6, VECC 12, 13

9. 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 filing of the SME's annual report with the Board on April 30th appropriate?

The Parties agree that it is appropriate for any year-end balance in the ORBA to be rebated to ratepayers where the balance:

- exceeds the operating reserve of \$2.0 million; and
- would result in a rebate to ratepayers of \$0.05 per meter or greater.

The Parties agree that any rebate shall be paid by the SME within three months after the filing of the SME's annual report with the Board on May 31st.

Evidence:

Exhibit B-3-1 SME Operating Reserve Balance Account

Interrogatories:

Exhibit I-1, OEB staff 2, 3
Exhibit I-2, EDA 11
Exhibit I-7, Energy Probe 5
Exhibit I-6, VECC 13

SCHEDULE B
CORRESPONDENCE TO DISTRIBUTORS
DECISION AND ORDER
INDEPENDENT ELECTRICITY SYSTEM OPERATOR, IN ITS CAPACITY
AS THE SMART METERING ENTITY
EB-2022-0137
SEPTEMBER 8, 2022



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

BY EMAIL

September 8, 2022

To: All Licensed Electricity Distributors

**Re: Smart Metering Charge to be Charged by Electricity Distributors from
January 1, 2023 – December 31, 2027
Ontario Energy Board File Number: EB-2022-0137**

On September 8, 2022, the Ontario Energy Board issued its [Decision and Order](#) in the above-noted proceeding which approved the smart metering charge (SMC) to be levied and collected by the Independent Electricity System Operator, in its capacity as the Smart Metering Entity, effective January 1, 2023. Further details are provided in the Decision and Order. The new SMC is \$0.42 per smart meter per month, a reduction from the previous interim SMC of \$0.43 per smart meter per month.

Amount to be Charged by Electricity Distributors

The Decision and Order includes a provision for electricity distributors to pass through the lower SMC to all applicable customers in the Residential and General Service <50kW classes. Effective **January 1, 2023**, the retail SMC to be levied and collected by electricity distributors from applicable Residential and General Service <50kW customers will be **\$0.42 per smart meter per month**. The SMC will be in effect from January 1, 2023 to December 31, 2027.

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

Yours truly,

Nancy Marconi
Registrar

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