



PUBLIC INTEREST ADVOCACY CENTRE
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May 11, 2023

VIA E-MAIL

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi:

**Re: EB-2023-0109 Newmarket-Tay Power Distribution Ltd.
Application to dispose of balances in certain deferral and variance accounts
Final Submissions of Vulnerable Energy Consumers Coalition (VECC)**

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

Yours truly,

John Lawford
Counsel for VECC

Copy to: Laurie Ann Cooledge Chief Financial Officer

EB-2023-0109
Newmarket-Tay Power Distribution Ltd.
Application to dispose of balances in certain
deferral and variance accounts.

VECC Submissions May 11, 2022

Newmarket-Tay Power Distribution Ltd. (Newmarket-Tay Power) seeks approval to dispose of balances in Account 1588 – RSVA Power and Account 1589 – RSVA Global Adjustment, in the Newmarket-Tay Rate Zone.

NT Power’s Accounts 1588 and 1589 balances were last approved for disposition for 2020 balances on a final basis in NT Power’s 2022 IRM Application (EB-2021-0044).¹

The request for disposition of these two accounts was originally made by Newmarket-Tay Power in the context of its 2023 incentive rate-setting mechanism (IRM) proceeding.² During the course of that proceeding, Newmarket-Tay Power was advised of the OEB’s concerns that the disposition of Accounts 1588 and 1589 could possibly give rise to retroactive rate-making. On March 14, 2023, (Newmarket-Tay Power) filed an updated request with the OEB seeking approval to dispose of the Account 1588 and Account 1589 balances effective May 1, 2023.

In its application, as originally filed, Newmarket-Tay Power stated that a 2020 settlement credit of \$768,874 for the Newmarket-Tay rate zone was recorded twice in Account 1589 2020 balance and corrected in 2021.³

The OEB’s concern regarding retroactive rate-making relates to the double entries in Account 1589 in 2020, where the 2020 balance was disposed on a final basis in Newmarket-Tay Power’s 2022 IRM decision and order.⁴ The \$(768,874) adjustment is included in the final disposed 2020 balance in the 2022 IRM application because

¹ EB-2022-0050 Application p. 14

² EB-2022-0050

³ EB-2022-0050 Application p.15

⁴ EB-2022-0050 Decision p.10

the adjustment was recorded twice in the 2020 GA account balance.⁵ Newmarket-Tay Power confirmed there is no corresponding adjustment to Account 1588 because the \$(768,874) adjustment was recorded to Account 1589 twice in Dec 2020.⁶ NT Power confirmed with the IESO in September 2021 that the IESO posted the adjustment within the December 2020 IESO invoice. The December 2020 invoice was provided in response to VECC-3 (a). It's not clear to VECC where the adjustment is posted in the December 2020 invoice.

In response to further questions in EB-2023-0109, Newmarket-Tay Power indicates the adjustment does have an effect on Account 1588 because (\$274,795) of the (\$768,874) adjustment accrual was posted in December 2020 to the 1588 Account.⁷ Newmarket-Tay Power identified an additional 2020 adjustment of \$274,795 for Accounts 1588 and 1589.⁸ A subsequent RPP vs non RPP allocation journal entry was posted between the 1589 and 1588 Accounts in December 2020. The final amount posted in December 2020 to the 1589 Account was (\$494,079) and 1588 Account was (\$274,795) totalling the adjustment of (\$768,874). The outcome is the 2021 1588 Account claim for disposition of \$456,703 should be increased by \$274,795 in principal and \$11,219 in interest resulting in a revised 2021 claim for disposition of \$742,717. The 2021 1589 Account claim for disposition of \$468,503 should be decreased by (\$274,795) in principal and (\$11,219) in interest resulting in a revised 2021 claim for disposition of \$182,579. NT Power did not disclose the adjustment reversal in its 2022 IRM application as it was an oversight due to the COVID pandemic causing staffing issues.⁹

Newmarket-Tay Power's does not have a clear position on whether the disposition of balances in Accounts 1588 and 1589 gives rise to rate retroactivity.

Newmarket-Tay Power's view of the disposition of balances in Accounts 1588 and 1589 is to follow the OEB's decision that the disposition of the balances in Accounts 1588 and 1589 will require further adjudication.¹⁰

⁵ EB-2022-0050 NTPower_RRR_20230123 Staff-7 (c)

⁶ EB-2022-0050 NTPower_RRR_20230123 Staff-7 (d)

⁷ Staff-3 (b)

⁸ Staff-3 (a)

⁹ Staff-3 (d)

¹⁰ VECC-1

VECC submits based on the record in this proceeding and the need for further discovery, adjudication is still required. Given the materiality of the amounts and the OEB's concerns that the disposition of Accounts 1588 and 1589 could possibly give rise to retroactive rate-making, VECC is not in a position to recommend disposal of the balances as part of the current application.