



September 5, 2024

Ms. Nancy Marconi
Ontario Energy Board
PO Box 2319
27th Floor, 2300 Yonge Street
Toronto, Ontario M4P 1E4

**Re: Updated Draft Accounting Order for the PowerShare Deferral Account
EB-2024-0096/EB-2024-0022**

Dear Ms. Marconi,

Further to Decision and Order EB-2024-0096/EB-2024-0022 dated August 29, 2024, please find enclosed Essex Powerlines Corporation's ("EPLC") updated Draft Accounting Order for the PowerShare Deferral Account, reflecting the findings in the Decision.

Also enclosed is a blackline version of the Accounting Order comparing the updated Draft Accounting Order with the Draft Accounting Order that was filed as Appendix A to the Undertaking Responses.

If you have any further questions or concerns, please do not hesitate to contact us anytime.

Regards,

[Original Signed By]

Grace Flood, CPA, CA
Director of Finance and Regulatory Affairs
Essex Powerlines Corporation

Cc: Jayna Sweeney, Vice President of Finance and Strategy, Essex Power Corporation
Colm Boyle, BLG

Draft Accounting Order

**Account 1508, Other regulatory Assets/Liabilities - PowerShare
Deferral Account**

DRAFT ACCOUNTING ORDER

Account 1508, Other regulatory Assets/Liabilities PowerShare Deferral Account

1. This account shall be used to accrue costs paid to participants in the EPLC PowerShare DSO Local Energy Market Pilot Project, with an effective date of July 1, 2024 and ending on March 31, 2026. The net amount shall be determined as the difference between amounts paid in total for capacity and energy, net of project funding, and net of HOEP¹ where energy is purchased.
2. On a monthly basis, EPLC will record the total amount paid for capacity purchased through the Project as a debit to USoA 4705 “Power Purchased” and a credit to USoA 2200 “Accounts Payable”.
3. On a monthly basis, EPLC will record the total amount paid for energy or curtailment purchased through the Project as a debit to USoA 4705 “Power Purchased” and a credit to USoA 2200 “Accounts Payable”.
4. On a monthly basis, EPLC will record 50% of the value of flexibility purchased through the Project as a debit to USoA Account 1100 “Accounts Receivable” and as a credit to USoA 4705 “Power Purchased” to recognize the amount recoverable through Project funding, based on the Project contribution agreement and not to exceed the project maximum for flexibility as approved therein.
5. In cases where flexibility purchased is in the form of energy, EPLC will calculate the Net Receivable to be debited to USoA 1100 “Accounts Receivable” and credited to USoA 4705 “Power Purchased” as total power purchased, less 50% project funding, less HOEP for the power injected, resulting in commodity cost of HOEP remaining in USoA 4705 “Power Purchased”.
6. On a monthly basis, EPLC will debit a USoA Account 1508 “PowerShare Deferral Account” sub-account and credit USoA 4705 “Power Purchased” to move any amounts paid for flexibility through the Project, net of Project funding and HOEP, to the PowerShare Deferral Account.

¹ HOEP is to be replaced by the sum of the Day-ahead Market Ontario Zonal Price and the Load Forecast Deviation Charge resulting from the anticipated implementation of the IESO’s Market Renewal Program (MRP).

7. On a periodic basis, and as approved by the IESO based on Milestone reporting, EPLC will invoice the IESO to recover funds accrued in USoA 1100 “Accounts Receivable” during monthly settlement with participants.
8. EPLC will apply interest on the balance in USoA 1508 “PowerShare DVA” at the OEB prescribed rate and accrue that interest in associated sub-account 1508-XX “PowerShare Deferral Account, sub-account Carrying Charges”. The offsetting entry will be recorded in USoA Account 4405.
9. On a monthly basis EPLC will include any energy purchased in the Embedded Generation Total that is submitted to the IESO as part of the monthly IESO portal submission, so that Class B Global Adjustment can be accurately charged to EPLC.
10. The cumulative amount recorded in the new sub-accounts will be a debit amount on March 31, 2026 and will not exceed \$350,000 including carrying charges calculated at the OEB prescribed rate.
11. Disposition will be requested in EPLCs next rebasing Application through a rate rider to EPLC rate payers.
12. The following are the proposed accounting entries:

Local Capacity Payments – monthly entries when Capacity is settled with Flexibility provider

DR 4705 – Power Purchased	\$XX	
CR 2200 – Accounts Payable		\$XX
~to record payment to DER owner		
DR 1100 – Accounts Receivable	\$XX	
CR 4705 – Power Purchased		\$XX
~to record recovery of 50% through Project funding		
DR 1508 – PowerShare Deferral Account	\$XX	
CR 4705 – Power Purchased		\$XX
~to transfer net commodity cost to DVA		

Local Energy Payments – monthly entries when Energy is settled with Flexibility provider

DR 4705 – Power Purchased	\$XX	
CR 2200 – Accounts Payable		\$XX
~to record payment to DER owner		

DR 1100 – Accounts Receivable	\$XX	
CR 4705 – Power Purchased		\$XX
~to record recovery of 50% through Project funding		

DR 1508 – PowerShare Deferral Account	\$XX	
CR 4705 – Power Purchased		\$XX
~to transfer net commodity cost to DVA		

Note: the amount moved to 1508- PowerShare Deferral Account, will be net of HOEP when the Flexibility activated is generation.

Local Curtailment Payments – monthly entries when Flexibility provider is activated to curtail load to meet contracted capacity.

DR 4705 – Power Purchased	\$XX	
CR 2200 – Accounts Payable		\$XX
~to record payment to DER owner		

DR 1100 – Accounts Receivable	\$XX	
CR 4705 – Power Purchased		\$XX
~to record recovery of 50% through Project funding		

DR 1508 – PowerShare Deferral Account	\$XX	
CR 4705 – Power Purchased		\$XX
~to transfer net commodity cost to DVA		

Carrying Charges Monthly Entry

DR 1508 – PowerShare Deferral Account Carrying Charges	\$XX	
CR 4405 - Interest Income		\$XX
~to record interest on 1508 – PowerShare Deferral Account balance		