

Draft Accounting Order

Account 1508, Other regulatory Assets/Liabilities – PowerShare
~~Summer Months~~Deferral Account

DRAFT ACCOUNTING ORDER –

**Account 1508, Other regulatory Assets/Liabilities – PowerShare
Summer Months 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 ~~August 31, 2024~~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 ~~credit~~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 “Other regulatory Assets/Liabilities – ~~“”Powershare~~Summer Months 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 ~~new deferral account~~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 in the balance in USoA 1508 “Other regulatory Assets/Liabilities – Powershare ~~Summer Months Deferral Account~~” at the OEB prescribed rate and accrue that interest in associated sub-account 1508, “Powershare ~~Summer Months Deferral 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 ~~August 31, 2024~~ March 31, 2026 and will not exceed ~~\$350,000 including 127,500 plus~~ carrying charges calculated at the OEB prescribed rate.
11. ~~Provisional disposition, for the Summer Months DVA is established at 50% of the amount to be borne by EPLC and the remaining balance to be requested for disposition~~ Disposition will be requested in EPL’s rebasing Application through a rate rider to EPLC customers. ~~Disposition will be requested in EPLCs 2026 IRM Application, pending the OEB’s final decision on the creation of the Powershare DVA for February 19, 2024 through March 31, 2026.~~
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 – Other reg Assets/Liabilities		
– PowerShare <u>Summer Months Deferral Account</u>	\$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 – Other reg Assets/Liabilities		
– PowerShare <u>Summer Months Deferral Account</u>	\$XX	
CR 4705 – Power Purchased		\$XX
~to transfer net commodity cost to DVA		

Note: the amount moved to 1508- Other Regulatory Assets/Liabilities – PowerShare Summer Months 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 – Other reg Assets/Liabilities		
– PowerShare <u>Summer Months Deferral Account</u>	\$XX	
CR 4705 – Power Purchased		\$XX
~to transfer net commodity cost to DVA		

Carrying Charges Monthly Entry

DR 1508 – Other reg Assets/Liabilities

– PowerShare ~~Summer Months Deferral Account~~, Carrying Charges \$XX

CR 4405 - Interest Income \$XX

~to record interest on 1508 – PowerShare ~~Summer Months Deferral Account~~ account
balance