



EB-2012-0100
EB-2012-0211

IN THE MATTER OF subsections 78(2.1), (3.0.1), (3.0.2) and (3.0.3) of the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF subsection 53.8(8) of the *Electricity Act, 1998*;

AND IN THE MATTER OF Ontario Regulation 453/06 made under the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF an Application by the Independent Electricity System Operator as Smart Metering Entity for an Order fixing a Smart Metering Charge for July 1, 2012 to December 31, 2017; and

AND IN THE MATTER OF a proceeding on the Ontario Energy Board's own motion to review the options for and ultimately determine the appropriate allocation and recovery of the Smart Metering Charge pursuant to section 19 of the *Ontario Energy Board Act, 1998*.

BEFORE: Paula Conboy
Presiding Member

Cathy Spoel
Member

**DECISION AND ORDER
MARCH 28, 2013**

On March 28, 2007, the Independent Electricity System Operator ("IESO") was designated as the Smart Metering Entity (the "SME") by Ontario Regulation 393/07 made under the *Electricity Act, 1998*. In its role as the SME, the IESO is managing the development of the meter data management/repository ("MDM/R") to collect, manage,

store and retrieve information related to the metering of customers' use of electricity in Ontario.

On March 23, 2012 the SME applied to the Ontario Energy Board (the "Board") for approval of a Smart Metering Entity charge ("SME charge") of \$0.806 per Residential and General Service <50kW customer per month which the SME proposed to collect from all licensed electricity distributors ("Distributors") for the period July 1, 2012 to December 31, 2017.

The SME also sought an annual automatic adjustment mechanism to update the billing determinant with the annual changes in the number of Residential and General Service <50kW Customers listed in the Board's Electricity Distributor Handbook; a variance account to deal with changes in the SME costs, or any revenue surplus; and approval of the Smart Metering Agreement for Distributors for use by the SME and Distributors (the "Agreement"). The Board assigned File No. EB-2012-0100 to the application.

Pursuant to section 19 of the Act, the Board commenced a proceeding on its own motion to review the options for and to ultimately determine the appropriate allocation and recovery of the SMC. The Board assigned File No. EB-2012-0211 to that proceeding.

Pursuant to its powers under section 21(5) of the Act, the Board combined the hearing of the SME application for the SMC with the Board's proceeding on its own motion to determine the appropriate allocation and recovery of the SMC (the "Combined Proceeding").

A record of all procedural matters that have been dealt with up to this point in this Combined Proceeding is available on the Board's web site.

Settlement Proposal

The Board provided for a settlement conference on February 19 and 20, 2013 with the objective of reaching a settlement among parties on the SME charge and the allocation and recovery of the SME charge .

The SME filed a Settlement Proposal on March 8, 2013. In the cover letter, Counsel for the SME stated the following:

The parties reached an agreement to settle all issues in EB-2012-0100. Per Procedural Order No. 7, the Settlement Proposal is to be presented to the Board on March 22, 2013. The SME will be present at the oral hearing to address any questions or concerns the Board may have with respect to the Settlement Proposal.

A settlement was also reached in EB-2012-0211 for all issues with one exception. The unsettled issue in EB-2012-0211 could be heard by the Board by way of oral submissions on March 22, 2013.

The Settlement Proposal was updated on March 13, 2013 to correct two formula errors in Appendix A of the document.

The Board has reviewed the Settlement Proposal and approves it as filed. The Settlement Agreement is attached as Appendix A.

The following issue was unsettled:

Is the EDA's proposal that notwithstanding the implementation of a generic rate order, each LDC may apply to the Board if it so wishes for an alternative recovery mechanism, reasonable and appropriate?

The Board has determined that it will not hear the unsettled issue. There is no evidence on the record that would support an alternative recovery mechanism by Distributors.

The Board combined these proceedings for the purpose of hearing both the application of the SME for the recovery of its costs as well as evidence on proposed cost recovery mechanisms. The Board notes that despite the fact that Procedural Order No. 4 specifically allowed for the filing of evidence of any alternative approach to the methodology proposed by the IESO for the allocation and recovery of the SME charge, neither the EDA nor Distributors filed any such evidence, nor is there any evidence on the need for or the merits of having individual Distributors seek an alternative recovery mechanism.

Further, the Board does not consider that having individual Distributors seeking approval for an alternative recovery mechanism would be an efficient use of resources generally.

THE BOARD ORDERS THAT:

1. Effective May 1, 2013, the Smart Metering Entity charge to be levied and collected by the Smart Metering Entity from all Distributors identified in the Board's annual *Yearbook of Electricity Distributors* shall be \$0.788 per month for each Residential and General Service <50kW customers for each distributor. The Smart Metering Entity charge shall be in effect from May 1, 2013 to October 31, 2018. The number of Residential and General Service <50kW customers to which the Smart Metering Entity charge will be applied to shall be in accordance with the methodology set forth in the Settlement Agreement Attached as Appendix A.
2. The Smart Metering Entity shall file with the Board, and shall also forward to intervenors, a draft Accounting Order for each of the three new Deferral and Variance Accounts referenced in section 1.5 a) of the Settlement Agreement within **10 days** of the date of the issuance of this Decision and Order.
3. Board staff and intervenors shall file any comments on the draft Accounting Order with the Board and forward to the Smart Metering Entity within **7 days** of the date of filing of the draft Accounting Order.
4. The Smart Metering Entity shall file with the Board and forward to intervenors responses to any comments on its draft Accounting Order within **14 days** of the date of filing of the draft Accounting Order.
5. Effective May 1, 2013, the Smart Metering Entity charge to be levied and collected by Distributors identified in the Board's annual *Yearbook of Electricity Distributors* from Residential and General Service <50kW customers shall be \$0.79 per month. The Smart Metering Entity charge shall be in effect from May 1, 2013 to October 31, 2018. Correspondence to Distributors reflecting the SME charge of \$0.79 per month is attached as Appendix B.

6. Effective May 1, 2013, Distributors shall use three Board-approved accounts for the Smart Metering Entity charge, variance Account 1551, Smart Metering Entity Charge Variance Account, and related Account 4076, Billed – Smart Metering Entity Charge and Account 4751, Charges – Smart Metering Entity Charge. The accounting and reporting requirements for the Smart Metering Entity charge are provided in Appendix C.

Cost Awards

7. Intervenors shall file with the Board and forward to the Smart Metering Entity their respective cost claims within **7 days** from the date of the Accounting Order.
8. The Smart Metering Entity shall file with the Board and forward to intervenors any objections to the claimed costs within **17days** from the date of the Accounting Order.
9. Intervenors shall file with the Board and forward to the Smart Metering Entity any responses to any objections for cost claims within **24 days** of the date of the Accounting Order.
10. The Smart Metering Entity shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote the file number, EB-2012-0100/EB-2012-0211, be made through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/> and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to boardsec@ontarioenergyboard.ca. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary, and be received no later than 4:45 p.m. on the required date.

ISSUED at Toronto, March 28, 2013.

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX A

TO DECISION AND ORDER

Smart Metering Entity Charge

EB-2012-0100 / EB-2012-0211

SETTLEMENT AGREEMENT

Dated March 28, 2013

APPENDIX B

TO DECISION AND ORDER

Communication to Distributors on the Smart Metering Entity Charge

EB-2012-0100 / EB-2012-0211

Dated March 28, 2013

APPENDIX C

TO DECISION AND ORDER

**Accounting and Reporting Requirements for Distributors on the Smart Metering
Entity Charge**

EB-2012-0100 / EB-2012-0211

Dated March 28, 2013

The Board has approved three accounts for use by distributors for the Smart Metering Entity charge, variance Account 1551, Smart Metering Entity Charge Variance Account, and related Account 4076, Billed – Smart Metering Entity Charge and Account 4751, Charges – Smart Metering Entity Charge, under the Accounting Procedures Handbook for Electricity Distributors. These accounts are effective May 1, 2013. The account numbers, names and descriptions are provided below.

Distributors will report the balance in Account 1551 quarterly under Section 2.1.1 of the Electricity Reporting and Record Keeping Requirements. The first reporting will be for the third quarter of 2013 due November 30, 2013. For the purpose of the review and disposition of Account 1551 balance, this account will be classified as a Group 1 account. During an IRM plan term, the account balance will be included in the calculation of whether the preset disposition threshold of \$0.001/KWh for Group 1 accounts has been exceeded.

1551 Smart Metering Entity Charge Variance Account

- A. This account shall be used monthly to record the variances arising from the Smart Metering Entity charges to Residential Service and General Service <50kW customers.

- B. On a monthly basis, this account shall be used to record the net of:
 - i) the Smart Metering Entity charge to a distributor using the monthly settlement invoice received from the Independent Electricity System Operator (or invoice received from other billing agent of the Smart Metering Entity), recorded in Account 4751, including accruals

 - AND

 - ii) the amount billed to the distributor's customers for the Smart Metering Entity charge recorded in Account 4076, including accruals.

- C. A distributor shall segregate and maintain variances recorded at a sub-account level for each of the Residential Service and General Service <50 kW customer classifications in this account.

- D. Carrying charges shall apply to this account. These amounts shall be calculated using simple interest applied to the monthly opening balances in the account (exclusive of accumulated interest). The entries shall be recorded monthly in a separate carrying charges sub-account of this account. The interest rate shall be the rate prescribed by the Board.

4076 Billed – Smart Metering Entity Charge

This account shall be used by a distributor to record amounts billed to its customers for the Smart Metering Entity charge. This account shall include accruals for monthly unbilled estimates. The distributor must ensure a proper matching of the billed amounts recorded in Account 4076 to those charges recorded in Account 4751.

4751 Charges – Smart Metering Entity Charge

This account shall be used by a distributor to record the amount charged by the Independent Electricity System Operator (or invoice received from other billing agent of the Smart Metering Entity) for Smart Metering Entity charge. This account shall include accruals for amounts not yet invoiced to the distributor. The distributor must ensure a proper matching of the billed amounts recorded in Account 4076 to those charges recorded in Account 4751.