



BY EMAIL AND WEB POSTING

May 23, 2023

**To: All Licensed Rate-regulated Electricity Distributors
All Other Interested Stakeholders**

**Re: Accounting Guidance Update related to Accounts 1588 RSVA Power and
1589 RSVA Global Adjustment: Implementing the Ultra-Low Overnight (ULO)
Regulated Price Plan Option
Ontario Energy Board File No. EB-2022-0160**

Background

This letter provides an update to Ontario Energy Board (OEB) accounting guidance resulting from the implementation of a new optional ultra-low overnight (ULO) price plan.

On February 21, 2019, the OEB issued the Accounting Procedures Handbook Update – [Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589](#) (Accounting Guidance). As part of the Accounting Guidance, the OEB provided a set of standardized guidance for regulatory accounting and Regulated Price Plan (RPP) settlements.

On December 14, 2022, the OEB issued a [Notice of Amendments](#) (Notice) to the Standard Supply Service Code (SSSC) and the RPP Manual to implement a ULO price plan for electricity consumers on the RPP. The Notice also outlines the Electricity Distributors Association's suggestion that updates be made to the Accounting Guidance to support the implementation of ULO pricing. This update (Accounting Guidance Update) is described below.

Accounting Guidance Update

The amended SSSC requires distributors to allow RPP consumers with smart meters to opt-in to the new ULO price plan. As part of the Accounting Guidance Update, the OEB has determined the following:

- No changes have been made to the Tier 1 and Tier 2 groupings.
- All existing references to Time of Use (TOU) groupings have been updated to reference Standard TOU groupings.
- The following new ULO groupings have been established and shall generally be treated no differently than the other groupings.

- ULO Weekend Off-peak
- ULO Mid-peak
- ULO On-peak
- ULO Ultra-Low Overnight

The existing RPP settlement claims (Tiered and Standard TOU) submitted by distributors are settled under IESO Charge Type (CT) 142 (RPP Settlement Amount) by the IESO. The new ULO claims submitted by distributors will also be settled under the existing CT 142.

In February 2019, the OEB issued an [Illustrative Commodity Model](#) (Model) along with the Accounting Guidance. The Model was designed to assist with calculations and recording of commodity-related revenues, expenses, and variances in distributors' general ledgers, including the amounts related to RPP settlements with the IESO, or host distributor. The OEB noted that distributors were expected to use the methodology prescribed in the Accounting Guidance and the Model, but that distributors may need to adapt the calculations for other matters.

Minor updates have been made to the Model to account for the ULO option, as the accounting for the commodity pass-through accounts has not substantially changed.

The OEB notes that portions of the Model were embedded in the Accounting Guidance. As the OEB has updated the Model to reflect the ULO option, the Accounting Guidance itself has also been updated to reflect the changes in the Model, as well as other minor updates.¹ However, the OEB has not conducted a full revamp of the Accounting Guidance.²

The Accounting Guidance Update is effective May 1, 2023, but will only be applicable to distributors once the ULO price plan option has been implemented, no later than November 1, 2023.

Any questions relating to this letter should be directed to the OEB's Industry Relations toll-free line, at 1-877-632-2727 or industryrelations@oeb.ca.

Yours truly,

Nancy Marconi
Registrar

¹ The Introduction, Section I, and Section II of the Accounting Guidance have been updated.

² For example, certain IESO charge types have not been updated.