

IRM Rate Generator – DVA Tabs Instructions -2024 Rates

Purpose

The OEB issues the IRM Rate Generator Model to assist a distributor in filing a rate application and to ensure formatting consistency across all applications. The Rate Generator model updates base rates, retail transmission service rates and if applicable, shared tax-related adjustments. It will also calculate rate riders for the disposition of deferral and variance account (DVA) balances.

Tabs 3 to 7 of the IRM Rate Generator supports a distributor’s proposal for its DVA balances. The Continuity Schedule in Tab 3 is for the period from the year-end where balances were last disposed to the most recent year-end, showing separate itemization of opening balances, annual adjustments, transactions, dispositions, interest and closing balances for all active DVAs.

Summary of Changes to IRM Rate Generator Model from Prior Year

1. Added in Account 1509 - Impacts Arising from the COVID-19 Emergency, Sub-account Forgone Revenues from Postponing Rate Implementation. A separate rider is calculated for this account in Tab 7 if the disposition is approved.

Steps for Completing the DVA Continuity Schedule

Tab 1 - Information Sheet:

This tab shows information pertaining to the distributor and the application.

Step #	Instruction
1	Complete the Information Sheet

Notes:

Questions 2-4:

- Responses to questions 2 to 4 will open the DVA continuity schedule in tab 3 to the appropriate year that DVA balances should first be inputted.
- The continuity schedule will open starting from the year balances were last approved for disposition, unless the last approved disposition was on an interim basis and there are changes to those balances. If that is the case, the continuity schedule will open from the year of last approved disposition on a final basis. A distributor must also provide an explanation for the change in the previously approved balance.

Questions 5-6:

- If the response to question 5 (Global Adjustment (GA)) or 6 (Capacity Based Recovery (CBR) Class B) is yes, tab 6 relating to Class A customers' consumption will be generated.
- If the response to question 6 is yes, then tab 6.2 will also be generated. This tab will allocate and dispose the balance in Account 1580, sub-account CBR Class B through a separate rate rider using information inputted in tab 6, unless a rate rider is not produced.
- If the response to question 6 is no, then the balance in the Account 1580, sub-account CBR Class B will be allocated and disposed with Account 1580 WMS, as part of the general DVA rate rider.

Tab 3 – Continuity Schedule

This tab is the continuity schedule that shows all accounts and the balances a utility has accumulated.

Step #	Instruction
2	<p>Complete the Continuity Schedule for Group 1 accounts, except Account 1595 in the following manner:</p> <ul style="list-style-type: none"> • The Continuity Schedule generally will open from the year the GL balance was last disposed of. Start inputting the approved ending balances in the Adjustments column of that year. <ul style="list-style-type: none"> ○ <i>For example, if in the 2023 rate application, DVA balances as at December 31, 2021, were approved for disposition (final or interim), the continuity schedule will commence from 2021. Start by inputting the approved closing 2021 balances in the Adjustments column under 2021.</i>

3	<p>Complete the Continuity Schedule for all Account 1595 sub-accounts that have a GL balance as at December 31, 2022, regardless of whether the account is eligible for disposition in the current application, in the following manner:</p> <ul style="list-style-type: none"> • The Continuity Schedule will open in the year of the earliest Account 1595 vintage year that has a balance. For each Account 1595 sub-account, start inputting data from the year the sub-account started to accumulate a balance (i.e., the vintage year). <ul style="list-style-type: none"> ○ <i>For example, Account 1595 (2017) would accumulate a balance starting in 2017, when the relevant balances approved for disposition were first transferred into Account 1595 (2017). Input the amount approved for disposition in the OEB Approved Disposition column.</i> • For Account 1595 sub-accounts, indicate whether the disposition is requested in column BU.
4	<p>Complete the Continuity Schedule for Account 1568 – LRAMVA and Account 1509 – Impacts Arising from the COVID-19 Emergency, Sub-account Forgone Revenues from Postponing Rate Implementation, as applicable.</p>
5	<p>Review any balance variance between the DVA continuity schedule and the RRR in column BW. Provide an explanation, if necessary.</p>

Notes:

The DVA Continuity Schedule currently starts from the year 2017. If a distributor has a residual balance in any vintage year sub-account under Account 1595 prior to 2017, the distributor should include the residual balances for years up to 2017 in the row for Account 1595 (2017 and pre-2017) and provide a separate schedule with amounts broken down by vintage year.

For the disposition of Account 1580, Sub-account CBR Class A, distributors must follow the OEB's CBR accounting guidance,¹ which results in balances disposed outside of a rate proceeding.

¹ Guidance on Wholesale Market Services Accounting for Capacity Based Demand Response (CBDR) and new IESO Charge Type 9920, March 29, 2016, and Accounting Guidance on Capacity Based Recovery (previously called Capacity Based Demand Response), July 25, 2016

Tab 4 - Billing Determinant

This tab shows the billing determinants that will be used to allocate account balances and calculate rate riders.

Step #	Instruction
6	Confirm the accuracy of the RRR data used to populate the tab.
7	Review the disposition threshold calculation. Select whether disposition is being requested or not in the drop-down box.

Tab 5 - Allocating Def-Var Balances

This tab allocates the Group 1 balances, except GA and CBR Class B (if Class A customers exist).

Step #	Instruction
8	Review the allocated balances to ensure the allocation is appropriate

Note:

Distributors that settle GA costs with Class A customers that participate in the Industrial Conservation Initiative based on actual GA prices should allocate no Account 1589 GA variance balance to these customers for the period that customers were designated as Class A.² Most customers pay GA and CBR charges based on the amount of electricity they consume in a month (kWh). These customers are referred to as “Class B”.

The allocations for Account 1589 and Account 1580, sub-account CBR Class B are calculated after the completion of tabs 6 to 6.2a.

A wholesale market participant (WMP) refers to any entity that participates directly in any of the Independent Electricity System Operator (IESO) administered markets. These participants settle commodity and market-related charges with the IESO even if they are embedded in another distributor’s distribution system. Therefore, the Rate Generator model will not allocate the balances in the below accounts to WMP

² Refer to the IESO’s [website](#) for details on Class A eligibility under the Industrial Conservation Initiative.

customers. The Rate Generator model establishes separate rate riders to recover balances in Retail Settlement Variance Accounts (RSVAs) from WMP customers.

- Account 1580 RSVA — Wholesale Market Services Charge,
- Account 1580 Variance WMS, Sub-Account CBR Class B,
- Account 1588 RSVA — Power,
- Account 1589 RSVA — Global Adjustment

Tab 6 – Class A Consumption Data

This tab is generated when the utility selects yes to questions 5 or 6 in tab 1, indicating they had Class A customers during the period that the GA or CBR balance accumulated.

This tab is to be completed if there were any Class A customers at any point during the period the GA balance or CBR Class B accumulated. The data on this tab is used for the purposes of determining the GA rate rider, CBR Class B rate rider (if applicable), as well as customer specific GA and CBR charges for transition customers (if applicable).

Step #	Instruction
9	Under #2a, indicate whether the utility had any customers that transitioned between Class A and B during the period the Account 1589 GA balance accumulated. If yes, tab 6.1a will be generated.
10	Under #2b, indicate whether the utility had any customers that transitioned between Class A and B during the period the Account 1580, sub-account CBR Class B balance accumulated. If yes, tab 6.2a will be generated.
11	Under #3a, enter the number of transition customers the utility had during the period the Account 1589 GA or Account 1580 CBR B balances accumulated. A table will be generated based on the number of customers. Complete the table accordingly for each transition customer identified (i.e. kWh/kW for half year periods, and the customer class during the half year period). This data will automatically be used in the GA balance and CBR Class B balance allocation to transition customers in tabs 6.1a and 6.2a respectively. This data will also be used in the calculation of billing determinants for GA and CBR Class B balances, as applicable.

12	<p>Under #3b, enter the number of rate classes in which there were full year Class A customers during the period the Account 1589 GA balance or Account 1580 CBR Class B balance accumulated. A table will be generated based on the number of rate classes.</p> <p>Complete the table accordingly for each rate class identified (i.e., total Class A consumption in the rate class identified for each year). This data will be used in the calculation of billing determinants for GA and CBR Class B, as applicable.</p>

Notes:

Each transition customer identified in tab 6, table 3a will be assigned a customer number and the number will correspond to the same transition customer populated in tabs 6.1a and 6.2a.

Also note that the transition customers identified for the GA may be different than those for CBR Class B. This would depend on the period in which the GA and CBR Class B balances accumulated.

Tab 6.1a – GA Allocation

This tab is generated when the utility indicates that they had transition customers in tab 6, #2a during the period the Account 1589 GA balance accumulated.

This tab allocates the GA balance to each transition customer for the period in which these customers were class B customers and contributed to the GA balance (i.e., former Class B customers but are now Class A customers and former Class A customers who are now Class B customers).

Step #	Instruction
13	<p>Enter the Non-RPP consumption less WMP consumption, where applicable.</p> <p>The rest of the information in this tab will be auto-populated and will calculate the customer specific allocation of the GA balance to transition customers in the bottom table.</p>

Notes:

The Rate Generator model will allocate the portion of Account 1589 to customers who transitioned between Class A and Class B during the period in which the balance requested for disposition has accumulated, based on customer-specific consumption levels. Each transitioning customer will only be responsible for the customer-specific amount allocated to them and are not to be charged/refunded the general GA rate rider associated with these balances as calculated in tab 6.1. Customers should be charged in a consistent manner for the entire rate rider period until the rider's expiration date, regardless of whether customers transitioned between Class A and Class B during the disposition period.

Tab 6.1 - GA

This tab calculates the GA rate rider to be applied to all non-RPP Class B customers (except for the transition customers allocated a customer specific balance in tab 6.1a).

Step #	Instruction
14	Enter the proposed rate rider recovery period if different than the default 12-month period. The rest of the information in the tab is auto-populated and the GA rate riders are calculated accordingly based on whether there were any transition customers during the period that the GA balance accumulated.

Notes:

The Rate Generator model establishes separate rate riders on an energy basis (kWh), that apply only to non-RPP Class B customers, when disposing of Account 1589 RSVA – Global Adjustment. This account captures the difference between the amounts billed and unbilled (under accrual accounting) to non-RPP Class B customers by the distributor and the actual amount paid by the distributor to the IESO (or host distributor) on behalf of those customers.

Tab 6.2a - CBR B Allocation

This tab is generated when the utility indicates that they had transition customers in tab 6, #2b during the period where the CBR Class B balance accumulated.

This tab allocates the CBR Class B Balance to each transition customer for the period in which these customers were Class B customers and contributed to the CBR Class B

balance (i.e., former Class B customers but are now Class A customers and former Class A customers who are now Class B customers).

Step #	Instruction
15	<p>Enter the total consumption less WMP consumption, where applicable.</p> <p>The rest of the information in this tab will be auto-populated and will calculate the customer specific allocation of the CBR Class B balance to transition customers in the bottom table.</p>

Notes:

The Rate Generator model will also allocate the portion of Account 1580, Sub-account CBR Class B to customers who transitioned between Class A and Class B based on customer-specific consumption levels. Each transition customer will only be responsible for the customer-specific amount allocated to them. They will not be charged/refunded the general CBR Class B rider associated with these balances. Customers should be charged in a consistent manner for the entire rate rider period until the sunset date, regardless of whether customers transition between Class A and Class B during the disposition period.

Tab 6.2 - CBR

This tab is generated when the response to question 6 in tab 1 is "yes", indicating that they had Class A customers during the period that Account 1580, sub-account CBR Class B balance accumulated.

This tab calculates the CBR Class B rate rider if there were Class A customers at any point during the period that the CBR Class B balance accumulated.

Step #	Instruction
16	No input is required in this tab. The information in the tab is auto-populated and the CBR Class B rate riders are calculated accordingly.

Notes:

The balance in Account 1580, Sub-Account CBR Class B must be disposed over the default period of one year.

If the allocated amount results in a volumetric rate rider that rounds to zero at the fourth decimal place in at least one rate class, the entire Sub-account CBR Class B balance will be added to the Account 1580 WMS control account to be disposed through the general-purpose Group 1 DVA rate riders.

If the distributor did not have any Class A customers during the period where the Account 1580, Sub-account CBR Class B balance accumulated, the Rate Generator model will transfer the sub-account balance to the Account 1580 WMS control account and include the CBR amounts as part of the general-purpose Group 1 DVA rate riders calculated in tab 7.

Tab 7 - Calculation of Def-Var RR

This tab calculates the Group 1 rate riders (except for GA and CBR Class B if Class A customers exist), LRAMVA and Account 1509 rate riders.

Step #	Instruction
17	<p>Enter the proposed rate rider recovery period if different than the default 12-month period. If the distributor is proposing an alternative recovery period, an explanation must be provided in the evidence.</p> <p>The rest of the information in the tab is auto-populated and the rate riders are calculated accordingly, based on the billing determinant tab.</p>

The Rate Generator model establishes separate rate riders to recover balances in RSVAs from rate classes with WMP customers. Therefore, for rate classes without WMP customers, balances in Account 1580 WMS and Account 1588 Power are included in the general Group 1 DVA rate riders.

Volumetric rate riders are calculated at four decimal places. Rate riders of \$0.0000 must not be included on the tariff sheet. If the rate rider associated with the account does not round to four decimal points, the entire OEB-approved amount for recovery or refund for the rate rider will typically be recorded in a relevant account to be determined by the OEB for disposition in a future rate-setting application.