

Instructions for Completing GA Analysis Workform – 2022 Rates

Purpose

The Global Adjustment Analysis Workform (Workform) assesses the reasonability of Account 1589 RSVA – GA and Account 1588 RSVA – Power. The Workform calculates an approximate expected balance in Account 1589 and compares the expected amount to the amount reported in the distributor's general ledger. Material differences between the two need to be reconciled and explained on an annual basis. Materiality is assessed on an annual basis based on a threshold of +/- 1% of the annual calculated IESO GA charges.

The Workform also compares the annual Account 1588 variance to the Cost of Power purchased in that respective year. Annual Account 1588 variances greater than +/- 1% of the Cost of Power purchased for that year must be explained.

The Workform also includes a tab to document any principal adjustments necessary to reconcile the balances reported in the distributor's general ledger to the balances requested for disposition, as reflected in the Deferral and Variance Account (DVA) Continuity Schedule.

Notes

The Workform is a generic analysis template, distributors may need to alter the analysis as needed for their specific circumstances. Any alterations to the Workform must be clearly disclosed and explained.

On February 21, 2019, the OEB issued the *Accounting Procedures Handbook Update - Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589* and related Illustrative Model. This accounting guidance is effective January 1, 2019 and was to be implemented by August 31, 2019. Based on this, the OEB expects that all transactions recorded in accounts 1588 and 1589 during 2019 will have been accounted for in accordance with this guidance.

Summary of Changes to Workform from Prior Year:

1. A reasonability test for Account 1588 has been added into the Workform in the Account 1588 tab.
2. The calculation of the expected GA balance has been updated to include an expected volume variance for the impacts of unaccounted for energy. This replaces the need for the reconciling item “Differences in actual system losses and billed TLFs” as shown in prior years.

Steps for Completing the GA Analysis Workform:

1) Information Sheet:

Complete the Information Sheet:

- a) From the drop-down box, select the distributor name. This selection will result in pre-populating consumption data, reported to the OEB through Reporting and Record-Keeping Requirements (RRR).
- b) Under Note 1, select the appropriate year that the account 1589 and 1588 balances were last approved for disposition.
 - i) A Workform will be generated from the year after the GA balance was last disposed, unless there are changes to the last approved interim balance. If there was a change to an approved interim balance, a Workform will be generated for each year after the GA balance was last disposed on a final basis. The Workform for the year where there was a change in the approved interim balance will need to be revised and resubmitted, and a detailed explanation for the reason of the change should also be provided.
 - ii) The Account 1558 tab will be generated. The number of years that require a reasonability test to be completed are shown on the tab, and will depend on the year selected under Note 1.
 - iii) The Principal Adjustment tab will be generated. The number of years that require a principal adjustment reconciliation to be completed are shown on the tab, and will depend on the year selected under Note 1.

2) GA Tab – Note 2: Consumption Data Excluding Loss Factor

The Workform pre-populates RRR consumption data for any applicable year since 2017. For years prior to 2017, the consumption data, excluding any loss factor, must be input manually. The inputted data should agree to the RRR data reported, where applicable (i.e. Total Metered excluding WMP, RPP and non-RPP kWh). The purpose of the Consumption Data table is to validate the accuracy of the

consumption used to calculate the expected Account 1589 balance for the calendar year.

For the years the Workform pre-populates RRR data, review the pre-populated RRR data and confirm that it is accurate. If not, please explain the discrepancy.

3) GA Tab – Note 3: GA Rate Billed

Under Note 3:

- a) Select the GA rate used to bill customers (i.e. 1st estimate, 2nd estimate or actual) in the drop-down box. This selection will result in populating Column K, GA Rate Billed (\$/kWh) in the table under Note 4.
- b) For the months of April to June 2020, confirm that the distributor used the adjusted GA rates (1st or 2nd estimates or actual) to bill customers. For the months of April to June 2020, the Independent Electricity System Operator (IESO) provided adjusted GA rates (which reflected the deferral of a portion of the GA as per the May 1, 2020 Emergency Order), and unadjusted GA rates (which did not consider the GA deferral).
- c) Confirm that the distributor uses the same GA rate to bill all customer classes. If not confirmed, please provide further details.
- d) Confirm that the distributor uses the same GA rate for recording unbilled revenue entries. If not confirmed, please explain.

Note that the same GA rate is to be used for all non-RPP Class B customers within a customer class (per O.Reg 429/04, section 16(3)).

4) GA Tab – Note 4: Analysis of Expected GA Amount

- a) Complete columns F, G and H of the first table under Analysis of Expected GA Amount based on calendar month consumption. Completion of this table will calculate an expected GA price variance. See table below for description of the columns.
 - i) Note that the Workform requires kWh volumes for revenues and expenses on a calendar month basis. It is calculated as billed kWh minus the prior month's unbilled kWh plus the current month's unbilled kWh. Alternatively, if more precise calendar month consumption is available, this may be used rather than using unbilled data. In this case, input the calendar month consumption data in column F. Unbilled consumption would not be required in columns G and H. However, if columns G and H are not used, an explanation should be provided in the text box under Note 4, part a.

Description of Columns in the Calculation of the Expected GA Price Variance:

Column	Description
Column F	Monthly non-RPP Class B kWh consumption billed (including losses).
Column G	Prior month's unbilled consumption is to be deducted.
Column H	Current month's unbilled consumption is to be added.
Column I	Non-RPP Class B consumption billed, adjusted for losses and unbilled consumption as calculated from columns F to H. Total annual consumption is expected to differ from the Consumption Data Table (Note 2) by the loss factor. Utilities are expected to ensure that the difference in consumption between that in column I and the Consumption Data Table is reasonable.
Column K	Calculated GA revenues billed.
Column J	GA rates billed to customers will be populated once the distributor selects the billed rate in Note 3.
Column L	Actual GA rates billed by the IESO will be populated.
Column M	Calculated GA costs paid.
Column N	Expected GA price variance calculated based on the data in the table, prior to the impacts of any differences between approved and actual system losses.

- b) Complete the second table under the under Analysis of Expected GA Amount based on calendar month consumption. Completion of this table will calculate an expected GA volume variance, inclusive of the impacts of differences between approved and actual system losses. See table below for description of the columns.
- i) Note that distributors may propose a more precise calculation of the GA volume variance using monthly consumption and monthly GA actual rates.

Description of Columns in the Calculation of the Expected GA Volume Variance:

Column	Description
Column O	This is the annual non-RPP Class B wholesale consumption. It is calculated as [Allocated Quantity of Energy Withdrawn (AQEW) - Class A + embedded generation kWh]*(non-RPP Class B retail kWh/Total retail Class B kWh).
Column P	The annual non-RPP Class B retail consumption is populated from Column I in the table above.
Column Q	The unaccounted for energy loss is populated as the difference between wholesale and retail consumption from columns O and P.
Column R	This is the weighted average GA price paid. It is calculated as: (non-RPP portion of CT 148 on the IESO invoice)/(non-RPP Class B Wholesale kWh per column O).
Column N	Expected GA volume variance calculated based on the data in the table, inclusive of the impacts of differences between approved and actual system losses.

Note that the 2020 calculation of the expected Volume Variance should exclude data from April to June 2020, as the line loss volume variance would be reflected in the “Impacts of the GA deferral” reconciling item (see Appendix A for an example of this reconciling item). An example of the supporting calculation for data input into columns O and R of the table for 2020 is as follows:

2020	Non-RPP Class B Wholesale kWh	\$ Non-RPP portion of CT 148 on IESO invoice	Weighted Average Actual GA Rate Paid (\$/kWh)
January	38,300,000	\$ 3,918,090	
February	35,000,000	\$ 3,965,500	
March	27,500,000	\$ 3,283,500	
July	25,000,000	\$ 2,475,000	
August	27,600,000	\$ 2,856,600	
September	26,800,000	\$ 3,264,240	
October	29,000,000	\$ 3,714,900	
November	28,000,000	\$ 3,278,800	
December	32,000,000	\$ 3,379,200	
Total	269,200,000 (Column O)	\$ 30,135,830	\$ 0.1119 (Column R)

- c) The Workform will calculate the loss factor based on the data in Notes 2 and 4. The calculated loss factor should be within +/- 1% of the approved loss factor for that particular year. If it is not, an explanation should be provided in the text box under Note 4, part b.

5) GA Tab - Note 5: Reconciling Items

The purpose of this section is to reconcile the difference between:

- i. the expected net variance for the year calculated in the Workform for Account 1589, and
- ii. the net variance recorded in the distributor's general ledger.

Reconciling items must be considered for each year requested for disposition.

- a) Input the Net Change in Principal Balance in the General Ledger. This should equal the GA transactions recorded in Account 1589 for the year.
 - Do not include dispositions in this amount.
 - Do not include principal adjustments in this amount as that will be shown in the "Principal Adjustments" column in the DVA Continuity Schedule.
 - This amount should agree to the "Transactions" column shown in the DVA Continuity Schedule.
- b) Complete the reconciling items table as applicable. See Appendix A for examples of reconciling items and how to calculate them.
- c) For each reconciling item, indicate which of the amounts are included as principal adjustments on the DVA Continuity Schedule. Reconciling items may or may not

be principal adjustments depending on the nature of the item. See Appendix A for examples.

6) GA Tab – Note 6: Unresolved Difference

Under Note 6, any remaining unreconciled difference that is greater than +/- 1% of the annual IESO GA charges must be analyzed and investigated to identify any additional reconciling items, and/or to identify corrections to the balance requested for disposition.

7) Account 1588 Tab – Note 7: Account 1588 Reasonability Test

Complete the Account 1588 Tab.

Typically, large balances are not expected for Account 1588, as it should only hold the variance between commodity costs based on actual line losses and commodity revenues calculated based on approved line losses. The Account 1588 Reasonability Test included in the Workform compares the annual Account 1588 variance to the Cost of Power purchased in that respective year. Any annual Account 1588 variance greater than +/- 1% of that year's cost of power purchased must be explained.

8) Principal Adjustments Tab – Note 8: Breakdown of Principal Adjustment Included in Last Approved Balance

Complete the Principal Adjustments Tab.

Provide a breakdown of any principal adjustments included in the last approved balance disposed for accounts 1588 and 1589.

- Note that if the last approved balance was approved on an interim basis and there are changes to this balance, then a principal adjustment breakdown included in the last approved balance that was disposed on a final basis should be provided instead of the last approved balance that was disposed on an interim basis.
- If a prior period principal adjustment is to be reversed in the current rate application, this will be populated automatically in the table under Note 9.

9) Principal Adjustments Tab – Note 9: Principal Adjustment Reconciliation In Current Application

Complete the reconciliation of principal adjustments in the current rate application for accounts 1588 and 1589.

- This table is required for each year that is requested for disposition in the current rate application.
- Note that if the last approved balance was approved on an interim basis and there are changes to this balance, the reconciliation of principal adjustments must also be completed for this revised balance as well.

Appendix A GA Analysis Workform – Examples of Reconciling Items and Principal Adjustments

This Appendix provides examples of the typical reconciling items and principal adjustments used in the Workform. Though not expected to be common for 2020, distributors may have reconciling items relating to load transfers, GA balances pertaining to Class A customers, and differences between the posted and invoiced GA rates. Distributors may refer to the prior year's GA Analysis Workform Instructions for examples of these reconciling items.

In the examples below, references to the “Total Expected GA Variance” from the Workform are referred to as the expected balance, and references to the “Net Change in Principal Balance in the GL” from the Workform are referred to as the General Ledger balance. Reconciling items explain the difference between the expected balance calculated in the Workform and the General Ledger balance. Principal adjustments are amounts that adjust the General Ledger balance to the appropriate balance (reflecting the calendar year) to be requested for disposition. Reconciling items may or may not be principal adjustments. The examples below use:

- 2020 as the current year
- 2019 as the prior year
- 2021 as the subsequent year

1. True-up of GA Charges based on Actual Non-RPP Volumes:

True-ups of non-RPP consumption impacting Account 1589 are to be included in the year in which it relates for disposition purposes. If the true-up is not recorded in the General Ledger in the year in which it relates, a reconciling item will be needed in the Workform and a principal adjustment will be needed in the DVA Continuity Schedule. A distributor receives the IESO invoice, and reflects the invoice in its General Ledger as of year-end, the true-up is determined as the difference between:

- i. the actual non-RPP Class B kWh multiplied by the actual invoiced GA price per kWh, and
- ii. the estimated non-RPP Class B kWh multiplied by the actual invoiced GA price per kWh that was initially accrued in the General Ledger

Note: there may be multiple amounts included in this reconciling item depending on how many months of true-ups were not reflected in the General Ledger balance of Account 1589 at the year-end.

1a. True-up of GA Charges based on Actual Non-RPP Volumes – prior year:

Example:

Data used in true-up of non-RPP Class B volumes for December 2019:

Data	Quantity
Estimated non-RPP Class B volumes	275,000,000 kWh
Actual non-RPP Class B volumes	296,759,443 kWh
GA actual invoiced price	\$0.1000/kWh

- The IESO invoice was received and reflected in the General Ledger as of the year-end, and GA costs were recorded in accounts 1588 and 1589 based on estimated consumption volumes. The estimate of GA costs for non-RPP Class B customers for December 2019 would have been \$27,500,000. The actual GA cost for non-RPP Class B customers for December 2019 was \$29,675,944.
- The true-up of \$2,175,944 was not recorded in the 2019 General Ledger, but was recorded in the 2020 General Ledger.

Reconciling item: There would be a reconciling item of \$2,175,944 in the 2019 Workform. The 2019 General Ledger balance excluded the true-up while the expected balance calculated in the Workform included the true-up as it was calculated based on calendar year consumption. Similarly, in the 2020 Workform, the reconciling item relating to the prior year true-up would be reversed and shown as (\$2,175,944).

Principal adjustment: The true-up of \$2,175,944 would be a principal adjustment in the 2019 DVA Continuity Schedule to true-up the understated GA costs to actual costs. Similarly, (\$2,175,944) relating to the prior year true-up would be a reversal principal adjustment in the 2020 DVA Continuity Schedule.

1b. True-up of GA Charges based on Actual Non-RPP Volumes – current year:

Example:

Data used in the true-up of GA costs for December 2020:

Data	Quantity
Estimated non-RPP Class B volumes	263,000,000 kWh
Actual non-RPP Class B volumes	277,345,455 kWh
GA actual invoiced price	\$0.1100/kWh

- The IESO invoice was received and reflected in the General Ledger as of the year-end, and GA costs were recorded in Accounts 1588 and 1589 based on estimated consumption volumes. The estimated GA costs for non-RPP Class B customers for December 2020 would have been \$28,930,000. The actual GA cost for non-RPP Class B customers for December 2020 was \$30,508,000.
- The true-up of \$1,578,000 was not reflected in the 2020 General Ledger, but was recorded in the 2021 General Ledger.

Reconciling item: There would be a reconciling item of \$1,578,000 in the 2020 Workform. The 2020 General Ledger balance excluded the true-up while the expected balance calculated in the Workform included the true-up as it was calculated based on calendar year consumption. Similarly, in the 2021 Workform, the reconciling item would be reversed and shown as (\$1,578,000).

Principal adjustment: The true-up of \$1,578,000 would be a principal adjustment in the 2020 DVA Continuity Schedule to true-up the understated GA costs to actual costs. Similarly, the (\$1,578,000) would be a reversal principal adjustment in the 2021 DVA Continuity Schedule.

2. **Unbilled to actual revenue differences:**

- Distributors are required to follow monthly accrual accounting for transaction recording and financial statement preparation. Revenue accrual accounting is performed by recording unbilled revenue, based on best available information, for the electricity consumed by customers that they will eventually be billed for to the end of the reporting period. Unbilled revenue must be accrued for all components of a customer's bill that will be invoiced in the future to the end of the reporting period.
- Distributors are to record the differences between i) estimated unbilled revenue for the GA for all customer classes and ii) the actual GA revenue billed in the subsequent year relating to consumption in the previous fiscal year, for account disposition purposes. This is referred to as the unbilled to actual revenue true-up.
- Whether a reconciling item in the Workform and/or principal adjustment in the DVA Continuity Schedule is required will depend on:
 - i. whether estimated consumption is reflected in the expected balance calculated in the Workform or whether actual calendar month consumption is used, and
 - ii. whether the unbilled to actual revenue true-up is included in the General Ledger at year-end.

The table below shows the scenarios that determine whether a reconciling item and/or principal adjustment is required:

Reconciling Item and Principal Adjustments

	Expected GA balance in Note 4 is calculated based on estimated consumption	Expected GA balance in Note 4 is calculated based on actual consumption
GL balance -Includes unbilled to actual revenue true-up	<ul style="list-style-type: none"> - Reconciling item is required - Principal adjustment is not required 	<ul style="list-style-type: none"> - Reconciling item is not required - Principal adjustment is not required
GL balance -Excludes unbilled to actual revenue true-up	<ul style="list-style-type: none"> - Reconciling item is not required - Principal adjustment is required 	<ul style="list-style-type: none"> - Reconciling item is required - Principal adjustment is required

2a. Prior year-end unbilled to actual revenue differences:

Example:

Data used to calculate the difference between estimated unbilled revenue for 2019 and actual billed revenue in 2020 relating to consumption in the 2019 fiscal year (assuming the distributor records unbilled revenue using the GA 1st estimate price):

	November 2019	December 2019
Estimated unbilled non-RPP Class B kWh as at Dec. 31, 2019	5,750,000 kWh	335,000,000 kWh
Actual billed non-RPP Class B kWh (billed in 2020)	4,225,750 kWh	329,650,550 kWh
GA 1st estimate price	\$0.1230/kWh	\$0.0975/kWh

- The estimated unbilled revenue accrual for non-RPP Class B customers at the end of 2019 was: \$33,369,750 = [\$32,662,500 = (335,000,000 X \$0.0975/kWh)] + [\$707,250 = (5,750,000 X \$0.1230/kWh)].
- The actual revenue billed in 2020 related to consumption in 2019 for non-RPP Class B customers was \$32,660,696 = [\$32,140,929 = 329,650,550 X \$0.0975/kWh)] + [\$519,767 = (4,225,750 X \$0.1230/kWh)].
- The difference between estimated unbilled revenue and actual billed revenue is \$709,054. 2019 unbilled revenue was overstated.
- Assume that estimated unbilled consumption is used in calculating the expected balance in the Workform. Also assume the 2019 General Ledger balance excluded

the unbilled to actual revenue true-up, but that this difference was included in the 2020 General Ledger through typical billing/unbilled journal entries.

Reconciling item: There would be no reconciling item in the 2019 Workform as both the 2019 General Ledger balance and the expected balance calculated in the Workform were determined on the same basis of consumption (i.e. both reflect estimated unbilled consumption). There is no misalignment between the General Ledger balance and the expected balance calculated in the Workform. Similarly, assuming the same practices were used in 2020, there would be no reconciling item relating to the prior year in the 2020 Workform.

Principal adjustment: There would be a principal adjustment of \$709,054 in the 2019 DVA Continuity Schedule to true-up the overstated unbilled revenue to actual revenue. Similarly, there would be a reversal principal adjustment of (\$709,054) relating to the prior year in the 2020 DVA Continuity Schedule.

2b. Current year-end unbilled to actual revenue differences:

Example:

Data used to calculate the difference between in estimated unbilled revenue for 2020 and actual billed revenue in 2021 related to consumption in the 2020 fiscal year (assuming the distributor records unbilled revenue using the GA 1st estimate price):

	November 2020	December 2020
Estimated unbilled non-RPP Class B kWh as at Dec. 31, 2020	7,750,000 kWh	348,000,000 kWh
Actual billed non-RPP Class B kwh (billed in 2021)	6,500,000 kWh	335,750,750 kWh
GA 1st estimate price	0.1185/kWh	\$0.1075/kWh

- The estimated unbilled revenue accrual for non-RPP Class B customers at the end of 2020 was \$38,328,375 = [\$37,410,000 = (348,000,000 X \$0.1075/kWh)] + [\$918,375 = (7,750,000 X \$0.1185/kWh)].
- The actual revenue billed in 2021 related to consumption in 2020 for non-RPP Class B customers was \$36,863,527 = [\$36,093,206 = 335,750,750 X \$0.1075/kWh] + [\$770,250 = (6,500,000 X \$0.1185/kWh)].
- The difference between estimated unbilled revenue and actual billed revenue is \$1,464,919. 2020 unbilled revenue was overstated.
- Assume that actual calendar month consumption data is used in calculating the expected balance in the Workform. Also, assume the 2020 General Ledger balance included the unbilled to actual revenue true-up.

Reconciling item: There would be no reconciling item in the 2020 Workform as both the 2020 General Ledger balance and the expected balance calculated in the Workform were determined on the same basis of consumption (i.e. reflects actual consumption). There is no misalignment between the General Ledger balance and the expected balance calculated in the Workform. Similarly, assuming the same practices were used in 2021, there would be no reconciling item relating to the prior year in the 2021 Workform.

Principal adjustment: There would be no principal adjustment in the 2020 DVA Continuity Schedule to true-up the unbilled revenue to actual revenue as it was already included in the 2020 General Ledger balance. Similarly, there would be no reversal principal adjustment relating to the prior year in the 2021 DVA Continuity Schedule.

3. Significant out-of-period billing adjustments:

- Cancel and rebills for billing adjustments may be recorded in the current year's revenue General Ledger but the related consumption and costs charged by the IESO may not be reflected in the current year.
- Conversely, billing errors may occur in the current year but the related cancel and rebills for billing adjustments may be recorded in a future year's revenue General Ledger. Meanwhile, the related consumption and costs charged by the IESO may be reflected in the current year. If distributors know that such circumstances have occurred at the time of requesting disposition of Account 1589, the related reconciling item should be identified for 2020.
- It is a normal part of business for distributors to make billing corrections, bill cancellations, and re-billings. Billing adjustments can be small or quite large, depending on the nature and cause of the billing adjustment.
- Where billing adjustments relate to prior or future calendar years pertaining to non-RPP Class B customers, there would be an impact to Account 1589.

Example:

- A distributor made significant billing adjustments in 2020, where certain customers were under-billed for 2,000,000 kWh of consumption in August 2019.
- The billing adjustment is recorded in the General Ledger in August 2020. The billing statistics for August 2020 also reflected the inclusion of the 2,000,000 kWh relating to the billing adjustment.
- Applicable GA prices are as follows:

	August 2019	August 2020
GA 2nd estimate price	\$0.1094/kwh	\$0.1062/kWh
GA actual price	\$0.1261/kWh	\$0.135/kWh

Note that the below rationale for the reconciling item and principal adjustment for 2019 in this example would generally apply to the year in which a billing error was made and the rationale for the reconciling item and principal adjustment for 2020 in this example would generally apply to the year in which the billing adjustment was recorded in the General Ledger.

Reconciling item: There would be a reconciling item of (\$252,000) in the 2019 Workform as there is a misalignment between the 2019 General Ledger balance and the expected balance calculated in the Workform, with respect to the GA cost component. The calculation of the reconciling item is as follows:

2019 Reconciling Item:

	kWh	GA price (\$/kWh)	2019 GL	kWh	GA price (\$/kWh)	Workform	Reconciling item
GA Revenues	0	0.1097	\$0	0	0.1097	\$0	
GA Costs	2,000,000	0.1261	\$252,200	0	0.1261	\$0	
GA variance for the billing adjustment			\$252,200*			\$0	(\$252,200)

*represents the variance in GA consumption

The GA cost component that forms part of the 2019 General Ledger balance includes the consumption relating to the 2020 billing adjustment, as this amount was charged by the IESO and recorded in the General Ledger in 2019. However, the 2019 expected balance calculated in the Workform, which is based on billed consumption, excluded the related consumption.

As the reconciliation under Note 5 starts with the General Ledger balance and reconciles that to the expected balance calculated in the Workform, a reconciling item of (\$252,200) is required for 2019.

There would also be a reconciling item of \$214,000 in the 2020 Workform as there is a misalignment between the 2020 General Ledger balance and the expected balance calculated in the Workform, with respect to both the GA cost and revenue components. The calculation of the reconciling item is as follows:

2020 Reconciling Item:

	kWh	GA price (\$/kWh)	2020 GL	kWh	GA price (\$/kWh)	2020 Workform	Reconciling item
GA Revenues	2,000,000	0.1097	\$(219,400)	2,000,000	0.1062	\$(212,400)	
GA Costs	0	0.1035	\$0	2,000,000	0.1035	\$207,000	
GA variance for the billing adjustment			\$(219,400)*			\$(5,400)**	\$214,000

*represents the variance in GA consumption

**represents the variance in in GA pricing

The GA cost component that forms part of the 2020 expected balance calculated in the Workform is based on billed consumption, which includes the consumption relating to the 2020 billing adjustment. However, the 2020 General Ledger balance would not have included this amount, as it would have already been charged by the IESO and recorded in the General Ledger in a prior period. In addition, the GA revenue component that forms part of the 2020 expected balance calculated in the Workform is calculated based on the August 2020 GA 2nd estimate. However, the billing adjustment included in the 2020 General Ledger balance is calculated based on the August 2019 GA 2nd estimate.

As the reconciliation under Note 5 starts with the General Ledger balance and reconciles that to the expected balance calculated in the Workform, a reconciling item of \$214,000 is required for 2020.

Principal adjustment: A principal adjustment would not be required in the 2019 or 2020 DVA Continuity Schedule as the 2019 and 2020 General Ledger appropriately reflects the billings in each respective year.

4. CT 2148 for prior period corrections:

Effective February 28, 2019, the IESO established “Charge Type 2148 Global Adjustment Prior Period Correction Settlement Amount” to capture corrections to prior period input data for embedded generation, energy storage or Class A load quantities for the impacted market participant. Only the market participant requesting the prior period correction will see charge type (CT) 2148 on its IESO invoice. This charge type would be a reconciling item on the Workform as it would not be reflected in the actual GA rate that is populated in the Analysis of Expected GA Amount table. However, this would not require a principal adjustment, as this impact would have been recorded in the General Ledger.

Example:

- The IESO included CT 2148 on a distributor's monthly invoice during 2020, totaling \$900,000, of which \$425,000 has been determined to pertain to non-RPP customers. The CT 2148 charge pertained to an error from 2019, where the distributor was undercharged GA costs. This adjustment would result in an invoiced GA rate that is different than the actual posted rate.

Reconciling item: A reconciling item of \$425,000 would be required in the 2019 Workform as there is a misalignment between the 2019 General Ledger balance and the expected balance calculated in the Workform, with respect to the GA cost component. The distributor was undercharged \$425,000 in GA costs in 2019, however, the consumption used in calculating the expected balance in the Workform was the appropriate consumption.

As the reconciliation under Note 5 starts with the General Ledger balance and reconciles that to the expected balance calculated in the Workform, a reconciling item of \$425,000 is required in the 2019 Workform.

A reconciling item of (\$425,000) would be required in the 2020 Workform as there is a misalignment between the 2020 General Ledger balance and the expected balance calculated in the Workform, with respect to the GA cost component. The GA costs including the \$425,000 adjustment would have been recorded in the 2020 General Ledger balance, however, the additional charge would not have been reflected in the calculation of the expected balance calculated in the Workform (reflecting actual GA price, excluding CT 2148).

As the reconciliation under Note 5 starts with the General Ledger balance and reconciles that to the expected balance calculated in the Workform, a reconciling item of (\$425,000) is required in the 2020 Workform.

Principal adjustment: A principal adjustment would not be required in the 2019 and 2020 DVA Continuity Schedule, as GA costs, including CT 2148 would have been appropriately reflected in the 2019 and 2020 General Ledger.

5. Impacts of GA Deferral

In May 2020, an Emergency Order was implemented in Ontario, under which a portion of the GA cost was deferred for non-RPP customers. For non-RPP Class B customers, the Class B GA rate was limited to \$115/MWh for April, May and June 2020. A transitional approach was put into place to address non-RPP Class B customers that were billed based on the GA first estimate price for April, which was set prior to the Emergency Order.

During the period that the GA deferral was in effect, a distributor's month-end settlement statement showed CT 148 based on the unadjusted GA price. The settlement statement also showed the GA deferral for non-RPP Class B customers as a credit to CT 148. The resulting net CT 148 appearing on a distributor's IESO invoice for the month reflected the adjusted GA rate (i.e. \$115/MWh). The credit to CT 148 was calculated by the IESO based on the estimated RPP consumption quantities, for any given month, reported by distributors through their general RPP settlement practices.

Example:

- The net CT 148 (i.e. reflecting the adjusted GA rate) on the distributor's IESO invoice was \$9,680,466.
- In the Workform, for the months of April to June 2020, total GA costs (i.e. column M of the Analysis of Expected GA Amount table) was calculated to be \$9,637,000.

Reconciling item: A reconciling item of (\$43,466) is required in the 2020 Workform, as there is a misalignment between the 2020 General Ledger balance and the expected balance calculated in the Workform, with respect to the GA cost component. The GA costs component that forms part of the 2020 expected balance calculated in the Workform is based on billed consumption, which may not necessarily correspond with the consumption the IESO used to calculate the credit to CT 148. The reconciling item is calculated as follows:

Month	GA Costs \$ in Workform (Column M in Workform)	Non-RPP GA Costs \$ (i.e. Net CT 148) in General Ledger	Reconciling Item
April	\$3,082,000	\$3,090,708	\$ (8,708)
May	\$3,335,000	\$3,343,127	\$ (8,127)
June	\$ 3,220,000	\$ 3,246,631	\$(26,631)
Total	\$9,637,000	\$9,680,466	\$ (43,466)

As the reconciliation under Note 5 starts with the General Ledger balance and reconciles that to the expected balance calculated in the Workform, a reconciling item of (\$43,466) is required in the 2020 Workform. This is a one-time adjustment in the Workform, and a reversal would not be required in future periods.

Principal adjustment: This would not require a principal adjustment to the 2020 DVA Continuity Schedule, as the GA costs reflected in the 2020 General Ledger already appropriately reflects the IESO invoice.