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May 15, 2019

To: All licensed electricity distributors

Re: Accounting Guidance for IESO Charge Type 2148

This letter provides accounting guidance for the new IESO charge type 2148 Class B Global Adjustment Prior Period Correction Settlement Amount.

Background

Effective February 28, 2019, the IESO established charge type 2148 to clearly distinguish prior period corrections for settlement amounts relating to charge type 148 Class B Global Adjustment Settlement Amount. The new charge type is 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 2148 on its IESO invoice. The corrective settlement amount will then be allocated to all Wholesale Market Participants based on the current Class B settlement month load quantities.

These prior period corrections are not the result of RPP Settlement true-ups as part of the normal course of business when better information becomes available. There should be no change to a utility's processes for RPP Settlement true-ups or the identification and submission of data corrections to the IESO. Attached to this letter is an example of how charge type 2148 would be allocated the market participants.

All prior period adjustments to global adjustment, which are charged to Wholesale Market Participants for Class B load quantities, are captured in charge type 148 and are expected to be reflected in the actual global adjustment price posted by the IESO. The invoiced global adjustment price (charge type 148 only) will generally equal the posted global adjustment price. An exception to this would be when there are consumption

changes between preliminary and final settlement statements due to meter data updates and/or IESO system issues. These changes are not expected to be significant, but if they are significant, the IESO will provide a reconciliation between the posted and invoiced global adjustment price.

Accounting Guidance

For non-RPP Class B customers, distributors track differences between billed and actual global adjustment costs in Account 1589 – RSVA_{GA}. For RPP customers, the global adjustment is incorporated into the standard commodity prices set by the Ontario Energy Board, so there is no variance account for the global adjustment related to RPP customers.

The settlement amount for Class B global adjustment is captured under charge type 148. Charge type 2148 is to be treated in the same manner as charge type 148 for accounting and RPP settlement purposes as charge type 2148 is an adjustment to charge type 148. The sum of charge types 148 and 2148 on the IESO invoice would represent the total global adjustment cost. Accounting guidance previously provided for charge type 148 will also apply to charge type 2148. This includes the methodology to apportion RPP and non-RPP total global adjustment costs as per the Accounting Procedures Handbook Update – Accounting Guidance Related to Pass-Through Accounts 1588 & 1589, issued on February 21, 2019.

Distributors are expected to incorporate the portion of RPP global adjustment from charge type 2148 in their RPP settlement claims. Therefore, the total global adjustment cost is to be used in calculating RPP settlements claims and subsequent true ups with the IESO. The portion of charge type 2148 relating to RPP customers would need to be settled with the IESO as a part of the current month RPP settlement using current month Class B RPP load quantities. Distributors are not expected to revise prior period RPP settlement claims for prior period corrections stemming from charge type 2148.

Any questions relating to this letter should be directed to Industry Relations at Industryrelations@oeb.ca

Yours truly,

Original signed by

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Board Secretary