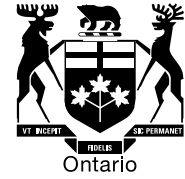


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BY E-MAIL AND WEB POSTING

March 23, 2018

To: All Licensed Electricity Distributors

Re: Updated Guidance on Smart Metering Entity Charge

This letter serves to provide updated guidance to electricity distributors on the appropriate accounting treatment with respect to changes to the Smart Metering Entity Charge, which were announced on March 1, 2018.

On March 1, 2018, the Ontario Energy Board (OEB) approved the application by the Independent Electricity System Operator (IESO), in its capacity as the Smart Metering Entity (SME), for a smart metering charge (SMC) for the 2018-2022 period.¹ The OEB also issued a letter to all licensed electricity distributors outlining that the SMC is a pass through amount to be charged by distributors to all applicable customers in the Residential and General Service <50kW classes. The retail level charge appears as the Smart Metering Entity Charge on a distributor's tariff of rates and charges.

The previous SMC of \$0.79 per smart meter per month for each applicable Residential and General Service <50kW customer was originally ordered to be in effect from May 1, 2013 to October 31, 2018. The new SMC of \$0.57 per smart meter per month is effective January 1, 2018 to December 31, 2022 and supersedes the previous SMC.

The IESO sent out correspondence to distributors on March 2, 2018 explaining that the new SMC of \$0.57 per meter will be reflected on the March 31, 2018 preliminary settlement statement and March physical invoice (under charge type 9980), which will be issued on April 16, 2018.² The previously approved SMC of \$0.79 per meter was collected for the first three months in 2018 and will result in an accumulated credit to electricity distributors.³

¹ EB-2017-0290 Decision and Order.

² Email from IESO Customer Relations dated March 2, 2018 2:42 PM.

³ The IESO practice with respect to billing electricity distributors the SMC is to invoice the charge before the end of the month that the charge relates to. Moreover, in the IESO announcement it indicated that it will bill the April 2018 SMC charges to electricity distributors on the April 16, 2018 invoice. Currently, the way the IESO bills the SMC charge is an exception to the way it bills other charge types which typically relate to the previous calendar month.

As the new SMC has an effective date of January 1, 2018, electricity distributors will receive a rebate reflecting the amounts that they overpaid the SME for the period January 1, 2018 to March 31, 2018. The amount of the rebate per smart meter per month is \$0.22 (\$0.79 - \$0.57). The SME will reflect this total rebate of \$0.66 per smart meter for the three month period, as a separate line item under Charge Type 9980 on the March 31, 2018 Preliminary Settlement Statement and invoice to be issued on April 16, 2018.

Electricity distributors are expected to record this rebate as a credit in Account 4751 (Charges – Smart Metering Entity Charge). The credit is not to be applied retroactively to any customer bills already rendered and it is not to be credited to Account 4076 (Billed – Smart Metering Entity Charge). Account 4076 should remain unaffected by the rebate issued by the SME. Furthermore, the impact of the credit to Account 4751 will flow through to Account 1551 (Smart Metering Entity Charge Variance Account), and will be refunded to customers as part of the distributor's next disposition of Group 1 deferral and variance accounts.

Electricity distributors are to levy and collect the new Smart Metering Entity Charge of \$0.57 from customers with an implementation date of (that is, electricity consumed on or after) April 1, 2018. Distributors will continue to record revenue associated with the Smart Metering Entity Charge in Account 4076 (Billed – Smart Metering Entity Charge). Any customer billings for consumption periods that begin before April 1, 2018 and end after this date are expected to have the previous and new Smart Metering Entity Charge prorated according to the number of calendar days attributable to each respective period.

Electricity distributors will continue to use Account 1551 (Smart Metering Entity Charge Variance Account) to record the difference between the SMC paid to the SME and amounts charged to customers, if any. The difference between amounts paid to the SME and amounts charged to customers for the Smart Metering Entity Charge, including the lump-sum rebate, will be passed through to customers in the next disposition of Group 1 deferral and variance accounts in the distributor's rate proceeding.

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

Yours truly,

Original signed by

Kirsten Walli
Board Secretary