



Ontario Energy Board

Filing Requirements for Smart Meter Investment Plans

October 26, 2006

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One of the issues addressed in the Board's Decision on Generic Issues (EB-2005-0529) related to the smart metering program. The Decision stated:

"In addition, as a condition of granting the rate applications, all utilities will be required to file with the Board within 90 days of this Decision their plan for smart meter investment in the 2006 rate year."

The Board's May 16th letter stated:

"The Board is aware that a number of utilities are working closely with the Ministry of Energy to begin smart meter acquisitions. However, government regulations clarifying smart meter technical specifications and naming the Smart Meter Entity are pending. Utilities will be advised of their smart meter filing requirements 30 days after the issuance of an expected smart meter regulation. Distribution utilities should continue to implement approved rates during the interim."

The subject Regulations¹ were issued on September 16, 2006. Accordingly, by a letter dated October 13, 2006, the Board has advised all distributors that it requires them to file their plans for smart meter investment in the 2006 rate year (May 1, 2006 to April 30, 2007) within 90 days of the issuance of the Regulations, i.e. by December 15, 2006.

As noted in the October 13th letter, the Board is also aware that some distributors are concerned that the amount approved in rates to provide funding for the smart meter program may not be sufficient to support their new or revised implementation plan. The current level of funding varies by distributor depending on whether or not it filed a smart meter plan as part of its 2006 EDR rate application.

The EB-2005-0529 Generic Decision contained findings relevant to funding for smart meters for electricity distributors. If the applicant filed a specific smart meter plan in the revenue requirement, the Generic Decision provided that an amount determined as \$3.50 per meter per month installed during the rate year be reflected in the applicant's revenue requirement, instead of the smart meter-related costs proposed by the applicant. Consequently, the amounts that the applicant had proposed in its 2006 rate application were removed and replaced with the amount determined in accordance with the Generic Decision. If an applicant did not file a specific smart meter investment plan or request approval of any associated amount in its revenue requirement, the Generic Decision provided that \$0.30 per residential customer per month be reflected in the applicant's revenue requirement. As there have been variance accounts established and for simplicity, the Board did not make any distinction for purposes of setting rates between the meter costs for residential and non-residential customers. Furthermore, the Generic Decision stated that this smart meter revenue will be allocated to all metered customers and recovered through the monthly service charges.

¹ O. Reg. 425/06 – Criteria and Requirements for Meters and Metering Equipment, Systems and Technology; O. Reg. 426/06 – Smart Meters: Cost Recovery; O. Reg. 427/06 – Smart Meters: Discretionary Metering Activity and Procurement Principles; and, O. Reg. 428/06 – Priority Installations

In the Board's code development processes for setting 2007 distribution rates, Board staff have proposed an increase to the allowance in rates for smart meter implementation. The details of this proposal are found at section 4.3.1 of Board staff's July 25, 2006 Discussion Paper². Parties have been asked to comment on this proposal.

Distributors are asked to provide the following information and/or use the following questions as the basis for their filings with the Board. Distributors may include additional comments, as appropriate.

1. Distributor identification (name, name of contact person and contact information).
2. Did you submit a Smart Meter Investment Plan ("SMIP") as part of your 2006 EDR rate application? If yes, please provide the specific place(s) in your application that outlined your plan.
3. If you have you made any significant changes to your SMIP subsequent to your application please provide details of the changes (both here in general terms and as a component of the following questions).
4. For the 2006 rate year, how much money has been included in the Board approved revenue requirement for the SMIP? How is this being recovered from your customers?
5. What is your SMIP in the 2006 rate year? If you do not have a SMIP in the 2006 rate year, what are your intentions for future years?
6. Is your SMIP in the 2006 rate year a component of a multi-year plan? If so, please provide details of the total plan, broken down by year, as completely as possible.
7. Specifically, and in as much detail as possible, please provide the following information for your planned implementation of the SMIP:
 - the number of meters installed by class and by year, both in absolute terms and as a percentage of the class;
 - the capital expenditures and amortization by class and by year;
 - the operating expenses by class and by year;
 - the effect of the SMIP on the level of the allowance for PILs.
8. If you previously submitted a plan and have made changes to it, please provide a similar set of responses to question 7 for both the original plan and the changes between plans.
9. With respect to funding for the SMIP, please provide comments as to whether you consider that the existing funding recovered through the 2006 rates and/or the proposed adjustment for 2007 rates is sufficient, or indicate why that funding and timing is not sufficient for your SMIP needs and what action you consider necessary to ameliorate the situation. Please ensure that these comments are as detailed and

² Staff Discussion Paper on the Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors, dated July 25, 2006, and available on the Board's web site www.ceb.gov.on.ca

specific as possible, both with respect to the level of the funding and the timing of such a revision.

10. Please provide any additional comments that you believe would be helpful to the Board in its understanding of your SMIP and what you consider to be the requirements for the efficient and effective implementation of this government sponsored initiative.