

IRM Process Updates Q&A

The IRM Process Updates webinar was held on July 23, 2018. Below is a summary of the questions and answers addressed at the webinar.

Q1: If an LDC is not requesting any sub-account 1595 dispositions, are they required to submit the new 1595 model?

A1: Starting for the 2019 rate applications, distributors who meet the requirements for disposition of residual balances of Account 1595 sub-accounts (i.e. one year has passed since the sunset date of the rate rider recovery period and the amounts are supported by audited balances), must complete the 1595 Analysis Workform, irrespective of whether the distributor is requesting disposition or not. The new Workform will help the OEB assess if the residual balances in the Account 1595 Sub-accounts for each vintage year are reasonable. This is consistent with the requirement to file the DVA continuity schedule irrespective of whether a distributor has triggered the disposition threshold test. The full Workform will only need to be completed where an initial test, at the group account level, identifies that there is a material residual account balance exceeding 10% of the original amounts approved for disposition.

Q2: Please define "embedded distribution customers" as related to estimating RPP and non-RPP consumption. Also, please explain or give an example of a treatment of volumes related to embedded generation that could impact estimating RPP and non-RPP consumption.

A2: This question relates to Chapter 3 of the 2019 Filing Requirements, section 3.2.5.2 Global Adjustment under the description of the settlement process. It states:

A distributor must support its GA claims with a description of its settlement process with the IESO or host distributor. The description should include the following:

- The GA prices the distributor uses
- The distributor's process for providing consumption.....
- The distributor's method for estimating RPP and non-RPP consumption, as well as its treatment of **volumes related to** embedded generation or embedded distribution customers. [emphasis added]

In the above excerpt from the Filing Requirements, the requirement relates to accurate reporting of the volumes in the settlement processes. For example, when completing settlement forms, the distributor must accurately report volumes related to the embedded generation, as well as volumes related to its embedded distributor's customers (since the host distributor settles with the IESO on behalf of the embedded distributor).

The description of the settlement process should include:

- how the distributor estimates RPP and non-RPP volume consumption.
- how volumes related to embedded generation are dealt with in the settlement process
 - Embedded generation has an impact on the GA Charge Type 148 that the IESO calculates for the distributor. If embedded generation is not reported or is incorrectly reported to the IESO, the GA charges on the distributor's invoice would be incorrect. This would have an impact on the amounts that are recorded into RPP and non-RPP GA charges.
- embedded distributor's RPP settlement processes with the host distributor
 - Since only market participants settle with the IESO, a host Distributor that is a market participant is responsible for submitting information for embedded distributors to whom it distributes electricity. RPP related settlement information is to be provided by the embedded distributor to the host distributor. In this context, the "embedded distributor customers" means the RPP information related to the customers of the embedded distributor.

Q3: Could you please confirm the following information in the Instructions Tab of the IRM Rate Generator Model pertaining to the Continuity Schedule:

For all Account 1595 sub-accounts, complete the DVA continuity schedule for each Account 1595 vintage year that has a GL balance as at December 31, 2016 regardless of whether the account is being requested for disposition in the current application. Should it be Dec 31, 2017?

A3: Yes. The instructions in the 2019 IRM rate generator model should read as follows:

For all Account 1595 sub-accounts, complete the DVA continuity schedule for each Account 1595 vintage year that has a GL balance as at December 31, 2017 regardless of whether the account is being requested for disposition in the current application.

The instructions in the 2019 Rate Generator Model have been updated accordingly.

Q4: What is the implication of the letter that came out on Friday regarding the standardization of group accounts?

A4: As indicated in the letter dated Friday July 20, 2018 the OEB will not be approving Group 1 rate riders on a final basis. On a case by case basis, the OEB will approve

Group 1 rate riders on an interim basis or not at all. The accounting guidance for the commodity pass-through accounts is intended to set common standards that utilities must follow when making entries in accounts 1588 and 1589. Standardization is not contemplated for all Group 1 accounts at this time. The outcome of standardization is to have more accuracy of the commodity pass through accounts. Once accounting guidance has been issued the OEB will establish when distributors are required to make changes to their business processes and when rate riders would be approved on a final basis again.

Q5: Where are the slides for the GA Analysis webinar and the IRM Process Orientation webinar?

A5: The slides are available on the [2019 EDR webpage](#) under the “Updates” section.

Q6: What is the method to ask any remaining questions by distributors?

A6: If a distributor has questions with respect to any of the 2019 Rate Application Models, please send enquiries to ratemodels@oeb.ca. Distributors can also send any general questions to industryrelations@oeb.ca.

Q7: When disposing of two years’ worth of the Global Adjustment variance (for 2016 and 2017), does a distributor need to provide the 2016 consumption for customers who transitioned from class B to A in 2017?

A7: Yes. If a distributor had any customers who transitioned between Class A and Class B (transition customers) during the period the Account 1589 – Global Adjustment balance accumulated (from the year the balance was last disposed), the distributor will need to populate the rate generator model with consumption figures for each semi-annual period since the balance was last disposed. This should be done for each transition period. The model allocates balances between transition and non-transition customers on a cumulative basis since the most recent year of disposition.