

BACKGROUND AND LEGAL AUTHORITY

1. The Smart Metering Initiative (“SMI”) means the Ontario government’s policies related to its decision to ensure that Ontario electricity consumers are provided, over time, with smart meters. The goal of the SMI is to create a conservation culture and a toolset for demand management based upon the province-wide deployment of smart meters.

2. On July 26, 2007, Ontario Regulation 393/07 came into effect, designating the IESO as the Smart Metering Entity and providing the IESO with the authority to, amongst other things, support the SMI by coordinating and project managing implementation activities for the Meter Data Management Repository (“MDM/R”). The provincial government later amended the IESO’s objects through Ontario Regulation 288/14 made under the Electricity Act to also require the IESO to plan, manage, implement, oversee, administer and deliver the SMI or any aspect of the initiative.

3. The SME’s MDM/R is a meter data management repository for smart meter data and is utilized to collect, manage, store and retrieve the information and data related to the metering of consumers’ consumption or use of electricity in Ontario. It has the capability to receive smart meter consumption data from an LDC’s advanced metering infrastructure; validate, estimate, and edit the smart metering data; and transmit billing quantity data back to the LDC for use in customer billing.

4. The MDM/R became operational in 2008 and further development of, and updates to, the MDM/R have occurred since then and new functionality continues to be implemented.

5. The OEB Act provides the Board with the legal authority to allow the IESO (in its role as SME) to recover, through just and reasonable rates, costs related to its role as the SME through a Board order under subsection 53.8(8) of the Electricity Act and subsections 78(2.1) and (3.0.1) of the OEB Act.

1 6. The IESO Market Rules were amended effective December 12, 2007 to permit the
2 collection of the SMC by the IESO. These amendments also ensure that there are adequate
3 measures in place to protect the integrity of the IESO's settlement systems.

4 7. In EB-2012-0100/EB-2012-0211, the Board ordered that effective May 1, 2013 to October
5 31, 2018, the SME could levy and collect a SMC of \$0.788 per month for each Residential and
6 General Service <50kW customers from all distributors identified in the Board's annual *Yearbook*
7 *of Electricity Distributors*. The approved SMC covers the SME's revenue requirement to
8 December 31, 2017.