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Energy  
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de l'Ontario

**BY E-MAIL AND WEB POSTING**

**March 24, 2022**

**To: All Licensed Electricity Distributors  
All Licensed Unit Sub-Meter Providers  
Independent Electricity System Operator  
All Other Interested Parties**

**Re: Changes to the Ontario Electricity Rebate and Other OER-Related Guidance**

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On March 15, 2022, [amendments](#) to the General Regulation (O. Reg. 363/16) under the *Ontario Rebate for Electricity Consumers Act, 2016* (ORECA) were filed that expand the eligibility criteria for the Ontario Electricity Rebate (OER). These amendments come into effect on July 1, 2022. The amount of the rebate – 17% – is not changing.

This letter provides a summary of the revised eligibility rules. In addition, it addresses two other matters: (i) a reminder concerning electricity distributors' obligations in respect of OER settlements with the Independent Electricity System Operator (IESO), and (ii) guidance for distributors on processing OER claims where the customer's eligibility is in doubt.

## **PART A: RECENT AMENDMENTS TO THE OER REGULATION**

### **Changes to Eligibility Requirements**

Effective July 1, 2022, the eligibility criteria will be expanded to capture three additional types of consumer account:

#### ***1. Common areas in residential multi-unit complexes such as condominium buildings***

Previously, in multi-unit complexes where the distributor directly meters the individual units and the common area account has its own meter, the common area account

would not qualify for the OER, unless it had a demand of less than 50 kW or used less than 250,000 kWh a year. The amendments will change this. Accounts that are at least partly in relation to any common elements of a multi-unit complex and that exceed the demand and use thresholds will qualify, as long as the complex is predominantly residential (specifically, the complex must contain at least two “qualifying units”, and at least 50% of the units in the complex must be qualifying units).

## **2. Retirement residences**

The amendments add retirement residences to the list of eligible accounts. These are multi-unit complexes (other than long-term care homes, which were already eligible) where at least 50% of the units are occupied or intended to be occupied as a permanent residence by people aged 65 or older (who are not related to the operator of the complex), and where at least six people aged 65 or older live.

## **3. Mobile home parks**

Mobile home parks, as defined in the *Residential Tenancies Act, 2006*, are also added to the list of eligible accounts. That definition is: “‘mobile home park’ means the land on which one or more occupied mobile homes are located and includes the rental units and the land, structures, services and facilities of which the landlord retains possession and that are intended for the common use and enjoyment of the tenants of the landlord”. “Mobile home” is defined in the same Act as: “a dwelling that is designed to be made mobile and that is being used as a permanent residence” (emphasis added). On the other hand, trailer parks that are not mobile home parks (such as facilities for seasonal use rather than permanent residence) are expressly excluded.

## **Notice Requirements**

In order to receive the OER, consumers who qualify under the expanded eligibility requirements will need to submit a one-time notice to their electricity distributor, in which they attest to their eligibility. This is similar to the notice that must currently be provided in respect of a multi-unit complex. Like such a multi-unit complex notice, a notice in respect of a common area, a retirement residence or a mobile home park must be given in person, by mail or by such other means as the distributor may permit. In order to minimize the potential for disputes between distributors and their customers over when the notice was actually delivered, distributors are encouraged to accept the notice by e-mail or other electronic means. And the same timing rules apply: if the notice is given at least 11 days before the end of a billing period, the OER will apply to that same period; if it is given less than 11 days before the end of the billing period, the OER will apply as of the first day of the next billing period.

When the OER replaced the former 8% Provincial Rebate on November 1, 2019, the OEB advised distributors of its expectation that they make a standard notice form available to customers, and developed a template form for them to use. The OEB will update the template to reflect the latest changes to the eligibility requirements; this will be posted (in both English and French) on our [Bulletins and Guidance page](#) shortly. The use of this particular template is not mandatory – distributors may revise it as appropriate, provided the notice contains all of the information required by section 1.3 of the General Regulation.

Distributors should make reasonable efforts to inform their customers about the expanded eligibility requirements and the associated notice requirements, at a minimum by means of a website posting. Among other things, distributors should highlight that customers who meet the expanded eligibility requirements are encouraged to submit the notice in advance of July 1, 2022 so that those customers do not miss out on the OER for any period of time. Consistent with [previous guidance](#), OEB staff's view is that, although the General Regulation provides for retroactive OER payments in cases where a consumer was eligible for the rebate but did not receive it (subject to a 12-month limitation period), this must not be interpreted in a way that frustrates the purpose behind the notice requirement. Thus, for instance, a retirement residence that does not submit the notice until October 2022 cannot claim the OER going back to July 1, 2022.

Some customers with accounts for common areas, retirement residences or mobile home parks may currently be receiving the OER under the legacy exemption set out in section 1.2 of the General Regulation, because they had been receiving the 8% Provincial Rebate. Those customers will need to submit the notice to their distributor before the legacy exemption expires on October 31, 2022 to avoid any interruption in their OER, and distributors should take reasonable steps to inform them of that.

## **PART B: ACCOUNTING AND SETTLEMENT OF OER AMOUNTS**

### **Use of Proper Accounting Methodology for OER Transactions**

The OEB has previously issued accounting guidance to the sector with respect to the OER.<sup>1</sup> This guidance advised electricity distributors of the OEB's expectation that the "accrual method" of accounting be used for all OER-related transactions. The application of the accrual method, which involves recording revenues or expenses based on when transactions occur rather than when payment is received or made, allows for a complete representation of the estimated transactions based on customer consumption and demand to the end of each calendar month. As well, this previous guidance provided that estimates are to be used in all circumstances where actual OER

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<sup>1</sup> [Letter](#) issued October 25, 2019; [letter](#) issued December 4, 2019; [Bulletin](#) issued February 24, 2020; [letter](#) issued February 10, 2021.

amounts to the end of each calendar month have not yet been billed, and that OER claims submitted to the IESO for reimbursement are to represent a full calendar month.

OEB staff recently conducted inspections of a sample of distributors and found that some of them have continued to use the “billed method” to account for, and make settlement claims to the IESO with respect to, the OER. Using the billed method, which involves accounting for transactions based on when electricity charges were billed to customers, results in a one-month time lag in the settlement of OER claim amounts, as customers’ electricity consumption is usually billed in the subsequent month. For example, January consumption is billed to customers in February and, therefore, settling February amounts with the IESO based on amounts billed to customers in February actually results in January consumption amounts being settled in February.

Distributors are reminded to use the accrual method of accounting. Unlike the billed method, the accrual method ensures that OER claim amounts made to the IESO for reimbursement represent the energy consumed in the month that is being settled.

### **Ensuring the accuracy of monthly estimated OER claims**

The same inspections also found that some distributors have applied incorrect OER percentages in the estimates of their monthly OER claim amounts to the IESO. These distributors failed to account for the periodic legislated changes to the OER percentage (for instance, the reduction from 33.2% to 21.2% that took effect on January 1, 2021). Unit sub-meter providers should also take note of this finding and ensure that they are applying the correct OER percentage (currently 17%) to any customer bills and in their claims to the IESO.

To ensure the accuracy of OER-related settlement amounts under ORECA, OEB staff expects electricity distributors to review their processes for estimating monthly OER claims to the IESO, particularly for the month following a legislated change to the OER percentage.

### **PART C: CONFIRMING CUSTOMER ELIGIBILITY FOR THE OER**

The OEB has received a number of questions from distributors about the scope of their responsibility to scrutinize requests by their customers for the OER.

Some distributors have advised the OEB that they have received questionable OER claims from customers (or in some cases, consultants or agents acting on customers’ behalf). Some of these claims were prospective, and others were for retroactive payments in respect of past entitlements under ORECA. These distributors have asked about whether they should take such questionable claims at face value and process

them without making further enquiries of the customer, or whether some level of due diligence is expected.

Consistent with what OEB staff has told such distributors, the OEB expects distributors to undertake due diligence in cases where they may have some reason for doubting the customer's eligibility for the OER. Although distributors are not required under ORECA to police the administration of the OER, and are entitled to rely on information that is required to be provided to them under the General Regulation (see section 12), the fact is that distributors know their customers. Where a customer submits an OER claim that seems questionable on its face (for instance, to use an actual example that has been brought to OEB staff's attention, where a customer asserts that the account relates to a farm even though the distributor believes that the account is not actually used for farming purposes), the distributor should gather more information in order to satisfy itself that the account qualifies. In some cases, it may be appropriate to remind the customer that it is an offence to make a false or deceptive statement in a document submitted under ORECA. (An acknowledgement to that effect must be included in the notice required under section 1.3 of the General Regulation.)

If, after making reasonable enquiries, the distributor is not satisfied that the account qualifies, it should deny the claim. Any disputes about eligibility that may arise between the distributor and the customer may be referred to the OEB if necessary.

## **CLOSING**

Any questions relating to this letter should be directed to [Industry.Relations@oeb.ca](mailto:Industry.Relations@oeb.ca).

Yours truly,

*Original Signed By*

Brian Hewson  
Vice President  
Consumer Protection & Industry Performance