

Review of OEB COVID-19 Guidance

Webinar

April 8, 2020

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Background

- March 17, 2020: Government of Ontario declared a state of emergency under the *Emergency Management and Civil Protection Act* to help fight the spread of COVID-19.
- March 24, 2020: Government issued Emergency Order fixing the Regulated Price Plan (RPP) time-of-use (TOU) prices at 10.1 ¢/kWh for each of the on-peak, mid-peak and off-peak hours of every day. Emergency Order is effective March 24, 2020 and intended to stay in effect until May 7, 2020.

References

Posted on What's New:

- March 16, 2020 – Communication to waive the requirement to submit hard copies with each electronic filing in regulatory proceedings.
- March 18, 2020 – OEB COVID-19 Updates
- March 19, 2020 – Letter re: *Annual Reporting and Record-Keeping Requirements (RRR) Filings Change to Deadline due to COVID-19 Pandemic*
- March 19, 2020 – Decision and Order (EB-2020-0109) *Amending Electricity Distributor Licences to Prohibit the Disconnection of Low-volume Consumers and Related Matters in light of the COVID-19 Pandemic*
- March 24, 2020 – Letter re: *Immediate Changes to Time-of-Use Prices in Response to Coronavirus Emergency*

References (con't)

- March 25, 2020 - *Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency*
- March 27, 2020 – Letter re: *Guidance to Electricity and Natural Gas Distributors on Providing Relief to Customers During the COVID-19 Emergency*
- March 30, 2020 – Letter re: *Guidance to Unit Sub-Meter Providers on Providing Relief to Customers During the COVID-19 Emergency*
- April 2, 2020 – Letter re: *Guidance to Electricity Distributors on the Regulated Price Plan Settlement with Respect to the Emergency Order*

Customer Service Rules & Associated Service Charges

- The OEB-approved late payment charge, non-sufficient funds charge and any other similar specific service charges may be ***lowered or waived*** by electricity and natural gas distributors.
- Customer service rules applicable to electricity and natural gas utilities generally establish **minimum requirements**. Utilities can provide greater service to customers in some areas. Examples:
 - Extending the 20 day minimum payment period where late payment charges are not waived in whole or in part
 - Flexibility in offering customers' arrears payment agreements (APA)
 - Waiving permitted waiting periods between APAs
 - Lowering or waving down payment requirements
 - Extending repayment periods
 - Waving security deposit requirements

Extension of the Winter Disconnection Ban

- On March 19, 2020, the OEB issued a [Decision and Order](#) that extended the Winter Disconnection Ban to July 31, 2020.
- The details of the extension are continued in the Decision and Order are as follows:
 - i. No disconnection for non-payment until July 31, 2020
 - ii. No load-limiting devices to be installed for reason of non-payment until July 31, 2020
 - iii. Electricity distributors must continue to respect all applicable safety requirements or standards
- During the COVID-19 pandemic and in particular the ban on disconnection of low volume consumers for non-payment, the OEB also expects distributors to focus efforts on promoting solutions for customers that have arrears, including greater flexibility in payment terms and in offering customers arrears payment agreements (APAs), such as waiving the provisions of section 2.7.8 of the DSC for customers who did not fulfil the requirements of a previous APA.
- As well distributors are expected to take steps to increase awareness of assistance or support that may be available through the Low-Income Emergency Assistance Program and the Ontario Electricity Support Program.
- While the Winter Disconnection Ban extension did not apply to gas customers, Enbridge Gas has voluntarily agreed to not disconnection its customers for non-payment for the period of the extension.
- The Decision and Order does not prevent distributors from sending a disconnection notice to a customer in the last month of a disconnection period per section 4.8.1 (b) of the DSC. As of now that month is July.
- The OEB will continue to monitor the situation and may take further steps to protect low-volume electricity consumers as circumstances warrant

New Account for COVID-19 Emergency

- New account established effective March 24, 2020:
 1. Electricity distributors: Account 1509 – Impacts Arising from the COVID-19 Emergency,
 - Sub-account Costs Associated With Billing and System Changes.
 - Sub-account Lost Revenues.
 - Sub-account Other Costs
 2. Natural gas distributors: Similar sub-accounts under Account 179
- Carrying charges to apply to sub-accounts.
- The OEB will assess any claimed costs and/or lost revenues associated with the sub-accounts at the time these sub-accounts are requested for disposition, subject to established materiality thresholds.

Nature of COVID-19 Sub-accounts

- The accounts have been purposely made broad for a number of reasons:
 - we saw that utilities were taking action to support customers.
 - we recognized that its unknown what utilities may need to do and what impacts they may face due to the emergency.
 - we wanted to act quickly given the increasing severity of the emergency.
- It is our intention to consult with you in order to help determine the appropriate:
 - eligibility requirements
 - timing for disposition
 - process to review the accounts for disposition.
- We hope to do that soon, later this spring.
- Good record keeping under these difficult conditions can be a challenge but also a key to determining disposition

Initial Thoughts on the COVID-19 Sub-accounts

- This emergency is so unique that the OEB may very well need to take a broader approach to determining eligible costs or lost revenue than it has in the past for other DVAs.
 - We are cognizant of the fact that we are here to assist you while you are delivering an essential service.
- Z factor claim criteria are a good starting point to your thinking on what is an eligible cost.
 - Consider the OEB's traditional tests of prudence, causation and materiality.
 - potentially broadening the eligibility requirements
 - Key to any consultation that we will conduct in the near future
- Prudence - consider how you are incurring the costs.
 - For example, in the past there may have been questions about what was your state of preparedness; do you have an emergency continuity plan that you are leveraging?
 - Should an LDC be required to show a state of readiness when supporting their claims?
 - Either way, we imagine there will be some form of a prudence test established to help the OEB decide what is a reasonable recovery of costs and lost revenue.
- Causation - covers both the claimed driver and the incrementality of the costs.
 - Clearly beyond the ability of management to control.
 - But, the OEB would be interested in confirming that on balance, throughout the calendar year 2020, you incurred materially more costs than what is underpinning your rates.
- OEB intends to set out appropriate criteria, timing and nature of a process for disposition that is in keeping with the nature of the emergency.

RPP Settlement

Financial Impact of Emergency TOU

- Government intends for the financial impact of the emergency TOU price change on RPP settlements to be covered by provincial revenues.
- Reflect emergency TOU prices in RPP settlement for consumption effective March 24, 2020. Therefore, no impact on distributor's commodity accounts.
- And we were pleased to see in reports that utilities have been able to complete the price change and settlement process
- This recovery is expected to be facilitated through the IESO's RPP Variance Account.

RPP Settlement (con't)

Use of Smart Metering Entity (SME) Data for RPP Settlement

- SME provided all electricity distributors with initial aggregate kWh data for each of the TOU pricing periods for March 1-23 and March 24-31 on April 3, 2020.
 - SME will provide updated data for March kWh on April 16, 2020.
- SME will provide similar data for the month in which the Emergency Order ceases to have effect.

RPP Settlement True-ups

- First (unit cost) and second (kWh) true-up per Accounting Guidance is required as normal.
- True up is calculated in similar manner as the initial settlement (a unit cost true-up and a kWh quantity true-up is required for March).
- For distributors choosing to use data provided by SME:
 - RPP settlement must be true'd up to be based on April 16, 2020 data and submitted as part of the April 2020 RPP settlement submission.
 - True up to actual kWh and proportions for all elements, including TOU, 2-tiers, non-RPP, when available.

Other Matters And Questions

Thank you