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September 16, 2004

To: All Interested Parties

Re: Regulated Price Plan for Electricity Consumers (RP-2004-0205)

Processes and Funding

On September 10, 2004, the Board hosted an all-day consultation session to allow interested parties to identify issues that should be addressed in developing the Regulated Price Plan ("RPP") and more generally to ask questions and explore options regarding the RPP. At that time, Board staff indicated that further information would be forthcoming regarding the process by which the RPP and related instruments will be developed, as well as the process by which stakeholder funding may be made available. This letter provides details of those two processes.

The Consultation Process

Registration

If you are interested in participating in this proceeding or of having notice of further developments in this proceeding, you should register with the Board to ensure that you are included on the Board's distribution list for further communications (all material relating to this proceeding will also be posted on the Board's website). You may register by providing your name, title, company or organization name, street and e-mail addresses and telephone and fax numbers to the following e-mail address:

RPP@oeb.gov.on.ca

Persons that registered for the September 10th consultation session need not re-register.

Consultation Day Follow-up

All interested parties, whether or not in attendance at the September 10th consultation session, are encouraged to provide the Board with any written comments they may have.

Although there is no formal deadline, written comments should be submitted as soon as possible to ensure that comments can be considered as part of the development of the preliminary strawman proposal referred to below.

All written comments will be posted on the Board's website.

Consultation on Preliminary Strawman – Establishment of Working Group

A preliminary “strawman” proposal for the RPP will be developed. This strawman will contain initial proposals for the pricing methodology(ies) to be selected for use in the RPP and the expected impact of the pricing methodology(ies) on various classes of consumers.

A single working group will be established to participate in workshops designed to examine the preliminary strawman proposal, as well as to solicit feedback on the feasibility of implementing the proposed methodology(ies) and the means by which implementation problems could be dealt with. If the strawman proposal contains two or more options, the pros and cons of each will be examined by the working group.

It is expected that the working group will meet once, and occasionally twice, a week over a five-week period, commencing the last week of September, 2004.

Any person interested in being a member of the working group should notify the Board no later than September 23, 2004. Expressions of interest should include the type of stakeholder that you represent (LDC, EBT/CIS provider, consumer, retailer, etc.) and be sent to the following e-mail address:

RPP@oeb.gov.on.ca

In selecting persons to be part of the working group, the objective will be to ensure that all stakeholder groups are represented while keeping the size of the working group as manageable as possible so as to ensure that the challenging timelines for this project can be achieved. Not all persons that express an interest in participating in the working group will necessarily be selected. Stakeholders are therefore encouraged to agree on common representation where possible.

Other persons may be invited to participate in the working group if Board staff have concerns about the under-representation (or inadequate representation) of any given stakeholder category.

Consultation on Comprehensive Strawman

Following the working group sessions, the strawman proposal will be refined, expanded and further developed and a single draft pricing methodology will be circulated in the latter half of October, 2004. The intention is that this draft pricing methodology will be populated with factual inputs where available and proxy information where the required data is not yet available.

Workshops will be conducted by Board staff to address the potential impact of the proposed pricing methodology on all segments of the electricity industry and consumers, and to highlight areas of uncertainty as well as areas that need additional work. Participation in the workshops will be by invitation, but representation of all stakeholder categories will be assured. These workshops will be an opportunity for a larger (relative to the preliminary stakeholder working group) stakeholder group to exchange information and comment on the draft pricing methodology.

It is expected that half-day workshops will be conducted in the latter half of October, 2004.

All interested persons will be invited to submit written comments on the draft proposed pricing methodology, focusing on areas of concern and proposed modifications, as well as to provide input regarding the availability of better data sources, particularly where proxy information is being used. The deadline for submitting written comments will be in early-November, 2004.

Further detail surrounding the processes described in this section will be communicated at a later date.

Draft Regulated Price Plan Code

It is presently envisaged that a new Code – the “Regulated Price Plan Code” (or other appropriate name) – will be drafted to replace or modify (through amendments) the SSS Code. The draft Regulated Price Plan Code (“RPPC”) will incorporate the selected pricing methodology and will contain instructions to licensed distributors in how to implement the pricing policy. Amendments to the Retail Settlement Code (RSC) may also be required.

A draft RPPC will be issued for notice and comment in mid- to late- November in accordance with the Board’s standard code development process and the requirements of the *Ontario Energy Board Act, 1998*. As such, written comments on the draft RPPC will be solicited. The deadline for providing written comments will be in late December, 2004. A similar process will be followed for the RSC if amendments are required.

In addition to this written phase, an oral component has been included in the RPPC consultation process. Specifically, a technical conference on the draft RPPC (and, if applicable, on any RSC amendments) will be scheduled for early December, 2004. At the end of the technical conference, participants will have an opportunity to make oral presentations to a panel of the Board. This is not intended to be in the nature of a formal hearing, although the proceedings of the technical conference will be recorded and transcribed.

Further detail surrounding the processes described in this section will be communicated at a later date.

Revised Regulated Price Plan Code

A revised RPPC (and, if required, revised amendments to the RSC) will be issued for notice and comment in early January, 2005 in accordance with the Board's standard code development process and the requirements of the *Ontario Energy Board Act, 1998*. Interested parties will be given a minimum of two weeks within which to provide written comments on the revised RPPC. It is anticipated that the RPPC and any amendments to the RSC can be finalized by early- to mid-February, 2005.

Amendment to Rate Orders

If legislation is amended in the manner currently contemplated in Bill 100, implementation of the RPP will require amendments to the rate orders of all licensed distributors. It is not expected that there will be a need for consultations as part of the rate order amendment process.

Public Information Sessions

As required, public information sessions may be scheduled to provide an opportunity for interested parties that are not participating in the working group or workshops to ask questions, seek clarification and voice any concerns they might have in relation to the RPP. Board staff have tentatively identified the last week of October, 2004 and the first week of December, 2004 as times at which such public information sessions could be held in relation to the comprehensive strawman and the draft RPPC (and any draft RSC amendments), respectively.

Stakeholder Funding

The Board previously announced that it intends to make available limited stakeholder funding for this initiative. Funding will be available for participation in one or more of the consultation processes described above, other than the public information sessions.

In order to obtain funding, a participant must file a request with the Board, providing the following information:

- i. a statement of the interest the participant represents and a description of how the participant receives instruction to represent that interest;
- ii. the issues the participant intends to pursue in the RPP development process and the general position the participant expects to take;
- iii. a budget of the costs of the participant's participation, including the costs of any experts or legal representatives;
- iv. the amount of funding being requested;

- v. an explanation of any other sources of funding that the participant will be accessing; and
- vi. the extent to which the participation will be coordinated or joined with other parties of like interest.

Participants that wish to participate in the working group examining the preliminary strawman or the workshop examining the comprehensive strawman may include alternative funding requests that vary depending on whether or not they have been selected or invited to so participate.

Participants must provide 5 hard copies and an electronic version of their funding request no later than September 23, 2004. Participants' funding requests will be posted on the Board's website.

The Board has recently completed a stakeholder funding allocation process in relation to each of the natural gas forum and smart meter initiatives. Participants are encouraged to review the funding allocation letters issued by the Board in relation to those initiatives on August 30, 2004 and September 1, 2004, respectively, prior to submitting their funding requests for the RPP proceeding.

Contact Information

If you have any questions on the RPP process or the content of this letter, please contact Russell Chute (416-440-7682).

Yours truly,

Original Signed By

John Zych
Board Secretary