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July 12, 2006

BY EMAIL ONLY

NOTICE OF PROPOSAL TO AMEND A CODE

PROPOSED AMENDMENTS TO THE STANDARD SUPPLY SERVICE CODE

BOARD FILE NO.: RP-2004-0205

**To: All Licensed Electricity Distributors
All Licensed Electricity Retailers
All Participants in Proceeding RP-2004-0205**

RE: Regulated Price Plan – Pilot Projects

The Ontario Energy Board (the "Board") is giving notice under section 70.2 of the *Ontario Energy Board Act, 1998* of its proposal to amend the Standard Supply Service Code (the "SSS Code"). The purpose of this amendment is to allow certain electricity distributors, as part of a pilot project, to charge time-of-use ("TOU") prices for consumers on the Regulated Price Plan (the "RPP") with eligible time-of-use meters.

Background

On February 17, 2006, the Board issued a Notice of Proposal to defer the date for mandatory TOU pricing. The Board had noted that if TOU pricing were to become mandatory on May 1, 2006, electricity distributors would be required to make investments in their billing systems (i.e., new TOU data storage facilities and TOU data handling software) so that their systems could perform all of the functions necessary for TOU billing. Accordingly, if the Smart Metering Entity ("SME") ultimately performs smart meter data collection and storage tasks on behalf of distributors, these billing system investments would become superfluous and result in stranded costs.

Given the above, the Board amended the SSS Code on March 24, 2006 to extend the period under which RPP TOU pricing is voluntary for electricity distributors from the "second term commencement date" to a date to be determined by the Board (referred to as the "mandatory TOU date"). The Board was of the view that it would be prudent to

extend the period of voluntary TOU pricing beyond May 1, 2006 to avoid distributors incurring potentially unnecessary costs as explained above.

Section 3.9 of the SSS Code currently allows distributors who implemented pilot projects related to eligible TOU meters prior to the first term commencement date to charge the RPP TOU prices as part of the pilot project. This section of the SSS Code was initially drafted with certain expectations around the smart meter roll-out and mandatory RPP TOU pricing that differ from the current circumstances.

It has recently been brought to the Board's attention that some distributors have expressed a desire to charge the RPP TOU prices as part of new limited pilot projects. It is also the Board's understanding that the billing systems of certain distributors can support the charging of TOU prices without the need for changes.

The Board is therefore proposing an amendment to the SSS Code in order to allow electricity distributors to implement new pilot projects relating to eligible TOU meters and to charge RPP TOU prices or any other TOU commodity price approved by the Board for the purpose of the pilot project. These new pilot projects will require prior Board approval before they can be implemented. The Board will review the distributor's proposal for a pilot project and determine whether such a pilot project would be in the public interest. When determining whether the pilot project will be in the public interest, the Board will take into account a number of considerations including, but not limited to:

- (a) whether implementing a pilot project would require billing system investments by the distributor that would duplicate the potential functions of the SME; and
- (b) the potential impact of the pilot project on the pilot project participants.

As noted above, the avoidance of costs related to the potential functions of the SME was the reason the Board recently amended the SSS Code to postpone the date of mandatory TOU pricing.

The Board expects that all new pilot projects will be voluntary in nature for consumers (i.e., pilot participants). The Board also expects that any distributor that receives Board approval to implement a new pilot project will share the results of the pilot project with the Board (note that confidentiality considerations should be taken into account when any results are released to the Board).

The text of the proposed amendments to the SSS Code is attached to this notice.

Anticipated Costs and Benefits

The Board is of the view that allowing certain electricity distributors to implement a Board-approved pilot project relating to eligible TOU meters and to charge the current RPP TOU prices or any other TOU commodity price approved by the Board for the purpose of the pilot project would be beneficial for the following reasons:

- allows electricity distributors to gain some experience with charging TOU prices before TOU prices are implemented on a large scale mandatory basis;
- allows distributors to address any TOU billing issues that may arise while it is still limited to a small group of consumers;
- allows some electricity consumers to learn about TOU prices before they become mandatory;
- avoids the need, for each distributor that wants to implement a TOU pilot project, to apply to the Board for a license amendment; and
- as part of Conservation and Demand Management pilots, distributors have provided their participating consumers with varying levels of education and different tools to help reduce or shift their consumption. Applying TOU prices in these varying circumstances would likely provide the Board with useful information.

There may be some administrative costs associated with implementing new pilot projects (e.g., participant recruitment). However, since the pilot projects will be voluntary, for both distributors and consumers, and since approval of any new pilot project would likely be limited to electricity distributors that would not need to incur any material costs in order to implement the pilot project (i.e., costs related to their billing systems), the Board believes that the benefits associated with this proposed amendment will exceed the costs.

Coming Into Force

The proposed amendments to the SSS Code will come into force on the date that the final amendment is published on the Board's website.

Invitation to Comment

All interested parties are invited to make written submissions on the Board's proposed amendments to the SSS Code set out in Appendix A. Any person who wishes to make a written submission with respect to the proposed amendments must file eight (8) paper copies of the submission, and electronic copies in both searchable Adobe Acrobat (PDF) and Word. Your submission must quote file number **RP-2004-0205** and include your name, address, telephone number, e-mail address and fax number.

Written submissions should be sent to:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Suite 2700
Toronto, Ontario
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Electronic copies may be submitted on diskette or by e-mail to boardsec@oeb.gov.on.ca.

All submissions must be filed with the Board Secretary by **4:30 p.m.** on **July 21, 2006**.

This notice, the attached proposed amendments to the SSS Code, and all written submissions received by the Board in relation to this proposed amendment, will be available for public viewing on the Board's website at www.oeb.gov.on.ca and at the office of the Board during normal business hours.

If you have any questions regarding the proposed amendment to the SSS Code, please contact Chris Cincar at 416-440-7696. The Board's toll free number is 1-888-632-6273.

E-mail inquiries should be directed to RPP@oeb.gov.on.ca.

DATED at Toronto, July 12, 2006.

ONTARIO ENERGY BOARD

Original Signed by

Peter O'Dell
Assistant Board Secretary

Attachment:

Appendix A: Proposed Amendments to the Standard Supply Service Code

Appendix A
Proposed Amendments to the Standard Supply Service Code

RP-2004-0205

3.9 Pilot Projects

3.9.1 Where a distributor has ~~prior to the first term commencement date, either implemented a pilot project relating to eligible time-of-use meters prior to the first term commencement date or implements a Board-approved pilot project relating to eligible time-of-use meters,~~ the distributor may:

- (a) continue to implement or implement the pilot project without making or giving notice of the election referred to in section 3.5.1; ~~and~~
- (b) in relation to a pilot project relating to eligible time-of-use meters implemented prior to the first term commencement date, charge an RPP consumer that has an eligible time-of-use meter and that is participating in the pilot project the commodity price for electricity referred to in either section 3.3 or 3.4; and
- (c) in relation to a Board-approved pilot project relating to eligible time-of-use meters implemented after the first term commencement date, charge an RPP consumer that has an eligible time-of-use meter and that is participating in the pilot project the commodity price for electricity referred to in either section 3.3 or 3.4 or any other TOU commodity price that the Board approves as part of the pilot project.

If the distributor is implementing a pilot project relating to eligible time-of-use meters after the first term commencement date, Board approval for the pilot project must be obtained prior to the implementation of the pilot project.

3.9.2 Section 3.9.1 shall cease to have effect on the mandatory TOU date or on such later date as may be specified by the Board. As of that date, the provisions of section 3.4 shall apply to any RPP consumer that has an eligible time-of-use meter.