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NOTICE OF AMENDMENT TO A CODE

AMENDMENT 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 (the "RPP")

The Ontario Energy Board (the "Board") will amend the Standard Supply Service Code (the "SSS Code") as indicated in section A below, pursuant to section 70.2 of the *Ontario Energy Board Act, 1998* (the "Act").

A. Adoption of Proposed Amendment and Coming Into Force

On March 24, 2006, the Board issued a Notice of Proposal to Amend the SSS Code relating to the application of the final RPP variance settlement amount (the "RPP Settlement amount"). The proposed amendment would require a distributor to refund the RPP Settlement amount where the distributor is notified by or on behalf of a consumer that moves into the distributor's service area that the consumer had an existing retail contract prior to moving and is therefore simply remaining on that contract. Refund of the RPP Settlement amount is conditional on the notice being given within three months of the date on which the consumer's account was opened and on the distributor confirming with the applicable retailer that the consumer did have such a retail contract. Similarly, where the RPP Settlement amount was a credit to the consumer, the proposed amendment would require the distributor to charge the consumer with an offsetting amount.

The Board received six written submissions from retailers and electricity distributors in regard to the proposed change to the SSS Code. There was a consensus in the submissions to the effect that the Board's proposed amendment,

as well as some other suggested approaches, could usefully serve as an interim solution but that a longer term solution is needed that involves changes to the Electronic Business Transaction (“EBT”) standards.

Two submissions suggested that the retailer, with authority to act on behalf of the consumer, be permitted to notify the new distributor of the consumer’s existing retail contract when the consumer moves. The Board notes in this regard that the amendment as proposed did indicate that the notice could be given “on behalf of” the consumer. It is acknowledged, however, that other portions of the amendment as originally proposed did not clearly contemplate use of that option.

The Board has considered the submissions received in relation to the proposed amendment and has determined that, with the exception of changes that clarify how the process works when the notice is provided by the retailer rather than the consumer, no changes need to be made to those amendments. The amendment has therefore been adopted by the Board with these clarifying changes incorporated. The amendment as adopted is set out in Appendix A to this Notice.

As indicated in the Board’s March 24, 2006 Notice of Proposal, this amendment will come into force today, being the date on which the final amendment is published on the Board’s website.

B. Potential Longer-term Solution

As previously noted, a change to the EBT standards was suggested as a long term solution. There was also a consensus on the nature of the specific change, which involves the addition of a new flag on Enroll Request transactions indicating whether it is a *new* or an *existing* retail contract. Where the flag indicates it is an *existing* contract, the RPP Settlement amount would not be applied by the electricity distributor.

While the Board understands that an EBT solution may be a more desirable long term solution, the Board wishes to be satisfied that the solution is cost-effective before investments in any changes are made by retailers and distributors. The Board therefore requests that Board staff coordinate with the EBT working group to investigate this approach as a potential solution, and to advise the Board of the estimated cost and timing to make the changes necessary to implement this solution prior to proceeding. If other solutions are identified by the EBT working group as more cost-effective, including deferral of implementation to a later date when other EBT changes are being made, those solutions, as well as their cost and the timing for implementation should also be brought to the Board’s attention. The Board would be interested in receiving a recommendation from the EBT working group as to whether and when any EBT changes should be made to address this particular issue.

Based on the submissions received, it is the Board's understanding that the suggested EBT change would not only address the RPP Settlement issue. As noted in the retailer submissions, it has the potential to result in "seamless" moves for consumers on a retail contract. This has the potential to reduce consumer confusion and the administrative burden placed on distributors relative to the current process where the consumer is "removed" from a retail contract and then placed back on it. The EBT working group recommendation should therefore be made within this broader context.

Depending on the outcome of the EBT working group's investigation, the process set out in the amendment to the SSS Code described above may serve as the long term solution.

C. Notifying Consumers about RPP Settlement

As noted in the Notice of Proposed Amendment, the Board expects that all retailers will be proactive in communicating to their RPP-eligible customers that, when they move to a new service area, they should contact their new distributor to inform them of their existing retail contract.

A number of issues that have arisen in relation to the application of the RPP Settlement amount have highlighted that consumers are not always aware of the RPP Settlement amount and, in particular, of the fact that it will be applied in circumstances where the consumer chooses to enter into a contract with a retailer. This has been the subject of complaints received by the Board's Compliance Office, and was noted in the submission filed by the Coalition of Large Distributors in relation to the above amendment to the SSS Code. The discovery of the RPP Settlement amount as an item on their first bill under a retail contract has led certain consumers to obtain the cancellation of their retail contracts, thereby triggering the need for a refund of the RPP Settlement amount from the applicable distributor.

Retailers should therefore fully inform consumers of the RPP Settlement amount at the time that retail contracts are signed, as consumers should not be taken by surprise when the RPP Settlement amount subsequently appears on their bills.

The Board also requests that distributors take a more proactive role in informing consumers about the RPP Settlement mechanism and, in particular, about the need to notify the distributor of the existence of a retail contract when moving to a new service area or opening a new account. Some distributors have a special web page for new customers, and others have a special web page for customers that are moving. Information about this notification could usefully be included on

those web pages. Bill messages or bill inserts would also be useful vehicles in this regard.

If you have any questions regarding this Notice or the attached amendment, 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, June 9, 2006.

ONTARIO ENERGY BOARD

A handwritten signature in black ink, appearing to read "P. O'Dell", written over a horizontal line.

Peter H. O'Dell
Assistant Board Secretary

Attachment:

Appendix A: Amendment to the Standard Supply Service Code

Appendix A

Amendment to the Standard Supply Service Code

RP-2004-0205

The Standard Supply Service Code is amended by adding the following new section 3.7.4:

- 3.7.4 Where a distributor has charged or credited an RPP consumer with a final RPP variance settlement amount under section 3.7.1(b), the distributor shall pay or credit (where the final RPP variance settlement amount was a charge) or charge (where the final RPP variance settlement amount was a credit) the same amount to the consumer if:
- (a) the distributor is notified by the consumer or by a retailer on behalf of the consumer that:
 - i. the consumer was a customer of the retailer identified in the notice prior to the date on which the consumer's account with the distributor was opened; and
 - ii. the consumer remains a customer of that retailer;
 - (b) the notice referred to in paragraph (a) is received by the distributor within three months of the date on which the consumer's account with the distributor was opened; and
 - (c) where the notice was provided by the consumer, the retailer identified by the consumer has confirmed the information contained in the notice referred to in paragraph (a).