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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

The Ontario Energy Board (the "Board") is giving notice under section 70.2 of the *Ontario Energy Board Act, 1998* (the "Act") of proposed amendments to the Standard Supply Service Code (the "SSS Code") relating to the Regulated Price Plan ("RPP"). The purpose of the proposed amendments is to:

- extend the period under which the application of time-of-use ("TOU") pricing is voluntary for electricity distributors under the RPP;
- require distributors to include the terms "off-peak", "mid-peak" and "on-peak" on the electricity bills of RPP consumers paying TOU prices;
- amend the definition of "eligible time-of-use meter" to clarify that it includes an interval meter; and
- broaden the scope of situations in which distributors must apply the "final RPP variance settlement amount".

Background

In March, 2005, the Board issued a revised SSS Code in furtherance of its new responsibility under section 79.16 of the Act to develop the RPP. The SSS Code was subsequently amended in June, 2005 to address how the final RPP variance settlement amount should be presented on the electricity bills of consumers.

The Board is now proposing a number of further amendments to the SSS Code to reflect certain developments in the industry as well as to address issues that have been raised with the Board since the RPP took effect on April 1, 2005. The proposed amendments, which are described below, are set out in Appendix A to this Notice. Appendix B to this Notice sets out comparison versions of the relevant sections of the SSS Code as they are proposed to be amended.

Proposed Amendments

1. Mandatory Date for Time-of-Use Pricing

Under the SSS Code as adopted in 2005, TOU pricing was voluntary for an initial transitional period of approximately one year pending completion of the Government's plan for the introduction of "eligible time-of-use" or "smart" meters within the Province. TOU pricing is currently scheduled to become mandatory for all RPP consumers with smart meters on the "second term commencement date", which was recently fixed by the Board as May 1, 2006.

On November 3, 2005, the government introduced Bill 21, *An Act to enact the Energy Conservation Leadership Act, 2005 and to amend the Electricity Act, 1998, the Ontario Energy Act, 1998 and the Conservation Authorities Act*. Among other things, Bill 21 would establish a Smart Meter Entity ("SME"), whose objects include collecting, storing and analysing metering data.

As part of the Government's smart metering initiative process and building on Bill 21, the Ministry of Energy engaged a Technical Advisor to lead the development of the more detailed high-level specifications for an advanced metering infrastructure (AMI). Following a consultation process, a revised version of the AMI functional specifications was recently posted on the Ministry of Energy website. These AMI specifications stipulate that the SME – through a Meter Data Management / Repository (MDM/R) system – will provide all electricity distributors with on-cycle billing (i.e., bill-ready) data for distributors to use in billing customers that have smart meters. Information is to be sent to one or more MDM/Rs for verification, editing and estimating, billing, and storage.

If TOU pricing becomes mandatory on May 1, 2006, electricity distributors would be required to make investments in their billing systems – new TOU data storage facilities and TOU data handling software, for example – so that their systems can perform all of the functions necessary for TOU billing. If the SME ultimately performs smart meter data collection and storage tasks on behalf of distributors, these billing system investments could become superfluous and would result in stranded costs being passed on to Ontario electricity consumers.

Therefore, the Board believes that it would be prudent to extend the period of voluntary TOU pricing beyond May 1, 2006 to avoid distributors incurring potentially unnecessary costs. The Board proposes to establish a new date for mandatory implementation of TOU pricing after Bill 21 has been enacted and there is greater certainty regarding the respective roles of the SME and electricity distributors in relation to the billing of RPP consumers with smart meters.

The Board is therefore proposing to amend sections 3.2.5, 3.2.6, 3.5.1, 3.5.3, 3.6.1, 3.8.4 and 3.9.2 of the SSS Code to extend the period under which 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 will provide distributors with adequate advance notice of the date fixed as the “mandatory TOU date”.

2. Bill Presentment - TOU Prices

The existing legal framework limits what electricity distributors can include on electricity bills issued to low-volume consumers. Specifically, the *Information on Invoices to Low-Volume Consumers of Electricity Regulation*, O. Reg. 275/04, specifies what can be included on such invoices. The *Regulation* permits additional information to be presented under the “Electricity” sub-heading where required as a result of a licence condition imposed by the Board.

For consumers subject to TOU pricing, section 3.4.3 of the SSS Code already requires that the volume of electricity billed at each of the three TOU commodity prices be shown as separate line items. The Board is of the view that consumers will better understand TOU prices if the terms “off-peak”, “mid-peak” and “on-peak” are also shown on the bill beside the applicable price. All of the Board’s consumer education materials explaining TOU pricing refer to these specific terms.

The Board is therefore proposing to amend section 3.4.3 of the SSS Code to require electricity distributors to include the terms “off-peak”, “mid-peak” and “on-peak” (beside the applicable TOU price) on the electricity bills of consumers being charged on the basis of TOU pricing.

3. Revised Definition of “Eligible Time-of-Use Meter”

It has come to the Board’s attention that there is confusion amongst electricity distributors about whether an “interval meter” qualifies as an “eligible time-of-use meter” for the purpose of applying TOU prices. The Board is of the view that an interval meter is a smart meter because it is technically capable of handling TOU pricing, and that clarification on this point is desirable. Otherwise, distributors may feel that they are required to replace existing interval meters with smart meters in order to comply with the SSS Code when in fact they do not.

The Board is therefore proposing to amend the SSS Code definition of “eligible time-of-use meter” to clarify that interval meters qualify as smart meters. Consequential amendments are also being proposed to the definition of “conventional meter” in section 1.2.1 of the SSS Code and to sections 3.2.2 and 3.2.3 of the SSS Code.

4. Final RPP Variance Settlement: Broadening the Scope

As part of the implementation of the RPP, the Board introduced the concept of the “final RPP variance settlement amount” (“RPP settlement amount”), which came into effect on July 1, 2005. The RPP settlement amount collects or credits consumers that leave the RPP with an amount that reflects their share (whether positive or negative) of any accumulated variance between the *actual* price paid to generators and the *forecast* price paid by RPP consumers.

The RPP settlement amount is currently charged or credited to RPP consumers that leave the RPP in one of three ways: (1) by moving outside the Province of Ontario; (2) by switching to a retailer; or (3) by electing the spot market pricing option.

The Board has identified a fourth way in which consumers can leave the RPP; namely, by ceasing to be eligible for the RPP. Eligibility requirements for the RPP are set out in regulations made under the Act, and consumers can cease to be eligible for the RPP in different ways. For example, a consumer that is a “designated consumer” solely by virtue of annually using more than 150,000 kWh but not more than 250,000 kWh electricity would cease to be eligible for the RPP if its annual consumption exceeds 250,000 kWh.

The rationale for the RPP settlement amount applies equally to all consumers that leave the RPP, including those that leave because they have ceased to be eligible for the RPP. Applying the RPP settlement amount to this fourth group of consumers when they leave the RPP rectifies an inequity that currently exists amongst RPP consumers, where some consumers who leave the RPP pay or receive the RPP settlement amount while others do not.

The Board is therefore proposing to amend section 3.7.1 of the SSS Code to require electricity distributors to also apply the RPP settlement amount to consumers that leave the RPP because they cease to meet the RPP eligibility requirements.

By virtue of section 1.9.3 of the Retail Settlement Code, the above amendments also affect, where applicable, retailers that are billing RPP consumers using retailer-consolidated billing.

Anticipated Costs and Benefits

1. Mandatory Date for Time-of-Use Pricing

Deferring the date for mandatory TOU pricing until there is greater certainty regarding the respective roles of distributors and the SME in relation to billing of RPP consumers with smart meters will avoid distributors incurring unnecessary billing system costs that could ultimately become stranded. The Board does not anticipate that distributors will incur any costs as a result of this proposed amendment. Because distributors may still provide TOU pricing on a voluntary basis, consumers that currently receive TOU pricing may continue to do so. In addition, because the installation of smart meters is not yet widespread, the Board expects that the number of consumers with recently-installed smart meters that may be affected by the deferral of mandatory TOU pricing will be relatively small.

2. Bill Presentment - TOU Prices

The Board anticipates that the proposed change to the SSS Code to require that the terms “off-peak”, “mid-peak” and “on-peak” also be shown on the electricity bill will have the following benefits:

- Increasing consistency with consumer education materials issued by the Board and by many electricity distributors;
- Assisting consumers in their understanding of TOU prices and reducing the potential for consumer confusion; and
- Reducing the number of inquiries made to electricity distributors from consumers and the costs associated with responding to those inquiries.

The requirement to show the terms “off-peak”, “mid-peak” and “on-peak” is a minor change to the bill, and the Board does not anticipate that implementation of this change will require electricity distributors or retailers to incur material costs.

3. Revised Definition of “Eligible Time-of-Use Meter”

The Board anticipates that the revision to the SSS Code definition of “eligible time-of-use meter” to expressly include interval meters will have the following benefits:

- Avoiding the costs associated with unnecessarily replacing interval meters with new smart meters;
- Ultimately enabling the full technical capabilities of such meters to be realized; and
- Increasing equity in the treatment of consumers with interval and other smart meters that have the same TOU pricing capabilities.

Since an interval meter can, by definition, accommodate hourly pricing, a distributor charging TOU prices to an interval-metered consumer would simply be required to apply the applicable TOU price to the appropriate grouping of hours. The Board therefore does not expect that this proposed amendment will result in significant costs being incurred by electricity distributors or retailers.

4. Final RPP Variance Settlement: Broadening the Scope

The Board believes that the proposed amendment to the SSS Code that would make consumers that cease to be eligible for the RPP subject to the RPP settlement amount will have the following benefits:

- Increasing the equity of treatment amongst RPP consumers;
- Furthering the policy intention of the Government that all consumers should pay the true cost of the electricity they consume; and
- Reducing the potential for cross-subsidization.

The Board does not expect electricity distributors or retailers to incur any additional material costs in implementing this proposed SSS Code amendment. Any costs associated with modifying their billing systems to implement the RPP settlement amount and to accommodate an additional line item on the bill will already have been incurred. In addition, distributors are already required to monitor a customer’s consumption level or other relevant status changes to ensure that the customer remains eligible for the RPP.

Coming Into Force

The Board proposes that the amendments to the SSS Code outlined above will come into force on the date that the final amendments are published on the Board's website.

Invitation to Comment

All interested parties are invited to make written submissions on the Board's proposed SSS Code amendments. 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 Adobe Acrobat (PDF) and Word, if possible, with the Board Secretary by **4:30 p.m. on March 7, 2006**. Your submission must quote file number **RP-2004-0205** and include your name, address, telephone number and, where available, your e-mail address and fax number.

Written submissions should be sent to:

John Zych
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
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Electronic copies may be submitted on diskette or by e-mail to boardsec@oeb.gov.on.ca.

This consultation is not intended to provide an opportunity for parties to revisit the Board's previous policy decisions on other matters relating to the RPP or the SSS Code, including the Board's decision to require that consumers that leave the RPP pay or receive a final RPP variance settlement amount. Accordingly, the Board requests that interested parties confine their comments to the proposed amendments as shown in Appendix A.

This Notice, including the attached proposed amendments to the SSS Code, and all written submissions received by the Board, 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 amendments to the SSS Code described in this Notice, please contact Chris Cincar at 416-440-7696 or Russell Chute at 416-440-7682. 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, February 17, 2006.

ONTARIO ENERGY BOARD

Original signed by

John Zych
Board Secretary

Attachments: Appendix A: Proposed Amendments to the Standard Supply Service Code
 Appendix B: Sections of the Standard Supply Service Code as Proposed to be Amended

Appendix A

Proposed Amendments to the Standard Supply Service Code

RP-2004-0205

1. Section 1.2.1 of the Standard Supply Service Code is amended by deleting the words “an interval meter or” from the definition of “conventional meter”.
2. Section 1.2.1 of the Standard Supply Service Code is amended by deleting the definition of “eligible time-of-use meter” and replacing it with the following:

“eligible time-of-use meter” means an interval meter or a meter that measures and records electricity use during each of the periods of the day referred to in section 3.4.1 cumulatively over a meter reading period;

3. Section 1.2.1 of the Standard Supply Service Code is amended by adding the following immediately after the definition of “interval meter”:

“mandatory TOU date” means the date determined by the Board as the date on which the commodity pricing provisions of section 3.4 become mandatory;

4. Section 3.2.2 of the Standard Supply Service Code is amended by deleting the words “an interval meter or an” and replacing them with “an interval meter or another”.
5. Section 3.2.3 of the Standard Supply Service Code is amended by deleting the words “an interval meter or an” and replacing them with “an interval meter or another”.
6. Sections 3.2.5, 3.2.6, 3.5.1, 3.5.3, 3.6.1, 3.8.4 and 3.9.2 of the Standard Supply Service Code are amended by replacing the phrase “second term commencement date” wherever it appears in those sections with the phrase “mandatory TOU date”.

7. Section 3.4.3 of the Standard Supply Service Code is amended by adding the following to the end of the section:

A distributor must also show, on the applicable separate line, the corresponding term “off-peak”, “mid-peak” or “on peak”.

8. Section 3.7.1 of the Standard Supply Service Code is deleted and replaced with the following:

3.7.1 Where a distributor:

- (a) is advised that an RPP consumer that is being charged a commodity price for electricity in accordance with section 3.3 or 3.4 will be cancelling its account with the distributor and will be moving out of the province of Ontario;
- (b) receives a notice referred to in section 2.1.2 from or in relation to an RPP consumer that was, on the date of the notice, being charged a commodity price for electricity in accordance with section 3.3 or 3.4;
- (c) receives a request referred to in section 3.2.3 from or in relation to an electing spot consumer that was, on the date of the request, being charged a commodity price for electricity in accordance with section 3.3 or 3.4; or
- (d) determines that an RPP consumer ceases to be eligible to pay the commodity price for electricity determined by the Board under section 79.16 of the Act,

the distributor shall charge or credit the RPP consumer or electing spot consumer a final RPP variance settlement amount calculated on the basis of historical consumption in accordance with the methodology established by the Board in the RPP Manual.

Appendix B

Provisions of the Standard Supply Service Code as Proposed to be Amended

RP-2004-0205

The following comparison version of certain provisions of the SSS Code show the amendments proposed to be made as set out in Appendix A, and are presented by subject-matter.

1. Mandatory Date for Time-of-Use Pricing

1.2.1 In this Code, unless the context otherwise requires:

...

“interval meter” means a meter that measures and records electricity use on at least an hourly basis;

“mandatory TOU date” means the date determined by the Board as the date on which the commodity pricing provisions of section 3.4 become mandatory;

“non-RPP consumer” means a consumer that is not an RPP consumer;

...

3.2.5 Where, prior to the ~~second term commencement~~mandatory TOU date, an electing spot consumer that is being charged the commodity price for electricity under section 3.2.2 notifies a distributor in writing that it no longer wishes to be charged in accordance with that section, the distributor shall:

- (a) if it has made the election referred to in section 3.5.1, charge the electing spot consumer in accordance with section 3.4 for electricity consumed after an actual read of the electing spot consumer’s meter by the distributor; or
- (b) in all other cases, charge the electing spot consumer:
 - i. in accordance with section 3.3 for electricity consumed after an actual read of the electing spot consumer’s meter by the distributor until the ~~second term commencement~~mandatory TOU date; and
 - ii. in accordance with section 3.4 for electricity consumed on and after the ~~second term commencement~~mandatory TOU date.

3.2.6 Where, on or after the ~~second term commencement~~ mandatory TOU date, an electing spot consumer that is being charged the commodity price for electricity under section 3.2.2 notifies a distributor in writing that it no longer wishes to be charged in accordance with that section, the distributor shall charge the electing spot consumer in accordance with section 3.4 for electricity consumed after an actual read of the electing spot consumer's meter by the distributor.

3.5.1 Until the ~~second term commencement~~ mandatory TOU date, the commodity price for electricity payable by an RPP consumer that has an eligible time-of-use meter shall be determined in accordance with section 3.3 unless the distributor elects to implement the electricity commodity pricing mechanism set out in section 3.4 and has given notice of this election in accordance with section 3.5.3.

3.5.3 A distributor that elects to implement the electricity commodity pricing mechanism set out in section 3.4 prior to the mandatory TOU date ~~second term commencement date~~ shall give advance notice of this election by:

- (a) posting a notice to this effect on its website;
- (b) including an insert containing a notice to this effect with at least one bill submitted to RPP consumers; or
- (c) such other means as may reasonably be expected to bring notice of the election to the attention of RPP consumers within the distributor's licensed service area.

Such notice shall be given no less than 30 days prior to the date on which the distributor will commence charging RPP consumers the commodity price for electricity under section 3.4.

3.6.1 Where an eligible time-of-use meter is installed on or after the ~~second term commencement~~ mandatory TOU date in relation to an RPP consumer that is then being charged the commodity price for electricity under section 3.3.1, that consumer shall be charged the commodity price for electricity under section 3.4 for electricity used as of:

- (a) the date on which the eligible time-of-use meter becomes usable for billing purposes;
- (b) the first day of the first billing period that commences after the date on which the eligible time-of-use meter becomes usable for billing purposes; or
- (c) any day that is between the date referred to in paragraph (a) and the day referred to in paragraph (b).

3.8.4 Until the mandatory TOU date~~second term commencement date~~, a distributor that has not made the election referred to in section 3.5.1 shall not be required to comply with section 3.8.1 or 3.8.2 in relation to:

- (a) the initial values of RPEM_{OFF}, RPEM_{MID}, or RPEM_{ON} referred to in section 3.4; or
- (b) the hours of the day comprising any of the periods referred to in section 3.4.2(c).

3.9.2 Section 3.9.1 shall cease to have effect on the mandatory TOU date~~second term commencement 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.

2. Bill Presentment - TOU Prices

3.4.3 On each bill submitted to an RPP consumer that is being charged the commodity price for electricity under section 3.4.1, a distributor must show as separate items the volume of electricity billed at RPEM_{OFF}, the volume of electricity billed at RPEM_{MID} and the volume of electricity billed at RPEM_{ON}. A distributor must also show, on the applicable separate line, the corresponding term “off-peak”, “mid-peak” or “on peak”.

3. Revised Definition of “Eligible Time-of-Use Meter”

1.2.1 In this Code, unless the context otherwise requires:

...

“conventional meter” means a meter other than ~~an interval meter or~~ an eligible time-of-use meter;

...

“eligible time-of-use meter” means an interval meter or a meter that measures and records electricity use during each of the periods of the day referred to in section 3.4.1 cumulatively over a meter reading period;

...

3.2.2 The commodity price for electricity payable by a non-RPP consumer or an electing spot consumer that has an interval meter or ~~an~~another eligible time-of-use meter that is capable of providing data on at least an hourly basis shall be the spot market price determined in accordance with the Retail Settlement Code, with such adjustment as may be made by the IESO in accordance with the Electricity Act and the regulations.

3.2.3 A distributor shall charge an electing spot consumer in accordance with section 3.2.2 only upon being requested to do so in writing by the electing spot consumer and only where the electing spot consumer has an interval meter or ~~an~~ another eligible time-of-use meter that is capable of providing data on at least an hourly basis. In such a case, the distributor shall charge the electing spot consumer in accordance with section 3.2.2 for electricity consumed after an actual read of the electing spot consumer's meter by the distributor.

4. Final RPP Variance Settlement: Broadening the Scope

3.7 Final RPP Variance Settlement Amounts for RPP Consumers Leaving Regulated Price Plan

3.7.1 Where a distributor:

- (a) is advised that an RPP consumer that is being charged a commodity price for electricity in accordance with section 3.3 or 3.4 will be cancelling its account with the distributor and will be moving out of the province of Ontario;
- (b) receives a notice referred to in section 2.1.2 from or in relation to an RPP consumer that was, on the date of the notice, being charged a commodity price for electricity in accordance with section 3.3 or 3.4; ~~or~~
- (c) receives a request referred to in section 3.2.3 from or in relation to an electing spot consumer that was, on the date of the request, being charged a commodity price for electricity in accordance with section 3.3 or 3.4; or
- (d) determines that an RPP consumer ceases to be eligible to pay the commodity price for electricity determined by the Board under section 79.16 of the Act,

the distributor shall charge or credit the RPP consumer or electing spot consumer a final RPP variance settlement amount calculated on the basis of historical consumption in accordance with the methodology established by the Board in the RPP Manual.