



3240 Mavis Road
Mississauga, Ontario
L5C 3K1

Tel: (905) 566-2727
Fax (905) 566-2737

April 11, 2006

Mr. John Zych
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

Dear Mr. Zych:

**Re: RP-2004-0205
PROPOSED AMENDMENTS TO THE STANDARD SUPPLY SERVICE CODE**

This letter is submitted in response to the Board's Notice of Proposal to Amend the Standard Supply Service Code as a coordinated response on behalf of the following distributors:

- The Coalition of Large Distributors ("the CLD"), namely:
 - Enersource Hydro Mississauga Inc.;
 - Horizon Utilities Corporation;
 - Hydro Ottawa Limited;
 - PowerStream Inc.;
 - Toronto Hydro-Electric System Limited; and
 - Veridian Connections Inc.
- Hydro One Networks Inc.
- Hydro One Brampton Networks Inc.

The collective distributors welcome the opportunity to comment on the Board's Proposed Amendments of March 24, 2006 regarding the application of the final RPP variance settlement amount.

We agree that a customer who moves within Ontario from one distributor to another, while on a retail contract, should not have the RPP Settlement applied a second time due to a technical process issue that is beyond the consumer's control.

This letter provides our assessment of the Board's proposed amendment and the Board's alternative to that amendment; we also identify another alternative and provide our assessment of it. Lastly, we raise a new issue concerning application of the RPP final settlement that is not addressed through the proposed amendments.



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OEB proposed amendment

Under the Board's proposed amendment, distributors will refund the RPP Settlement amount where the distributor is advised by a consumer, within a period of three months, that the consumer had an existing retail contract before they moved and are simply remaining on that contract. Distributors will confirm with the applicable retailer that the consumer did have such a retail contract.

Evaluation

To implement this proposed amendment, distributors must establish new processes to validate the customer's self-declaration of retailer enrolment and collect verification documentation, to confirm with the applicable retailer and to amend record keeping requirements. While smaller distributors may be able to rely on manual processes, larger distributors will need to automate them. Making changes to the EBT system is not trivial and requires adequate time.

Recommendation

We recommend that the Board make retailers accountable for notifying distributors of a previous contract arrangement as part of the customer re-enrollment. Retailer notification should be provided through the EBT process (this will require modifications to EBT standards) to ensure accuracy and consistent application. Upon amendment of the SSS Code and EBT standards, we suggest that retailers notify distributors at least 90 days in advance. The EBT system costs and costs to amend billing systems may be material.

OEB alternative

When a new customer enrolls with a distributor, the distributor will delay applying the RPP Settlement amount for a period of time sufficient to allow the retail enrolment process to occur; a 90 day period is assumed.

Evaluation

The administration of the OEB alternative is similar to that of the OEB proposed amendment. This alternative imposes an incremental requirement on distributors to monitor all new customers during the delay period. As well, the billing system changes and EBT system changes will be more complex.

CLD alternative

We recommend that distributors not apply the RPP Settlement on accounts when a retailer enrolment is received by a distributor and the account is less than six months old.

Evaluation

This alternative overcomes the concerns identified above: it requires minimal changes to Billing Systems, does not require immediate changes to EBT standards and does not require distributor validation of a contract between a retailer and a customer. The CLD recognizes that some customers, who would otherwise have had the RPP Settlement applied to their account, will not attract responsibility (eg., customers who are new to the distributor and sign a new retail contract within six months of service). We suggest that the forgone RPP settlement may be less costly than the system changes required to implement either the proposed amendment or the Board's alternative. This alternative will also eliminate customer concerns of adjusting bill amounts for the RPP Settlement, which is based on the last 12 months consumption, for a customer who has been served by the LDC for a period less than 12 months.



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Time of Use Pricing notification period

We understand that the Board is reluctant to define the length of the advance notice required at this time. We maintain that a minimum of 6 months notice is required to implement a seamless transition to mandatory time of use pricing. We will, accordingly, file, either collectively or individually, detailed explanations supporting the length of advance notice required in this regard with the Board by June 1, 2006.

A New Issue

Recently, some CLD members have learned that customers signing contracts with retailers are unaware that the RPP Final Variance will be applied. Typically, customers first become aware it upon receipt of the first bill under Retail service. Often the customer contacts the distributor and may request that the contract be voided or that the Final Settlement be reversed. In some cases, customers have had their contracts voided and have subsequently sought a rebate of the RPP final Settlement from the distributor.

The CLD suggest that the Board clarify retailers' disclosure obligations when signing customers to contracts, in particular, that signing a retail contract triggers the application of the RPP Final Settlement.

If you have any questions or require further clarification in this matter, please do not hesitate to contact me.

Yours truly,

Kathi Litt
Regulatory Affairs Advisor
klitt@enersource.com

CC Cameron McKenzie, Horizon Utilities Corporation;
Lynne Anderson, Hydro Ottawa Limited;
Paula Conboy, PowerStream Inc.;
Rick Zebrowski, Toronto Hydro-Electric System Limited; and
George Armstrong, Veridian Connections Inc.
Oded Hubert, Hydro One Networks Inc.
Scott Miller, Hydro One Brampton Networks Inc.