



BY EMAIL AND WEB POSTING  
NOTICE OF AMENDMENT TO A CODE

AMENDMENTS TO THE STANDARD SERVICE SUPPLY CODE, THE RETAIL  
SETTLEMENT CODE AND THE DISTRIBUTION SYSTEM CODE

AND

NOTICE OF PROPOSAL TO AMEND A CODE  
PROPOSED AMENDMENT TO THE STANDARD SERVICE SUPPLY CODE

BOARD FILE NO.: EB-2007-0032

**To:** All Licensed Electricity Distributors  
All Licensed Electricity Retailers  
All Participants in Proceedings RP-2004-0196 and EB-2007-0032  
Independent Electricity System Operator  
All Other Interested Parties

**Re:** Code Amendments for the Smart Metering Initiative Transition Period

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The Ontario Energy Board (the "Board") has today issued amendments to the Standard Supply Service Code (the "SSS Code"), the Retail Settlement Code (the "RSC") and the Distribution System Code (the "DSC") (collectively the "Codes") under section 70.2 of the *Ontario Energy Board Act, 1998* (the "Act"). The Board is also giving notice under section 70.2 of the Act of a further proposed amendment to the SSS Code.

**I. Background**

On May 14, 2007, the Board issued a Notice of Proposal (the "May Notice") in which it proposed to amend the Codes relating to the implementation of the Province's smart metering initiative (the "SMI").

The Province's smart metering initiative is put into effect principally through legislation and regulation. The government's policy for implementation of the smart metering initiative requires a transition period which includes the period for the initial enrolment of smart meters into the meter data management and meter data repository (the "MDM/R") currently under development by the Independent Electricity System Operator (the "IESO"). The MDM/R will eventually be operated by a Smart Metering Entity ("SME"). A description of the Board's understanding of the government's transition policies, of the meter data functions of the MDM/R and of certain legislative elements of the framework governing the transition period is set out in the Board's May Notice.

Accompanying the May Notice were a number of proposed amendments to the Codes (the "Proposed Amendments"). The Proposed Amendments were intended to:

- ensure that the Board's regulatory instruments accommodate the Province's SMI and related policies;
- ensure that smart metering is implemented on a cost effective basis during the transition period; and
- provide greater clarity regarding the roles and responsibilities of licensed electricity distributors in relation to settlement using smart meter data and the billing of consumers with smart meters during the transition period.

The Board received ten written submissions on the Proposed Amendments, and these are available for viewing on the Board's website. The Board has considered the submissions received and has determined that no material changes need to be made to the Proposed Amendments. However, in light of the comments received, the Board has made minor revisions to four of the Proposed Amendments (section 3.5.2 of the SSS Code, section 1.2 of the RSC (definition of "smart meter") and sections 1.2 (definition of "smart meter") and 5.3.13 of the DSC) in order to improve clarity.

One of the Proposed Amendments was a proposal to amend section 3.5.3 of the SSS Code, which deals with the manner in which licensed distributors give notice of their decision to implement time-of-use ("TOU") pricing prior to the date on which TOU pricing becomes mandatory on a Province-wide basis for all consumers that have an eligible time-of-use meter. While the Board has adopted that amendment, the Board is

proposing a further and different amendment to that same section of the SSS Code, and is inviting comment on that new proposed amendment as described below.

## **II. Amendments to the Codes as Adopted by the Board**

### **A. Revised Amendments to the SSS Code**

The principal purpose of the amendments to the SSS Code is to introduce the possibility of consumer choice in relation to TOU pricing.

Some of the comments received by the Board advocated that licensed distributors should have more flexibility as to when a specific meter is declared to be usable for TOU billing purposes and in relation to the amount of notice that must be given to affected consumers. The Board notes that, until TOU pricing becomes mandatory on a Province-wide basis, implementation of TOU pricing, whether on a voluntary or a mandatory basis, is at the election of the licensed distributor. In addition, the licensed distributor can control when meters are enrolled in the MDM/R and thus when the eligible time-of-use meter data is usable for billing purposes. In this regard, the Board has made a minor revision to section 3.5.2 of the SSS Code, relative to the proposed amendment to that section that accompanied the May Notice. The revision clarifies that TOU pricing applies once the meter becomes useable for TOU billing purposes.

With respect to the issue of notice, the Board notes that the notice periods specified in the SSS Code are minimums. Licensed distributors may provide longer notice if they so wish.

The Board also received comments proposing that customers that are on retail contracts but that are currently charged under the Regulated Price Plan as a result of the operation of section 79.16 of the Act should not be allowed to be charged TOU prices on either a mandatory or a voluntary basis during the term of their contracts. While the Board understands that implementation of TOU pricing for these customers may be problematic from the perspective of the retailers, the retail contracts that are at issue are due to expire in the short term. Accordingly, the Board does not consider it necessary to introduce special rules for these customers.

The Board acknowledges the concerns raised by various interested parties to the effect that the introduction of consumer choice may present a potential gaming opportunity for

consumers because the SSS Code does not prohibit consumers from switching back and forth from tiered pricing to TOU pricing. The Board confirms that licensed distributors that implement TOU pricing on a voluntary basis may determine the conditions under which switching will be permitted to occur. The Board does not consider it necessary to restrict such movement at this time. If it should come to the attention of the Board that gaming is becoming a widespread practice, the Board may revisit the need to amend the SSS Code to address the issue.

The revised amendments to the SSS Code, as adopted, are set out in Attachment A to this Notice.

## **B. Revised Amendments to the RSC**

The principal purpose of the amendments to the RSC is to clarify the status of smart meters for billing and settlement purposes. Specifically, smart meters are to be treated as non-interval meters for billing and settlement purposes (including in relation to the calculation of the net system load shape) pending the final evolution and implementation of the MDM/R and the synchronization of the licensed distributors' systems with those of the MDM/R and the SME.

Several stakeholders noted that the definition of "metering evolution period end date" contemplates that the date could be different for each licensed distributor, and recommended that it be a single date for the Province, to coincide with the end of the transition period. The Board remains of the view that flexibility to allow the full functionality of smart meters to be implemented on a distributor-by-distributor basis as their individual systems are synchronized to the MDM/R is desirable. Moreover, the definition of "metering evolution period end date" does not preclude adoption of one date for the Province should that become apparent as the most efficient approach.

Certain stakeholders commented that licensed distributors should be able to duplicate MDM/R functions if they can do so at minimal cost or if it is required for other business purposes. As noted in the May Notice, the *Smart Meter: Cost Recovery Regulation*, O. Reg. 426/06, made under the Act generally prohibits the Board from allowing cost recovery for meter data functions to be performed by the SME. The Board does not believe it appropriate for its regulatory instruments to encourage or allow licensed distributors to make investments that by law cannot be recovered.

Certain retailers proposed that they should be provided with TOU consumption information during the transition period. At the present time, there is no mechanism for the transmission of such data. However, the Board understands that the SMI end state will provide for hourly data to be communicated to retailers. Thus, the EBT and related system changes that would be necessary to implement this option would be short-lived. On that basis, the Board does not consider that investments in such system changes are warranted.

The Board has made one minor revision to the definition of “smart meter” that is being added to section 1.2 of the RSC, to correct the name of the regulation that is referred to in that definition.

The revised amendments to the RSC, as adopted, are set out in Attachment B to this Notice.

### **C. Revised Amendments to the DSC**

The principal purpose of the amendments to the DSC is to ensure that, once a licensed distributor’s systems are synchronized to the MDM/R, the licensed distributor will not be performing activities in relation to meter data that are expected to be done through the MDM/R.

Several stakeholders pointed out that the licensed distributor retains responsibility for the final, manual editing in the validating, estimating and editing (“VEE”) process. The Board acknowledges that this may be the case, and has made a minor revision to the amendment to section 5.3.13 of the DSC relative to the proposed amendment to that section that accompanied the May Notice. The revision clarifies that a licensed distributor may perform VEE. However, it remains the case that VEE must in all circumstances be completed in accordance with the VEE process established by the IESO or the SME. The Board notes, in this regard, that the IESO has developed a VEE manual through its working group process. That manual defines which functions are to be performed by licensed distributors and which are to be performed by the SME or its current proxy, the IESO.

One stakeholder suggested that it was premature to require an agreement between licensed distributors and the SME. Other interested parties have emphasized the need for greater clarity on the respective roles and responsibilities of licensed distributors and

the SME going forward. The Board remains of the view that it is appropriate for licensed distributors and the SME (or in the interim period the IESO) to enter into an agreement regarding metering in order that there be greater clarity as to the parties' respective roles and responsibilities. The Board also remains of the view that it should have oversight of the terms and conditions of that agreement.

The Board has made one minor revision to the definition of "smart meter" that is being added to section 1.2 of the DSC, to correct the name of the regulation that is referred to in that definition.

The revised amendments to the DSC, as adopted, are set out in Attachment C to this Notice.

#### **D. Coming Into Force**

As indicated in the May Notice, the amendments to the SSS Code, the RSC and the DSC, as set out more fully in Attachments A, B and C, respectively, will come into force on the date that they are published on the Board's website.

### **III. New Proposed Amendment to the SSS Code**

#### **A. Proposed Amendment**

Section 3.5.3 of the SSS Code sets out the manner in which licensed distributors are to give notice of their decision to implement TOU pricing prior to the date on which TOU pricing becomes mandatory for all consumers in the Province that have an eligible time-of-use meter. As currently drafted, the section allows for notice to be given in one of three ways, and there is no requirement for direct notice to be given to affected consumers.

Section 3.5.3 was originally written in the context of advance TOU pricing being mandatory for all consumers with an eligible time-of-use meter. In addition, at the time it was anticipated that TOU pricing would be mandatory on a Province-wide basis within a relatively short period of time, and that the move to mandatory TOU pricing would be accompanied by a broad communication effort. With the introduction of the potential for consumer choice and the deferral of Province-wide mandatory TOU pricing, it is appropriate to ensure that licensed

distributors provide more direct notice of their decision to implement TOU pricing during the transition period. The Board is therefore proposing to amend section 3.5.3 of the SSS Code to require direct notice, either by means of a bill insert or by other direct means (such as a letter, other direct mailing or telephone).

The Board considers it likely that many licensed distributors would, as a matter of good business practice, have chosen to provide direct notice in any event rather than relying solely on a web posting.

The text of the proposed amendment to section 3.5.3 of the SSS Code is set out in Attachment D to this Notice.

## **B. Anticipated Costs and Benefits of the Proposed Amendment**

The Board acknowledges that licensed distributors will incur additional costs in providing more direct notice relative to the costs involved in simply posting notice on their websites. However, the Board believes that these costs are outweighed by the benefits to consumers of being made directly aware of the early implementation of TOU pricing. In addition, the Board anticipates that some of the additional costs incurred by licensed distributors may be offset by reduced costs in responding to consumer inquiries and complaints regarding TOU pricing.

## **C. Coming into Force**

The Board proposes that the new proposed amendment to the SSS Code described above and set out more fully in Attachment D to this Notice come into force on the date that the final amendment is published on the Board's website.

## **D. Invitation to Comment**

All interested parties are invited to make written submissions on the Board's proposed amendment to the SSS Code as set out in Attachment D to this Notice. The Board will not be granting cost awards in relation to this further consultation.

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, if possible, electronic copies in searchable Adobe Acrobat (PDF), if available, or Word format with

the Board Secretary by **4:30 p.m.** on **July 11, 2007**. Your submission must quote file number EB-2007-0032 and include your name, address, telephone number and, where available, your 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 M4P 1E4

Electronic copies may be submitted on CD/diskette or by e-mail to [BoardSec@oeb.gov.on.ca](mailto:BoardSec@oeb.gov.on.ca).

This Notice, including the attached amendments to the SSS Code, the DSC and the RSC, and the further proposed amendment to the SSS Code, as well as all written submissions received by the Board in response to this Notice, will be available for public viewing on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) and at the office of the Board during normal business hours.

If you have any questions regarding the amendments or the further proposed amendment described in this Notice, please contact Laurie Reid at 416-440-7623. The Board's toll free number is 1-888-632-6273.

**DATED** at Toronto, June 27, 2006.

**ONTARIO ENERGY BOARD**

*Original Signed By*

Peter H. O'Dell  
Assistant Board Secretary

Attachments:



- Attachment A: Amendments to the Standard Supply Service Code
- Attachment B: Amendments to the Retail Settlement Code
- Attachment C: Amendments to the Distribution System Code
- Attachment D: New Proposed Amendment to the Standard Supply Service Code

**Attachment A****Amendments to the Standard Supply Service Code**

1. *Section 3.2.5 of the SSS Code is amended by deleting paragraph (a) and replacing it with the following:*
  - (a) if it has made the election referred to in section 3.5.1:
    - i. charge the electing spot consumer the commodity price for electricity determined in accordance with section 3.4 where the distributor is electing to implement pricing under section 3.4 on a mandatory basis under section 3.5.2(a); or
    - ii. charge the electing spot consumer the commodity price for electricity determined in accordance with either section 3.3 or section 3.4, as the consumer may elect, where the distributor is electing to implement pricing under section 3.4 on a voluntary basis under section 3.5.2(b);
2. *Section 3.5.2 of the Standard Supply Service Code is deleted and replaced with the following:*

3.5.2 Where a distributor has made the election referred to in section 3.5.1, the distributor shall also determine whether the implementation of pricing under section 3.4 will be:

  - (a) mandatory for all RPP consumers in its service area that have eligible time-of-use meters; or
  - (b) voluntary, at the option of each RPP consumer in its service area that has an eligible time-of-use meter.

Where the distributor selects the option referred to in paragraph (a) and has given the notice referred to in section 3.5.3, the distributor

shall charge each RPP consumer served by that distributor that has an eligible time-of-use meter the commodity price for electricity determined in accordance with section 3.4 as of the first day of the first billing period that commences after the date on which the eligible time-of-use meter becomes useable for time-of-use billing purposes. Where the distributor selects the option referred to in paragraph (b) and has given the notice referred to in section 3.5.3, the distributor shall charge each RPP consumer served by that distributor that has an eligible time-of-use meter the commodity price for electricity determined in accordance with either section 3.3 or section 3.4, as the RPP consumer may elect.

3. *Section 3.5.3 of the Standard Service Supply Code is amended by adding the following to the beginning of the last paragraph:*

Such notice shall describe whether the distributor will implement pricing under section 3.4 on a mandatory basis as referred to in section 3.5.2(a) or on a voluntary basis as referred to in section 3.5.2(b). Where the distributor has selected implementation on a voluntary basis, such notice shall also include details of the manner in which RPP consumers with eligible time-of-use meters may exercise their election.

**Attachment B****Amendments to the Retail Settlement Code**

1. *Section 1.2 of the Retail Settlement Code is amended by adding the following immediately after the definition of “meter installation”:*

“metering evolution period end date” means, in relation to a distributor, the date determined for that purpose by the Board;

2. *Section 1.2 of the Retail Settlement Code is amended by adding the following immediately after the definition of “service transaction request”:*

“smart meter” means a meter that is part of an advanced metering infrastructure that meets the functional specification referenced in the *Criteria and Requirements for Meters and Metering Equipment, Systems and Technology Regulation*, O. Reg. 425/06;

3. *Section 3.3 of the Retail Settlement Code is amended by adding the following new section 3.3.3 immediately after section 3.3.2:*

**3.3.3. Consumers With Smart Meters**

Until the metering evolution period end date, a distributor shall determine settlement costs for consumers with smart meters in accordance with section 3.3.2.

4. *Section 3.4 of the Retail Settlement Code is amended by deleting the first sentence and replacing it with the following:*

As indicated in sections 3.3.1, 3.3.2 and 3.3.3, determining settlement costs for competitive electricity services requires weighting hourly wholesale prices by hourly usage for individual consumers. Until the metering evolution period end date, a smart meter shall be treated as a non-interval meter for the purposes of this section.

5. *Section 5.2 of the Retail Settlement Code is amended by deleting the first sentence of the second paragraph and replacing it with the following:*

A distributor shall read all MOST meters, non-interval meters and smart meters according to a meter-reading cycle established by the distributor.

6. *Section 11 of the Retail Settlement Code is amended by adding the following immediately following the paragraph set out under the heading "ACCESS TO CONSUMER INFORMATION":*

Until the metering evolution period end date, a distributor shall for all purposes under sections 11.1 to 11.3 inclusive treat a smart meter as a non-interval meter.

7. *Section 11.1 of the Retail Settlement Code is amended by deleting the first sentence of the second paragraph and replacing it with the following:*

The schedule of meter reading and posting of data to the EBT System for interval, non-interval and smart metered data is described in section 5.2.

**Attachment C****Amendments to the Distribution System Code**

1. *Section 1.2 of the Distribution System Code is amended by adding the following immediately after the definition of “small embedded generation facility”:*

“smart meter” means a meter that is part of an advanced metering infrastructure that meets the functional specification referenced in the *Criteria and Requirements for Meters and Metering Equipment, Systems and Technology Regulation*, O. Reg. 425/06;

2. *Section 5.1 of the Distribution System Code is amended by adding the following new sections 5.1.7 and 5.1.8:*

5.1.7 For the purposes of sections 5.1.2 to 5.1.5 inclusive, a smart meter is not an interval meter.

5.1.8 Section 5.1.7 ceases to have effect in relation to a distributor on the date determined for that purpose by the Board.

3. *Section 5.3 of the Distribution System Code is amended by adding section 5.3.13 immediately after section 5.3.12:*

5.3.13 Notwithstanding any other provision of section 5.3, the VEE process for all data from a smart meter shall be completed by one or more of:

- a. the Smart Metering Entity;
- b. the IESO, in its capacity, given by regulation, to plan, manage and implement the smart metering initiative or any aspect of that initiative; or
- c. the distributor,

as may be provided by, and in accordance with, the VEE process established by the Smart Metering Entity or the IESO.

4. *Section 5 of the Distribution System Code is amended by adding the following new section 5.4:*

**5.4 Agreement with SME or IESO Relating to Metering**

- 5.4.1 A distributor shall, upon being requested to do so, enter into an agreement with the Smart Metering Entity or the IESO, in a form approved by the Board, which sets out the respective roles and responsibilities of the distributor and the Smart Metering Entity or the IESO in relation to metering and the information required to be exchanged to allow for the conduct of these respective roles and responsibilities.

## Attachment D

### **New Proposed Amendment to the Standard Supply Service Code**

*Section 3.5.3 of the Standard Service Supply Code is amended by deleting paragraphs (a), (b) and (c) and replacing them with the following:*

- (a) posting a notice to this effect on its website and including an insert containing a notice to this effect with at least one bill submitted to RPP consumers; or
- (b) such other means as will provide direct notice of the election to RPP consumers within the distributor's licensed service area.