

Retail Settlements Code and
Distribution System Code Taskforce
Energy Competition Act

First meeting

April 16, 1999

Ontario Energy Board

Presentation Overview

The *Energy Competition Act, 1998*

- *Electricity Act, 1998* (Schedule A)
- *Ontario Energy Board, 1998* (Schedule B)

Areas addressed by the OEB (licences, codes, rate handbook):

- some finished, some under development;
- all must fit together
 - achieve consistency
 - avoid overlap
- all must comply with the *Act*.

Electricity Act, 1998

Requires non-discriminatory access to T and D lines (section 26).

Sets forth obligations and rights of distribution licensees, including:

- the obligation to connect buildings that lie along the distribution line (section 28);
- the obligation to sell electricity to customers connected to the distributor's distribution system (section 29)
- the right to disconnect customers for non-payment (section 31);
- the right to enter land, (section 40), property interests, etc (sections 41-45)(also covered in the Ontario Energy Board Act, 1998 Part VI).

Ontario Energy Board Act, 1998

The Board has been given authority to:

- Implementing performance based regulation
- Implementing rate protection for rural and remote customers
- Assisting in local restructuring efforts upon request
- Approving investments in transmission and distribution
- Encouraging energy efficiency and environmentally benign energy sources
- Monitoring market performance and competition
- Licensing market participants

Distribution Licences

- Authorize participation in the market
- Allows Board to measure compliance with legislative and regulatory requirements
- Section 70 of the *OEB Act* outlines recommended provisions. However, it is up to the Board to determine the relevant conditions of licences
- Establishes the relationship between the licensee and the Board
- Rely on the use of codes to establish the relationship between the licensee and other market participants (e.g. affiliates, retailers, customers and other distributors)

Codes and Handbooks

Draft licences rely on the use of codes & Handbook to establish:

- technical requirements for keeping the ‘wires’ operating in safe and reliable manner (Distribution System Code)
- processes for retail settlements (Retail Settlements Code)
- conditions under which a distributor may fulfill its obligation to sell electricity under section 29 (Standard Service Supply Code)
- rules under which distributors may interact with their affiliate (Affiliate Relationships Code)

Codes and Handbooks

Draft licences rely on the use of codes & Handbook to establish:

- obligations and standards with respect to metering (Retail Metering Code)
- the calculation of performance based rates (Rates Handbook)
- rules regarding the accounting and financial records with respect to its distribution business (Accounting Procedures Handbook)