

Proposed Amendments to Chapter 8 of the Retail Settlement Code

Amend section 8.1.1 of the Retail Settlement Code by deleting "Step 1" and "Step 2" and replacing with the following:

- Step 1: Estimate the total bill (e.g. all charges for competitive and non-competitive electricity services settled through the distributor) for a one calendar month period for an average consumer for each class of consumer in which at least one of the class members is served by the retailer (with the competitive and non-competitive electricity costs determined according to the rules in Chapters 3 and 4). For the purpose of this estimation, the estimated usage for an average consumer in each class shall be the total reasonably estimated usage for the class in the calendar month during the calendar year in which total consumption of electricity in Ontario is expected to be greatest divided by the number of members of the class within the distributor's service area. For the purpose of this estimation, the price estimates used in calculating competitive electricity costs shall be the same as the most recent estimated market prices in the real-time energy market established by the IMO for the purposes of determining market participant maximum net exposures and prudential support obligations.
- Step 2: Multiply the number of consumers in each class served by the retailer by the estimated total bill calculated in accordance with Step 1 and add the totals for each class together.

Amend section 8.1.3 of the Code by revoking it and replacing it with the following:

The following provisions relate to the calculation of the maximum allowable security for distributor-consolidated billing.

If a retailer provides specific price information with respect to its contracts with its customers or provides a weighted average price for each class of consumer within the distributor's service area that it serves, the distributor shall use this information in setting the maximum allowable amount of security required from the retailer. For the purpose of calculating the weighted average price, the estimated usage shall be based on the usage of an average consumer in each class which shall be calculated by dividing the total reasonably estimated usage for the class in the calendar month during the calendar year in which total electricity consumption is expected to be greatest by the number of members of the class within the distributor's service area. Where a retailer has provided specific price information or a weighted average price, the distributor shall use the same three-step process

outlined in section 8.1.1 to determine the maximum allowable security, except that the estimate shall be based on the difference between the price estimates which would be used in Step 1 of section 8.1.1 and the forecast amount to be charged to the consumer based on the price information from the retailer.

Where a retailer chooses to not provide specific price information or a weighted average price as described above, the distributor shall calculate the maximum amount of security based on the same amount as if the split bill option was in effect as described in section 8.1.2.

Section 8.2 of the Code is amended by deleting the fourth and fifth sentences and replacing them with the following:

Where the maximum allowable amount of security has fallen below the amount currently in place by more than 10 percent, the distributor may continue to require the retailer to provide as security no more than the greater of:

- (a) the most recent calculation of the maximum allowable amount of security;
and
- (b) the amount not in excess of the previously calculated maximum allowable amount of security which has been invoiced by the distributor and which is due and owing or will become due and owing within the next forty business days from the date that the maximum allowable amount of security was recalculated.

Where the retailer is entitled to reduce the amount of security provided, the distributor shall notify the retailer immediately.