

Subgroup 1: Managing Customer Choice and Competitive Retailers

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ISSUE STATEMENT: (Final)

Global Issue Outline I.B: What service transactions should be included in the settlement code?

OPTIONS:

1. Include rules and procedures for all service change transactions in the Settlement Code.
2. Include only transactions that involve a retailer.

BACKGROUND INFORMATION:

Section 4.3 of the RTP Final Report states the following:

The LDC-managed customer transfer process must be capable of accommodating a variety of requests from customers and/or retailers, including:

- Customers who switch from an LDC to a retailer, with no change in metering service, but with a request for one of the following billing options:
 1. Consolidated bill from a retailer.
 2. Split bills (e.g., network bill from an LDC, electricity bill from a retailer).
 3. Consolidated bill from an LDC (optional service).
- Customers who switch from an LDC to a retailer combined with a change to competitive metering from a retailer under any of the billing options described above.
- Customers who switch from an LDC to a retailer combined with a change to interval metering provided by the LDC under any of the above billing options.
- Customers who switch from a retailer to another retailer under any of the multiple billing and meter options described above.
- Customers who switch from a retailer to an LDC by choice.
- Customers whose contracts with retailers expire and who wish to revert to default service from an LDC.
- Customers who are dropped by a retailer for any reason and cannot receive services from another retailer, therefore defaulting to an LDC.
- Customers who are already served by a retailer through consolidated LDC billing but who want to switch to split billing or to consolidated billing by a retailer.
- Existing LDC customers who want to continue LDC service but who also want interval metering installed.

The only market transaction that does not need to be accommodated by an LDC-managed transfer process is a private financial or value-added service contract between a retailer and an

end-use customer where the customer still receives a consolidated bill from an LDC (and the retailer does not ask the LDC to do billing on its behalf). Such transactions essentially involve “side deals” between customers and retailers that, by design, require no ancillary services from LDCs and, therefore, require no LDC involvement at all in the process.

RTP Recommendation 4-2 states:

All LDCs must implement changes in information systems and provide the necessary resources to facilitate record keeping and transfer procedures for all changes in electricity, meter and billing service provision except those transactions that involve only “side deal” arrangements between retailers and customers.

SUMMARY OF GROUP DISCUSSION:

Group participants felt that the Settlement Code should only address service transactions in which a competitive retailer is involved. Transactions that are purely between LDCs and customers should not be included in the Settlement Code. Such transactions should be governed, implicitly or explicitly, through the Distribution Code, the Standard Supply Code or simply “standard business practices.” Under this approach, the following transaction requests would NOT be governed by the Settlement Code:

1. A “side deal” as defined above.
2. A change in customer location within an LDC’s service territory for an SSS customer who wishes to remain an SSS customer.
3. A customer moving into the service territory who chooses SSS service.
4. A customer currently on SSS service who moves out of the service territory.
5. A change from standard to interval metering service while remaining an SSS customer.
6. A request for customer information sent directly to a customer.

RECOMMENDATIONS:

Any transaction request seeking a change in service for a customer that is currently served by a competitive retailer or for an SSS customer who wants to receive electricity supply from a competitive retailer should be governed by the Settlement Code and should adhere to the rules and procedures laid out in the Code. Specifically, the transactions included in the code are:

1. A change from SSS to competitive supply.
2. A change from one competitive retailer to another.
3. A change from a competitive retailer back to SSS.
4. A change in metering or billing options for customers currently served by a competitive retailer.
5. A change in customer location (either within the service territory or a move to another service territory) for a customer that is currently served by a competitive retailer.

6. A request to transfer customer-specific information to one or more retailers.

Any service transaction requests not included in the above list are governed by other codes or by normal business practices.

IMPLEMENTATION ISSUES:

Implementation issues for transaction requests are covered elsewhere. *(Note: This recommendation should be flagged to the DSC and SSS code groups for them to consider whether transactions not covered in the RSC should be covered in other codes or left up to normal business practices.)*

VOTER SUMMARY:

Unanimous recommendation by the Task Force.

DISSENTING OPINIONS:

None.

ISSUE STATEMENT: (Final)

Global Issue Outline I.C.1: Which party should initiate service transaction requests?

OPTIONS:

1. All service transaction requests must be submitted by a retailer.
2. Requests can come from either a customer or retailer.
3. Requests can only come from customers.
4. Certain requests must come only from customers and others must come only from retailers.

BACKGROUND INFORMATION:

A change in any of the services covered by the Settlement Code (see the recommendations for issue I.B for a list of such services) must be initiated by notifying an LDC of the desired change. Depending upon the nature of the transaction, such notification could logically come either from customers or retailers. A key consideration in deciding whether customers or retailers should initiate the request is the trade-off between customer convenience and customer protection. If notification comes directly from customers, there is little need to implement consumer protection procedures to avoid slamming (e.g., the unauthorised transfer to another retailer). However, under these circumstances, customers must be responsible for completing the necessary paperwork and interfacing with their existing retailer in order to initiate the process. If notification is provided by retailers, it is much more convenient for customers but it leaves them vulnerable to slamming.

Taking this trade-off into consideration, the RTP recommended that transfer requests should be submitted by retailers in all situations where a retailer is in a position to do so but only after obtaining written authorisation to do so. Specifically, RTP recommendation 4-3 states, in part, that:

In all transactions involving a change to a new retailer-provided service, the change should be initiated by the retailer that will provide the new service, based on written authorisation by a customer. . . .For transactions involving a voluntary transfer from a retailer back to an LDC, or a change in service that does not involve a retailer, notification should be provided by customers.

SUMMARY OF GROUP DISCUSSION:

Subgroup participants generally favoured the submission of service transaction requests by retailers rather than customers whenever possible, based on convenience to both customers and LDCs. Once transfer procedures are established, retailers will know what they are, will have the appropriate forms or electronic interface capabilities and will be able to implement the necessary steps much more easily than customers. This approach is also much more convenient for customers for most transactions. As long as concerns about unauthorised transfers can be addressed, all group members felt that retailer-initiated transfer requests were optimal for all parties.

On the other hand, there will always be exceptions to the general rule. For example, there may very well be customers who find it more convenient to submit requests for certain types of transfers themselves. Even more likely is the fact that customers may not trust their current supplier to submit a request, for example, when a customer wants to revert to SSS service because they are unhappy with their current supplier. The group discussed the idea that, if a customer called in with a request, if a retailer is involved, the LDC should direct the customer to ask their retailer to submit the necessary information (i.e., that LDCs would not accept requests directly from customers). However, this not only seems impractical in some instances, it should logically be left up to individual LDCs to make this typical business decision.

RECOMMENDATIONS:

Although the preferred approach is to accept service transaction requests from retailers whenever possible, LDCs must be willing to accept requests from either customers or retailers.

IMPLEMENTATION ISSUES:

Details of the transaction process are discussed elsewhere.

VOTER SUMMARY:

Unanimous recommendation by the Task Force.

DISSENTING OPINIONS:

None.

ISSUE STATEMENT: (FINAL)

Global Issue Outline I.C.1.a.(2): Nature of authorisation for service transaction request.

- What form of authorisation is required for each type of service transaction request?
- Should LDCs have flexibility with regard to the nature of authorisation they will accept?
- Who must retain records and for how long?

OPTIONS:

1. Uniform rules across all LDCs.
2. Flexibility in rules across LDCs.
3. The same form of authorisation should apply to all transaction types.
4. The form of authorisation should differ depending upon the type of transaction.
5. Retailers can retain copies of the authorisation rather than transfer originals or copies to LDCs.
6. LDCs must receive a copy of the customer's signed authorisation before proceeding.

BACKGROUND INFORMATION:***RTP Discussion and Recommendations***

The nature of authorisation for service transactions was discussed at length by the MDC and RTP. Relevant recommendations and excerpts from the RTP report, section 4, are presented below.

The RTP concluded that, in all situations, transfer requests can be implemented only upon written authorisation by a customer. The RTP debated the merits of requiring retailers to submit copies of the written authorisation directly to the relevant LDC as part of the transfer process. The RTP agreed that allowing retailers to retain the authorisation on file would be sufficient protection as long as this is an explicit obligation of a retailer licence (e.g., not obtaining authorisation would be a licence violation). However, there was concern that a literal interpretation of Bill 35, section 29(1) would appear to prohibit this approach. The relevant section states,

A distributor shall sell electricity to every person connected to the distributor's distribution system, except a person who advises the distributor in writing that the person does not wish to purchase electricity from the distributor.

Some RTP members felt that this clause would be interpreted to require that the actual written authorisation should be in the possession of an LDC prior to implementing a transfer. If this interpretation holds up under further review, then the RTP recommended that transfer requests should still largely be initiated by retailers, rather than by customers, but that these requests must be accompanied by the written authorisation from a customer.

Given the growing importance of electronic commerce and the cost-effectiveness of telemarketing for soliciting low-volume customers, some MDC members raised concerns that the burden of obtaining written authorisation could significantly inhibit competition for small customers. Neither the RTP nor the MDC had time to investigate this issue but recommended that the issue be taken up by the OEB during the licence and code development process.

The RTP also discussed the form of authorisation required for requests to transfer customer information. A customer can request at any time that certain basic information held by LDCs be transferred either directly to the customer or to a designated retailer. Because of the potentially sensitive nature of such information, the RTP recommended that requests to LDCs for information transfer be accompanied by a copy of the actual written request form from a customer prior to providing information to a third party. The RTP recommended that this practice be adhered to even if future interpretation of Bill 35 allows transfer of supply among retailers to be based on written authorisation held in files by retailers.

RTP Recommendation 4-3:

In all transactions involving a change to a new retailer-provided service, the change should be initiated by the retailer that will provide the new service, based on written authorisation by a customer. The customer authorisation document may be held by the retailer, subject to a favourable legal interpretation of Bill 35, section 29(1). If Bill 35 is interpreted to require that written authorisation be submitted directly to LDCs prior to transfer, the transfer request should still come from retailers but should be accompanied by a copy of the customer's authorisation document. For transactions involving a voluntary transfer from a retailer back to an LDC, or a change in service that does not involve a retailer, notification should be provided by customers.

RTP Recommendation 4-4:

Transfer of customer information to a retailer should only be done based upon receipt by an LDC of a copy of a written request from a customer.

OEB Staff Interpretation:

OEB staff has concluded that retailers who obtain written authorisation from a customer indicating a desire to change from SSS to competitive supply need not transmit an original or copy of such authorisation to the relevant LDC in order for the service transfer to be considered legal according to the *Electricity Act 1998*. In other words, it will be sufficient for retailers to obtain such authorisation and to keep it on file and to attest as a condition of license that such authorisation has been obtained prior to submitting a transfer request to an LDC.

The subgroup was advised by Board Staff that “written authorisation” could be construed to be any form of communication in which a permanent record could be retained. Under this interpretation, for example, a copy of an email transmission from a customer or a voice recording could be construed as written authorisation. However, this issue is still under discussion with legal advisors and staff.

SUMMARY OF GROUP DISCUSSION:

The subgroup agreed with the RTP recommendation that all service requests must be based on written authorisation by customers. The group also agreed with the RTP recommendation that such authorisation could be held by retailers. The group felt that retailers should attest through a positive statement on each submission to an LDC that they had obtained such authorisation

from customers and that they had the records to support that contention. The group disagreed with the RTP's recommendation that requests for customer information transfers should not be honoured prior to receipt by an LDC of a copy of the customer's authorisation. In other words, information transfer requests should be subject to the same rules and procedures as any other type of request. The subgroup was also happy to accept the OEB's guidelines on what constitutes "written authorisation."

Because of the important issues of consumer protection and retailer convenience, the group felt that customer transaction request rules and procedures should be uniform across LDCs.

Regarding the issue of record keeping, the group felt that retailers should keep a copy of the customer's authorisation form at least for the duration of the contract and that LDCs should keep a record of the retailer's transaction request submission for a minimum of one year.

RECOMMENDATIONS:

1. All service transaction requests must be based on written authorisation by a customer. Written authorisation is defined as any form of authorisation for which a permanent record can be retained (subject to further legal advice on this issue).
2. Retailers need not submit to LDCs copies of the written authorisation they obtain from customers in order for a transaction to take place. Retailers are expected to retain records of such authorisation for a period of time required under the law, but in no case should the period be less than the length of the contract. Retailers must state to LDCs at the time of a service transaction request that written authorisation has been obtained from a customer and that records are being retained to validate this claim. False claims with respect to written authorisation will be considered a violation of a retailer's license.
3. A common format for the submission of service request information and rules associated with the mode of communication of such information are yet to be developed.
4. An LDC may accept an oral request to transfer customer information, but such information will only be sent directly to a customer's billing or service address. A request to send customer information to a retailer or to any other address will only be honoured based on rules 1 and 2 above.
5. LDCs must retain a record of communication from retailers and/or customers associated with a transaction request for a minimum of one year.
6. All of the above rules will be uniform across the province.

IMPLEMENTATION ISSUES:

Rule 3 must still be developed.

With respect to rule 5, further guidance regarding how to retain records of electronic requests from retailers covering many accounts simultaneously.

VOTER SUMMARY:

Unanimous recommendation by the Task Force.

DISSENTING OPINIONS:

None.

ISSUE STATEMENT: (*Final*)

Global Issue Outline I.C.2: Information that must be transmitted when submitting a service transaction request.

OPTIONS:

See discussion below.

BACKGROUND INFORMATION:

The RTP considered the minimum information that would be necessary to initiate and complete a customer transfer. The following list describes the information determined by the RTP to be essential for effective processing:

- Customer name and electricity service address.
- LDC customer account number. (Even if a customer is currently served and billed by a retailer, it should be mandatory that the local LDC account number is contained on the customer's bill.)
- Current retailer account number. (Since LDCs will need to keep a database cross-referencing LDC and retailer account numbers, this information is redundant with the previous requirement. However, it provides a useful cross-check on the LDC account number and also acts as a substitute for the LDC account number if it cannot be located.)
- New retailer account number, if available. (This assumes that a retailer will assign an account number prior to requesting the transfer.)
- Retailer account number with an LDC.
- Earliest date after which transfer is acceptable to a retailer and/or customer.
- A check list of the desired changes in service, including:
 4. An indication of whether an entire account, which could include multiple metered supply points, is to be transferred or just a subset of the meters associated with the account. In the latter case, all meter identification numbers associated with the account must be listed and those for which supply will be changed clearly identified.
 5. Whether a special meter read is desired.
 6. The nature of any change in meter services (if desired, a separate form will be required to delineate the nature of the change).
 7. Desired billing option (e.g., retailer consolidated billing, split bills or LDC consolidated billing, assuming the latter option is offered by an LDC).
 8. If an LDC is to bill on behalf of a retailer, a separate form will be required to delineate the retailer pricing option that will be accommodated by the LDC.

In addition to considering the type of information required for customer transfer, the RTP also examined the issue of information format and transmission process. Deciding whether or not there should be a mandatory format for submitting the information necessary for customer transfer requires considering the trade-off between operational convenience for both LDCs and retailers. Retailers operating across LDC boundaries will largely favour a consistent format for information transmittal, although one that allows flexibility in retailer account nomenclature (e.g., each retailer should be given discretion regarding the nomenclature used for customer account numbers). Retailers will also desire flexibility in the manner in which information is transferred. For example, many may wish to submit information electronically, perhaps using a single database containing multiple customer records. Others may wish to submit customer-specific forms using the mail.

LDCs, on the other hand, also desire flexibility in the order and format of information received. They may also want to dictate the vehicle through which information is to be delivered.

On balance, the RTP felt that uniformity provided significant advantages to retailers without placing unnecessary burden on LDCs, since this is a new process for all LDCs rather than a modification to existing, well established procedures. In other words, all LDCs will need to develop from scratch the ability to accept and process transfer request information; and therefore, it is not very burdensome to develop a common format and process. The RTP recommended that a committee of LDC and retailer representatives be organised to design a suitable form and to refine requirements for information transfer. The information should be accepted by LDCs either through the mail or via facsimile transmission. Reasonable efforts should be made by LDCs to accommodate electronic transfer of such information if desired by retailers.

Recommendation 4-6:

Each request for a change in service will, at a minimum, be accompanied by the information described above and will be submitted using a common form and/or electronic format to be developed under direction of the OEB. Information will be accepted either through the mail or via facsimile transmission. Reasonable efforts will be made by LDCs to accommodate electronic transmission of information if desired by retailers.

SUMMARY OF GROUP DISCUSSION:

The group generally agreed with the RTP list of information presented above. The proposed information is listed in the recommendation below. The necessary information falls into four primary categories:

- Information necessary to unambiguously identify the end-use customer for which a service transaction is desired.
- Information necessary to unambiguously identify the retailer who will provide the desired services.
- Information necessary to facilitate communication between LDCs, retailers and customers if questions arise.
- Information necessary to know what type of service change is being requested.

As indicated below, service address, mailing address and LDC account number are all being requested. While some questioned whether all three data elements are necessary, the primary reason for collecting all three is to allow for cross-referencing. In this manner, when processing transaction requests, if two out of three data elements match an LDC's records, the transaction can be processed without necessarily going back to the retailer. If only two data elements were provided and one was inconsistent with LDC records, the transaction would need to be delayed pending validation of the account.

Having said this, if only two out of the three elements are provided, the request will be implemented as long as the two data elements match. Originally, the group felt that processing should not proceed without inclusion of the account number. However, retailers objected to this requirement since it would preclude marketing in shopping malls or other public places where customers would not have access to their utility account number.

Another data element that is useful for service transactions is meter identification number. However, this number can be difficult to obtain. It was decided to include this on the list of optional information. However, it was not included among the items that could uniquely identify a customer in the absence of a name because the meter numbers stays at an address while customers and account numbers may move. Thus, if only service address and meter number were provided, this would not uniquely identify a customer account.

Requesting the mailing address raised some concern with a retailer on the subgroup who worried about LDCs unnecessarily contacting a retailer's customers. However, LDCs argued successfully that knowing how to contact customers is essential to satisfactory service delivery.

There was also discussion concerning the difficulty that a retailer or customer will have obtaining an account number for at least one LDC because customer's on electronic debit accounts do not receive bills. The subgroup felt that this exception to the general guidelines could be handled as long as all other information was accurately obtained.

Decisions about format and mode of communication of service requests are being tabled pending further research into the advantages and disadvantages of various electronic business transaction options. Decisions in this area must also be co-ordinated with other subgroups where information transfers are important so that a common methodology can be explored.

RECOMMENDATIONS:

1. The following information should be provided when a service transaction request is submitted:
 1. Customer name.
 2. Service address for which the change in service is requested.
 3. An indication of whether or not the retailer will accept all accounts operating under the same name at a single address if multiple accounts are found and if the service request does not include specific account numbers.
 4. Customer mailing address.
 5. LDC account number (or numbers).
 6. Meter identification number

7. The requesting retailer's customer-account number.
 8. The requesting retailer's registration-account number with the LDC.
 9. The earliest date after which transfer is acceptable to the retailer and/or customer.
 10. The preferred method for finalising the account (e.g., next scheduled read date, special read or last actual read if appropriate).¹ In the absence of such information, the LDC will check its retailer account set-up file to determine whether or not there is a default position regarding how to handle the final read.
 11. Identification of the desired meter services (e.g., leave existing meter, change to an interval meter, etc.) and, in the event of meter unbundling, from whom metering services will be received.
 12. Identification of the preferred billing option (e.g., consolidated billing from the retailer, split billing—if offered—consolidated billing from the LDC—if offered).
 13. Identification of any customer-specific data information desired (e.g., usage history, meter information, credit information).
2. LDCs must process requests if there is a match between any two of the three pieces of information listed in items a, b and e with the information contained in the LDCs information system (assuming no other fatal errors are contained in the service request).

IMPLEMENTATION ISSUES:

An information request form and data format will be developed once a decision has been made regarding the acceptable form of information communication.

VOTER SUMMARY:

Unanimous recommendation by the Task Force.

DISSENTING OPINIONS:

None.

¹ See recommendation 3 for Issue I.C.11 and the discussion for further explanation of options.

ISSUE STATEMENT: (Final)

Global Issue Outline I.C.7, I.C.9:

- Allowable frequency of customer switching and information request.
- Procedures to determine whether service requests should be processed.

OPTIONS:

1. Limit the number of customer transfer requests that will be honoured over a specified period of time.
2. No limitations, as long as costs are covered.
3. Process all service transaction requests without regard to current contractual arrangements and with no waiting period.
4. Process all service transaction requests after sufficient time and notification to allow current retailers to contact customers and apprise them of their current contractual obligations.
5. Only process requests when the current retailer indicates that there are not contractual impediments to switching.

BACKGROUND INFORMATION:

The allowable frequency of customer switching and the procedures for screening whether or not a change in service should be allowed are closely related issues. If the number of transfers are limited, for whatever reasons, this fact must be part of the screening process. Conversely, screening procedures that determine whether or not a change should be allowed may limit the frequency of switching.

A fundamental issue that must be considered is whether the transfer screening process should be designed to help maintain the sanctity of retailer contracts by refusing to make transfers if there is an existing contract or, alternatively, should simply process all requests that are received, implicitly relying on other factors to provide such protection. An alternative approach would be to notify existing retailers of an impending change and allow sufficient time for them to contact their customers and apprise them of their current contractual obligations. In this latter case, if the customer insisted on changing even in the face of potential legal ramifications, the transfer would be processed.

A closely related issue is whether the characteristics of SSS service require similar protection. For example, if SSS is a fixed-price offer backed by bilateral contracts, it may be necessary to limit the number of customer transfers, perhaps only allowing transfers to occur once a year. If SSS is simply a pass through of the wholesale spot price, no such protection would be necessary.

After extensive discussions, the RTP/MDC agreed to recommend that a process be implemented that would protect the sanctity of retailer contracts with customers. The following excerpts from the RTP report, and the accompanying recommendation, explain the recommended process.

Determining whether a customer should be allowed to change retailers can be done one of three ways:

- One approach is to have competing retailers solicit information from customers about their existing contract terms in order to determine whether they are eligible to switch suppliers. If a transfer is made when current contract terms don't allow it, the original retailer can contact the consumer and/or retailer and explain the error and then submit another transfer request to put things back in order. This process implicitly places the burden of knowing what the terms of existing contracts are on customers or retailers soliciting their business. It also limits the administrative burden on LDCs and avoids any potential involvement by LDCs in customer and retailer disputes. However, if most small customers don't know their contract terms, this approach could result in significant confusion for customers and significant additional cost for retailers.
- Having LDCs notify existing retailers prior to authorising a transfer to determine whether the terms of the current contract with a customer who is trying to switch retailers allows the customer to do so at the desired time.
- A third approach is to maintain a database on the terms of existing contracts that can be queried each time a transfer is requested in order to determine whether a customer is free to switch. This approach has two shortcomings. The first is that it requires LDCs to maintain a much larger and complex database and to implement a more detailed search prior to authorisation. A second problem is that it requires all competitive retailers to submit detailed information on contracts to LDCs, which they may be reluctant to do. This approach is effective in the gas industry because the market structure requires LDCs to already have information about contract duration. This is not the case in the electricity industry.

After careful consideration of the above options, the RTP rejected the third option for the reasons identified above. Initially, the RTP favoured Option 1 because of its limited burden on LDCs. However, retailers on the RTP felt strongly that this approach could be extremely cumbersome and disruptive for both customers and retailers. It could also significantly erode already thin margins as retailers could often be required to pay transfer charges twice (or even more often) for the same customer.

As a result of these legitimate concerns, the RTP changed its original recommendation to one that requires LDCs to notify retailers currently serving customers when a new transfer request is received and to wait for ten working days before implementing the transfer (unless a customer is currently being served under the default supply option, in which case transfer can occur as soon as practical). If the current retailer does not lodge a protest during that ten-day period, the transfer will proceed. If a protest is received, an LDC will place the transfer on hold until the dispute is resolved and further notice is received from one or more of the relevant parties indicating resolution of the matter. Until the matter is resolved, the current retailer is obliged to continue serving the customer and is responsible for payment of all relevant charges to the LDC according to the original arrangement. If the LDC is contacted by the customer during this period, the LDC will inform the customer of the dispute and provide the customer with contact information for each retailer and for the relevant dispute resolution organisation. The LDC must maintain a neutral stance vis-à-vis all parties.

Recommendation 4-7:

LDCs should be required to notify retailers currently providing service to a customer of an impending change in service prior to making the change and to wait ten working days before

implementing the transfer. If during that period a current retailer indicates that existing contract terms prevent a transfer, an LDC must cease transfer processing until the matter has been resolved and proof of the resolution has been submitted with further instructions regarding whether and how to proceed. LDCs must maintain neutrality with respect to all parties during this process. Until the matter has been resolved, the current retailer will continue to serve the customer and pay the LDC according to the existing contract terms and arrangements.

SUMMARY OF GROUP DISCUSSION:

This issue was discussed at length over several meetings. The subgroup dealing with this issue initially favoured the RTP recommendation which would cease transfer processing if a customer was currently being served by a supplier with a valid contract and the current retailer notified the LDC that a transfer should not occur. An initial vote at the Task Force level approved the subgroup recommendation although a number of LDCs were concerned about preventing customers from switching suppliers. Some LDC representatives felt that there could be legitimate reasons for switching even if a contract exists (e.g., inferior service, lack of understanding of price offers or contract terms). Others simply didn't want to have responsibility for policing contracts, feeling that that was the job of retailers and the courts. However, on the advice of retailers that the RTP recommendation was necessary in order to encourage market entry, the Task Force approved the subgroup recommendation.

The issue was reconsidered in light of advice from Board staff that the Board would likely interpret this recommendation as going against the right of customers to choose their electricity supplier, which is one of *the Act's* primary goals and the most important responsibility of the Board. Board staff advised the Task Force that electricity supply and delivery are separate businesses and that LDCs should not be allowed to use control of the delivery business to deny customers access to supply. In the opinion of Board staff, customer mobility is fundamental to a successful market. The Board has made its opinion clear on this issue in recent decisions in the gas industry and there is little reason to believe that their opinions will differ in electricity. Furthermore, Board staff feels that it is inappropriate to design a market around the belief that customers will break contracts. In the opinion of Board staff, most customers will not, without just cause, knowingly break a contract and if they do, the appropriate remedy is through the courts, not through a refusal by LDCs to transfer a customer to another supplier upon request.

After rebuttal by retailer representatives and further discussion, the Task Force voted in favour of the recommendations presented below, which allow customers to transfer over the protests of current retailers but only after sufficient notice and time for retailers to contact customers apprising them of their contractual obligations and the potential legal consequences of changing suppliers prior to contract termination.

Concerning other issues, the group saw no need to limit the frequency of customer switching as long as the transaction cost of all transfers was covered either by customers or retailers. As mentioned above, this recommendation might need to change if SSS is a fixed-price service since an LDC's supply contract might have "take-or-pay" provisions or some other constraints necessitating limitations on customer churn.

Other factors that should be considered when screening service transaction requests are whether or not prudential requirements need to change and, in the case of information transfers, whether or not the limit of two requests per year has been exceeded.

RECOMMENDATIONS:

1. When a request is received to transfer a customer to a new retailer or to SSS, an LDC must check its records to determine whether the end-use customer is currently served by a competitive retailer or whether a transfer request from another retailer is currently pending. If neither of the above conditions exist, the request should be processed. If a customer is currently served by another retailer or another retailer's request has already been received by an LDC, the LDC must notify the current retailer that a request for a change in supplier has been received and will be processed within ten business days unless the current retailer notifies the LDC that a contract currently exists and requests an additional ten-business day waiting period. If no reply is received within the designated time period, the request should be processed. If the LDC is notified to wait an additional ten-day period, the LDC must send a notice to the retailer or customer who submitted the original request indicating that a contract with another retailer currently exists and that the transfer will be delayed to allow the current supplier to contact the customer and discuss the situation. If the LDC receives no further word from any party within the additional ten-day period, the transfer will be processed. If notice of withdrawal of the transfer request is received from any party (e.g., the current retailer, the new retailer or the customer), transfer processing will cease.
2. Assuming that SSS is the spot-price pass through, that there are no contractual limitations prohibiting switching and that all transaction costs are covered, there should be no limitation on the number of times a customer may switch suppliers.
3. LDCs may also cease processing transfer requests if a retailer has not updated his or her security arrangements after notification by an LDC that such a change is required and after the 20-business-day period has elapsed. (See recommendations for Issue III.B.1.(a).(5) and III.C.2 for further explanation of prudential updating requirements.)

Note: Rules associated with requests for historical customer information are discussed in the write-up of that issue.

IMPLEMENTATION ISSUES:

None.

VOTER SUMMARY

Twelve in favour, including the one participant representing a wholesale electricity supplier; four opposed, including the three retailer representatives and one LDC; four abstentions

DISSENTING OPINIONS:

Those opposed to the recommendation favoured termination of a transfer to a new retailer if a supply contract currently exists and the current retailer objects to the transfer.

ISSUE STATEMENT: (Final)

Global Issue Outline I.C.8: Rules to follow if multiple requests are received by an LDC.

OPTIONS:

1. Process all requests in the order received, recognising that time lags could lead to the implementation of multiple requests.
2. Develop a preliminary screening process that determines whether a previous request has been received but not yet processed.

BACKGROUND DISCUSSION:

RTP Recommendation 4-9:

LDCs should process customer transfer requests in the order they are received. If two or more requests are received before a transfer has been processed, only the first request will be honoured and notice will be provided by LDCs to retailers whose requests will not be processed. . . .

SUMMARY OF GROUP DISCUSSION:

The subgroup agreed that requests should be processed in the order received and in the same manner as any request. All incoming requests should be date and time stamped. When a request is received, information must immediately be input to a database that a request is pending. In this manner, if a second request is received prior to completion of processing of the first request, the normal procedure of notification to an existing retailer that a transfer request was received can be used, except in this case the existing retailer is pending rather than complete. The group felt that it would be unfair to cease processing of the first request while things were being worked out because it might cause the pending retailer to miss a transfer date coinciding with the next normal read date.

RECOMMENDATION:

LDCs should process customer transfer requests in the order they are received. Transfer requests should be date and time-stamped at the time of receipt. Information that a request is in process must be entered into a database at the time of receipt. If a second request is received while the first is pending, an LDC must notify the pending retailer that a second request has been received and that the second request will be processed unless the pending retailer notifies the LDC within ten business days. If no notification is received, the second request will be processed. If notification is received within the ten-business-day period, both transfer requests will be placed on hold for an additional ten business days and the second retailer and customer will be notified. If a withdrawal of either request is received from any party (e.g., the pending retailer, the second retailer or the customer), the other request will be processed. If no further communication is received, the second request will be processed.

IMPLEMENTATION ISSUES:

LDCs will need to develop a date stamping and screening process.

VOTER SUMMARY:

Unanimous.

DISSENTING OPINIONS:

None.

ISSUE STATEMENT: (Final)

Global Issue Outline I.C.11: Rules and procedures for determining settlement obligations at time of a change in supplier.

- Can transfers among suppliers be made based on estimated meter reads or must transfers coincide with actual reads?
- If transfers must be based only on final reads, what options should customers/retailers have with respect to transfer timing?
- What obligations do LDCs have with respect to notifying retailers regarding the timing of actual transfers?

OPTIONS:

1. Transfers based on estimated reads by LDCs
2. Transfers based on customer card or phone-in reads
3. Transfers based only on actual meter reads
 1. Transfers coincide with next scheduled read date
 2. Transfers based on special reads
 3. Transfers coincide with last actual read date
 4. Any of the above at the request of retailers and/or customers.
4. If transfers are based on the next scheduled read, must LDCs notify retailers regarding when the transfer will occur?

BACKGROUND INFORMATION:

The options considered and recommendations made by the RTP are described in the following paragraphs.

When a customer changes to an alternative electricity supplier, financial settlement must be completed among all parties as of the relevant transfer date. Since it is highly unlikely, except by design, that a transfer date will coincide with a normal meter read date, a decision must be made regarding what information should be used to determine final bills for all parties. There are at least six options to consider:

- Require a special meter read.
- Have transfer occur on the date of the next normal meter read.
- Allow transfer to occur at any time but have final bills calculated later based on the next normal meter read.

- Allow transfer to occur at any time based on estimated usage information with a later adjustment based on actual usage following the next normal meter read.
- Allow transfer to occur at any time based on estimated usage information with no adjustment.
- Allow transfer to occur based on phone-in or card reads by customers.

There are advantages and disadvantages to each approach. Option 1 allows transfer to occur at any time and allows LDCs to calculate final bills at the time of transfer. However, it imposes costs on customers associated with special reads and, thus, may inhibit switching for small customers.

Option 2 avoids the cost of special reads but could delay transfer by 30 to 60 days based on monthly and bimonthly read cycles (the latter being the most common in Ontario) and even longer for the quarterly read cycles common among small customers in Ontario Hydro Servco's territory. For seasonal customers who may have their meter read only once or twice a year, the delay would be extremely long.

Option 3 allows transfers to occur at any time and only delays the calculation and issuing of final bills based on read cycles. The primary disadvantage is that it requires allocation of usage to the periods before and after transfer. This is an inherently adversarial process since under allocation of usage to one party automatically means the other party pays more than is equitable.

In addition to the same disadvantage as option 3, option 4 requires issuing two final bills rather than only one (e.g., estimated and final bills).

The obvious disadvantage of option 5 is that final bills could be quite inaccurate if actual consumption for the billing period is significantly different than the estimated amount.

Option 6 is similar to option 5 but phone-in or card reads are likely to be more accurate as long as customers are honest. Transfers are allowed based on phone-in reads in Britain. Britain also allows transfers to be made based on estimates as long as parties agree.

In New Jersey, transfers are made according to a normal read cycle (meters are read monthly in New Jersey), but if a read is missed, a transfer is still made based on an estimate.

Taking these advantages and disadvantages into consideration, the RTP recommended that transfers coincide with final meter reads. Customers/retailers should be given the choice of having such transfers coincide with the next normal meter read, in which case there would be no incremental meter reading costs associated with the transfer or have a special meter read done and paid for by the requesting party.

An important ancillary issue concerns whether or not retailers should receive notice from LDCs concerning when the transfer date will be. In other words, if a retailer requests that a transfer occur on the next normal meter read date, should LDCs be required to send a notice to the retailer indicating when that date is? In the interest of minimising burden on LDCs, the RTP initially recommended that this not be a mandatory service provided by LDCs. Some RTP members argued that retailers should be able to find this information out from a customer's bill at the time of sale since bills indicate when the last read date was. However, retailers strongly objected to this recommendation, indicating that they must know with reasonable precision when they will take over responsibility for customers and that customer's bills are not always

readily available. The MDC did not reach a substantial consensus regarding what to recommend on this issue so it is left up to the OEB to decide how best to proceed.

RTP Recommendation 4-8:

Customer transfers must coincide with a meter reading. Customers/retailers may have transfers occur at the time of the next normal meter read or request and pay for a special meter read on a designated date. The OEB must decide whether or not LDCs should be required to send a notice to retailers indicating when the next normal meter read, and therefore customer transfer, will occur.

SUMMARY OF GROUP DISCUSSION:

The subgroup was initially unanimously in favour of only allowing transfers to occur based on actual meter reads coinciding with the transfer date. An actual read is defined as a physical read by an LDC or licensed MDMA representative (including remote reads). Customer card reads or phone-in reads are not considered actual reads. However, one Task Force participant suggested that if all parties agreed to have transfers based on a card read or even an estimate, this should be allowed. Most participants agreed that a “consenting adults” clause made sense, although there were differences of opinion regarding which “adults” needed to be included in the decision. For example, if a transfer occurs from one retailer to another, and the two retailers agree on an estimated amount on which to finalise one account and start the other, must the customer’s permission be sought as well? An additional complication is that the Measurement Canada representative on the Task Force had concerns about finalising bills based on estimated reads. Ultimately, the Task Force agreed to include the “consenting adults” clause in recommendation 1 below, but this may need to be modified depending upon the outcome of further review by Measurement Canada.

The subgroup was unanimous in recommending that there be a choice regarding whether to transfer a customer based on a special meter read paid for by the requesting retailer or customer or based on the next normal meter read, in which case there would be no incremental charge for meter reading. (There would still be a transfer charge to compensate for processing the service transaction request.) After much discussion, the group also found it acceptable to transfer customers based on the most recent actual, historical meter read date under the following two circumstances:

1. SSS equals the spot price pass through.
2. An LDC has not issued an estimated bill since the last actual read date.

Under these circumstances, a retailer/customer who elects this option would agree to take over supply as of the last actual read date. Given the above two circumstances, there would be no difference in the settlement calculation for the next billing period between the SSS option and settlement for the retailer, and there would be no need to recalculate the estimated bill for a previous period or to issue a new out-of-cycle bill.

The group discussed at length rules and procedures associated with difficult to read meters and missed meter reads. The group acknowledged a utility’s right to read a meter and the obligation of customers to provide access. On the other hand, the combination of indoor meters and dual-working households often makes it difficult to obtain access to meters and may require persistence in scheduling and following through with special meter read appointments. The group also acknowledged that retailers should be able to expect to have customers transferred

within a reasonable time frame without incurring the cost of special reads. In attempting to balance the practical difficulties associated with certain meter reads against the needs of retailers, the group came up with the following recommendations:

1. Customers/retailers who request transfers based on the next scheduled read should be able to expect that the read will actually be made. If it is missed, for whatever reason, the cost of a special read will be borne by the LDC if it can be done during normal business hours and is not prohibitively expensive (e.g., helicopter or snowshoe reads on remote islands).
2. If the special read is also unsuccessful, the LDC and retailer must negotiate how to proceed.
3. If a retailer requests and pays for a special read and that read is unsuccessful, an LDC has an obligation to obtain the read at no additional cost and to keep the retailer apprised of any difficulties, delays and actions they are taking to address the problem as long as it is reasonable to expect that the read will be successful.

Concerning the issue of notification of retailers by LDCs regarding when transfers would occur, the subgroup discussed several approaches to this issue. The hope and desire of LDCs is that they can, in most instances, avoid notifying retailers regarding the transfer dates of each customer by establishing a set of rules, unique to each retailer, regarding when transfers would occur. For example, for LDCs that read monthly, a rule might be established to transfer all customers on the next read date after receipt of the transfer request (and after the ten-day waiting period following notification of any current suppliers) as long as the read date occurs within 15 working days. If the read date is further in the future than 15 working days, transfer would occur on the last read date (assuming that the transfer is from SSS as defined above). If neither of these criteria are met, the LDC would notify the retailer as such and seek input on whether or not to implement a special read.

The above set of rules probably wouldn't work well for an LDC with quarterly meter reading, since there would be too much uncertainty about the actual start date. In this instance, a retailer might request an LDC to supply it with the next scheduled read date and the last actual read date and then reply on a customer-by-customer basis with instructions on which option is desired. There was general agreement that LDCs must be prepared to notify retailers regarding when read dates are scheduled and when the last occurred and implement one of the three options that are available (e.g., next read, special read and, in certain circumstances, previous actual read) based on retailer instructions. However, there is also the expectation, at least for LDCs with reasonably short meter-read cycles and high completion rates, that they will be able to automate much of the process through up-front negotiations with retailers.

RECOMMENDATIONS:

1. All changes in supply arrangements should coincide with an actual meter read so that final bills and initial bills can be accurately determined. An actual read is defined as a physical or remote read performed by an LDC or licensed MDMA. Customer card or phone-in reads are not construed to be actual reads. However, if all relevant parties who might be negatively affected by the process agree in writing to allow a transfer based on a phone-in or card read or even an estimate, this will be allowed.
2. In all circumstances, LDCs must offer retailers and/or customers the choice of having the final read, and therefore the transfer date, coincide with a scheduled meter read date or be based on a special read. In the latter instance, the retailer and/or customer who requested the special read will be charged for it based on costs prudently incurred. If the costs are expected

to significantly exceed the special read cost for the average customer on an LDC's system, the LDC must let a retailer know what the cost will be before undertaking the special read. This requirement is intended to help ensure that very high-cost special reads (e.g., helicopter reads on remote islands, snowshoe reads, etc.) are not undertaken without prior knowledge and authorisation of the party who will pay for the costs.

3. Assuming that SSS is a spot-price pass through, LDCs must also offer retailers/customers the choice of having a transfer from SSS to competitive supply or from competitive supply to SSS coincide with the last actual meter read date as long as an estimated bill has not already been issued subsequent to that read date. Transfers from one competitive retailer to another may also be done based on historical meter readings as long as an estimated bill has not been issued and as long as both retailers agree on the common transfer date.
4. In the event that a retailer has requested that a transfer coincide with the next normal meter read, and that the meter read does not occur, an LDC must implement a special read within five business days following the missed read date at no charge to the retailer or consumer for a read attempt during normal business hours. However, if past read records indicate that success is unlikely, an LDC can negotiate immediately with a retailer regarding how best to proceed without incurring the additional expense of a special read that will almost certainly be unsuccessful. If a special read is attempted but is unsuccessful, the LDC must immediately notify the retailer and/or customer, explain the reasons why the meter read was unsuccessful and negotiate a plan of action.
5. In the event that a retailer or customer has requested and paid for a special read in order to have a transfer date outside of the normal meter read cycle and that special read is unsuccessful, an LDC must immediately notify the retailer of the failed attempt and negotiate a plan. If a transfer ultimately fails to occur for lack of a meter reading, the retailer should not have to pay for the special reads that were attempted but failed.
6. If a retailer and/or customer requests a transfer coinciding with the next normal meter read, an LDC must either notify the retailer and/or customer about the date of the next scheduled meter read or must negotiate with the retailer ahead of time regarding what rules to follow for implementing transfer options.

IMPLEMENTATION ISSUES

The nature and format of information exchange for the above transactions must be developed.

VOTER SUMMARY:

Unanimous vote for recommendations 2 through 6; two dissenting opinions regarding recommendation 1.

DISSENTING OPINIONS:

Two Task Force participants registered dissenting opinions on recommendation 1, favouring instead that estimated or card reads not be allowed at all. As indicated above, Measurement Canada is looking into the legality of the recommendation.

ISSUE STATEMENT: (Final)

Global Issue Outline II.B.1: LDC/retailer service agreement/contract.

- Is a formal contract between LDCs and retailers necessary/desirable or should/can all issues be covered as part of the settlement and/or distribution codes?
- If a contract is necessary, how uniform should the terms and conditions be across the province?

OPTIONS:

1. Formal contract (standard for all retailers and LDCs) making reference to the applicable Codes of Conduct.
2. Formal Contract: specific to each LDC and retailer.
3. No Contract (rely entirely on the set of Codes approved by the OEB).

BACKGROUND INFORMATION:

This issue was not discussed to any significant degree during the MDC/RTP process.

In the UK, it was initially assumed that all relevant concerns between retailers and LDCs could be handled through licences and codes and, therefore, there would be no need for a formal, legal contract between the parties. However, the parties came to realise that, in the absence of a formal contract, they could not rely on the normal commercial and legal tools available under contract law to remedy any problems. Instead, they would need to rely on a regulatory process centred around the threat of licence revocation. Amid fears about the reluctance of regulators to revoke licences for what might be perceived as relatively minor problems, a standard contract was developed and is now used to manage the LDC/retailer interface. Now there exists several different contracts among market participants. Specifically, each retailer signs a:

- Pooling and Settlement Agreement with the Pool
- Master Registration Agreement which largely focuses on settlement issues between retailers and distributors
- Distribution Use of System Agreement which covers distribution service issues between retailers and distributors
- Contracts with Data Collectors, Meter Operators and Data Aggregators.

The Pooling and Settlement Agreement and the Master Registration Agreement are standardised. The DUOS Agreement and contracts with data collectors, et al. are not standardised.

In New Zealand, there are also formal contracts between LDCs and retailers. However, this is even more necessary because of a lack of codes and licensing. Terms and conditions are similar across LDC territories, but there is no requirement for uniformity. In the early years of

competition, some retailers felt that LDCs abused their dominant position by including onerous terms and conditions or by refusing to provide certain services through these contracts.

In California, LDCs and retailers sign contracts governing their interaction.

SUMMARY OF GROUP DISCUSSION:

Group participants were unanimous in agreeing that a service agreement between retailers and distributors covering settlement issues should be developed. Concern was expressed about the legal implications of having only the Code to fall back on if noncompliance action was required. The group felt that uniformity had its virtues, but also that local circumstances may vary and agreements may need to reflect this variation. The specific content of such an agreement must await completion of much of the work being done by all three subgroups.

RECOMMENDATION:

A formal contract between retailers and distributors covering key elements of the settlement process should be developed following completion of much of the work of the entire Settlements Task Force. The basic terms and conditions of the contract should be standardised across LDCs. Optional services and services where flexibility is allowed may also be covered in such a contract.

IMPLEMENTATION ISSUES:

Develop common terms and conditions once further Task Force work is complete.

VOTER SUMMARY:

Unanimous.

DISSENTING OPINIONS:

None.

ISSUE STATEMENT: (Final)

Global Issue Outline II.B.1(b).(5) and II.C.2: Establishing and updating prudential requirements between LDCs and retailers.

- What characteristics or variables should be used to determine the magnitude of security between LDCs and retailers?
- What form of security should be acceptable?
- What happens if a retailer defaults?

OPTIONS:

Magnitude of security:

1. Coverage equal to a frequently updated estimate of the revenue associated with all energy and/or wires charges (depending upon the billing option) billed by retailers to all of their retail customers for one, two or more billing cycles.
2. Less than complete coverage, by design.
3. Less than complete coverage (or excessive coverage) because of less frequent updating than in option 1.

Form of security:

1. Commercial bond rating
2. Conventional forms such as cash, letter of credit, etc.
3. Prepayment in place of deposit
4. Daily settlement in place of deposit
5. Some combination of the above
6. Any of the above from a third-party clearinghouse rather than directly from each retailer.

BACKGROUND DISCUSSION:

LDCs require some form of payment security when retailers' bill on their behalf since LDCs must pay the IMO and cover their costs of wires services whether or not they are paid by retailers. When retailers bill for energy and/or wires charges, LDC risk may increase because LDCs lose the ability to impose deposits on end-use customers and retailers may default on payment whether or not they are paid by customers. Prudential rules must be competitively neutral and not lead to a major entry barrier in the market.

This risk can be mitigated by standard forms of security between LDCs and retailers. However, transaction costs and the cost of security may be prohibitive if all retailers must establish separate security arrangements with every LDC. The Retail Technical Panel of the MDC recommended in section 3.2.4.4 of the RTP Final Report that the formation of a retailer's

Prudential clearinghouse be considered in order to reduce transaction costs. This would allow a central clearinghouse for all LDCs.

There is little guidance to be gained from the Ontario gas industry on the issue of prudential requirements because of the historical practice that gas LDCs were the only parties that billed end-use customers. Now that retailers have gained the right to bill customers for gas and LDC charges, prudential concerns should be similar to those for the electricity industry.

Relevant MDC/RTP Recommendations:

MDC Recommendation 4-8, Second Interim Report:

We recommend that rules be developed to ensure that the local distribution company's security of payment is not decreased by the introduction of competitive retailing, to protect competitive retailers from customer nonpayment and to protect the customer from the risk of having to pay twice if his retailer defaults. This may require substantial qualification and indemnification rules for competitive retailers before they may be licensed to participate in the market.

RTP Recommendation 3-15:

The RTP recommends that a working group be organised under the direction of the OEB to develop a workable, competitively neutral, standardised approach to prudential requirements for retailers designed to mitigate default risk to LDCs. The approach should be based on the principle that risk varies with the credit worthiness of retailers and the magnitude of loss in the event of default. Thus, the nature and form of security should vary across retailers according to these two parameters. The working group should also examine options that reduce the high transaction costs associated with a single retailer needing to make separate security arrangements with multiple LDCs.

SUMMARY OF GROUP DISCUSSION:

Agreement was quickly reached that:

1. LDCs should require a prudential guarantee from retailers.
2. Conventional methods such as cash, letter of credit and power bond are acceptable.
3. Bond ratings and other credit opinions could be considered by LDCs but these were perceived by group members to represent a greater risk than deposits.
4. Interest should be payable on cash deposits.
5. LDC should be required to monitor deposit vs. risk.
6. Customer deposits should be used to pay final LDC bills with any balance being sent to customers.

A sample payment timeline was developed to assess risk to LDCs. This timeline indicated that, based on a 30-day billing cycle, LDC risk is about 60 days, since it takes roughly 30 days beyond the bill date for an LDC to become aware of a default situation and to determine whether or not remedy is possible. For a 60-day billing cycle, the risk period is 90 days, etc.

Some retailers felt that prudential requirements equal to 60 days or more of receivables might pose an undue burden on retailers. The subgroup discussed ways to reduce the length of time (and therefore the magnitude of receivables) that would have to be covered by security arrangements. After discussing many scenarios, it was determined that the period could not be shortened. However, prepayment or pay as you go might reduce the cash/credit requirements of a retailer. Prepayment based on an estimate exposes LDCs to the accuracy of the estimate vs. the actual amount for the settlement period of about 15 days. Daily settlement (pay as you go) exposes LDCs to the accuracy Vs the estimate for the settlement period of about two days. This method assumes daily transfer of payments from retailers to LDCs, which might be a burden to either party.

In order to keep the magnitude of prudential requirements as small as possible, the subgroup agreed that LDCs should bill each retailer every 30 days based either on an actual read or an estimate. In other words, LDCs should not be allowed to bill on a 60-day cycle. This recommendation was discussed in other subgroup meetings and at the Task Force level and most others felt that this would be onerous on many LDCs and is unnecessary since retailers can mitigate the cost of security by billing their customers more frequently than they are billed by LDCs. In other words, even if an LDC only bills once every 60 days, thus requiring that retailers post 90 days of security, a retailer can manage the cost of such arrangements by billing their customers every 30 days (based on estimates).

Another method of minimising the magnitude of required security is referred to as a “lock box” collection process. With this approach, end-use customers would pay their bills to a qualified third party who would, in turn, make payment to distributors for all services rendered before paying the residual amount to the relevant retailer. This approach is used in the newly restructured New York market. This approach should lower nonpayment risk to LDCs to a level comparable to that of their current end-use customer mix, since the third-party collections agency is simply collecting and passing through the revenue provided by end-use customers. While there is still some risk of fraud, the business risk faced by a collection agency should be less than that faced by electricity suppliers. Consequently, the amount of required security should be less than if the security was posted by a retailer.

Further discussion took place concerning what happens if a retailer defaults on a payment. It was agreed that a remedy period should be set. The subgroup agreed on five (5) business days. If a retailer is still in default after the remedy period, the retailer’s customers will be notified by the LDC that they will become Standard Supply customers unless they sign with a new retailer before the next billing date. If they sign with a new retailer, the start period could be the last reading (final) for the old retailer.

Although there was general agreement that the amount and form of security should be based on the magnitude of outstanding receivables and the probability of default, it is difficult to decide how to operationalise these concepts. The magnitude of outstanding receivables at risk is a function of:

- The billing option (e.g., retailer full or partial consolidated billing, split billing, LDC consolidated billing)
- The wholesale spot price
- Under LDC consolidated billing, the difference between the price offer of a retailer compared with the wholesale spot price

- The average consumption per billing period of the retailer's customer base, which varies seasonally.
- The number of customers served by a retailer

All of these factors are very dynamic, changing significantly from one billing period to another, if not daily.

The probability of default by a retailer is a function of:

- Financial health of the retailer and its parent company (if the distributor has recourse to the parent company for the retailer's debts).
- Procurement practices of the retailer and the portion of the customers' contracts that the retailer has hedged.
- Incidence of default by the other parties to the hedging mechanisms employed by the retailer.
- Incidence of nonpayment by the retailer's customers.
- The amount that the retailer owes the distributor (i.e., the amount at risk).

These factors also change frequently. Obtaining information on some of these factors could be difficult for an LDC due to commercial sensitivity (e.g., the nature of procurement practices and hedging strategies).

The recommendations presented below take into consideration many of the factors outlined above and propose a simplified approach to estimating the magnitude of receivables. As seen in recommendation 8, LDCs are provided with some flexibility to assess the probability of default, and therefore the type of security, that will be required from each retailer.

RECOMMENDATIONS:

1. The maximum amount of security required to be posted by a retailer should be based on an estimate by an LDC of the expected revenue exposure and the risk of default by the retailer. Consequently, the magnitude of required security will vary with the type of billing in place and the creditworthiness of the retailer. The amount required will be highest for full and partial consolidated billing by retailers, lower for split billing and even lower for consolidated billing by LDCs. The security amount should be based on an estimate of usage for a billing period plus 30 calendar days (e.g., 60 days' worth of consumption for monthly billing, 90 days for bimonthly billing, etc.).
2. For full or partial retailer consolidated billing, an estimate of the maximum magnitude of receivables at risk must be determined as follows:
 1. Estimate the total monthly bill (all commodity and noncommodity charges) for an average customer served by a retailer for the month in which the bill is expected to be highest during the year. The highest expected total bill will occur in the billing period where the product of usage and expected wholesale spot price are the highest. The usage estimate must be based on values for an average customer. If a retailer is serving a heterogeneous group of customers, an LDC may develop usage estimates for

several different customer segments (e.g., domestic customers with and without space heating, small commercial, medium commercial, etc.). Wholesale price estimates must be based on a reasonable forecast at the outset of the market. Once the wholesale market has been operational for some time, average monthly wholesale prices for a previous year may be used to select a price estimate.

2. Multiply the estimate in step 2.(a) by the number of customers served by a retailer. In the event that segment-specific estimates are used, multiply the number of customers in each segment by the estimate for that segment and add up the segment totals.
3. In the event of monthly billing, double the amount determined in step 2.(b). In the event of bimonthly billing, multiply the amount in step 2.(b) by 1.5. In the event of quarterly billing, multiply the amount by 1.33.
3. For the split billing option, the same step-by-step procedure outlined above should be used except that the magnitude of receivables must be based only on the commodity portion of the bill, estimated at the wholesale spot price, rather than on the entire bill amount.
4. The magnitude of security required for LDC consolidated billing will vary with the type of billing service offered.
 1. For rate-ready options that have a positive adder or a multiplier greater than or equal to 1.0, no security is required since an LDC is never in a negative cash position vis-à-vis a retailer (e.g., the amount billed to a customer will always be greater than the cost of supply based on the wholesale spot price).
 2. For fixed price, multiplicative or additive rate-ready pricing algorithms, the magnitude of receivables should be estimated by multiplying an estimate of the monthly usage for an average customer times the difference in the wholesale spot price and a retailer's price to the end-use customer for the month where the magnitude of the product of these two estimates is greatest (e.g., for the same period as described in 2.(a) above).
 3. Proceed as with steps 2.(b) and 2.(c), but using the value in 3.(b) as the average customer value.
5. Any deviations from the rules laid out in steps 2 through 4 must be approved by the OEB.
6. Since retailers' market share may change frequently, LDCs must periodically update the forecast of aggregate usage associated with customers served by each retailer. LDCs may update the requirements as frequently as necessary or desired, but must update the aggregate estimate at least once every three months, using the procedures outlined in rules 2 through 4 and the most recent value for total customers served by each retailer. If the amount of required security has increased by more than 10 percent over the amount currently in place, retailers will have 20 business days to meet any new requirements imposed by an LDC. If the amount of required security has fallen, an LDC must notify the retailer immediately. In the event that the security arrangements involve cash deposits held by an LDC, the LDC must return the excess amount to a retailer within 20 business days of the date on which the amount was determined.
7. Irrevocable letter of credit, power bond, cash and "lock box" arrangements are considered acceptable for meeting prudential requirements and must be accepted by all LDCs. LDCs must pay interest on cash deposits. The interest rate payable to retailers on cash deposits held by LDCs is negotiable but LDCs should not be allowed to make money on any spread

between interest they pay retailers and interest they earn on cash deposits. Retailers may require that cash deposits be held in specific interest-bearing investment accounts as long as LDCs have exclusive access to sufficient funds to cover the security requirement.

8. LDCs may accept bond ratings or other credit ratings from retailers in meeting the prudential requirement. Recognising that LDCs will vary with respect to the acceptable risk they are willing to take and the manner in which they may interpret rating information, the acceptable bond ratings or other ratings are at the discretion of an LDC. The OEB may wish to set minimum levels for standard credit ratings that LDCs will be allowed to accept.
9. If retailers organise and become members of a “prudential clearinghouse” that is willing to take responsibility for security for its members, LDCs must accept prudential arrangements with the clearinghouse in lieu of arrangements with individual retailers as long as the degree of security is comparable.
10. A remedy period of five business days should be allowed if a retailer defaults on a payment date. If the account still remains unpaid and the retailer and LDC have not agreed on a remedy after five business days, the LDC may inform the retailer’s customers that they will become Standard Supply customers as of the next bill rendered unless they sign with a new retailer. Any money paid by the customer to the LDC for the period billed to the retailer will be paid to the retailer. The LDC should rely on the prudential requirements with the retailer for settlement.
11. LDCs may charge retailers interest on any amounts not paid by the due date. The interest rate will equal the bank-borrowing rate for the LDC or may be negotiated between LDCs and retailers.

IMPLEMENTATION ISSUES

The OEB may wish to consider setting minimum credit ratings below which LDCs would not be allowed to accept credit ratings as the only form of security offered by a retailer.

VOTER SUMMARY:

Nineteen in favour, one opposed.

DISSENTING OPINIONS:

One LDC member favoured having the prudential requirements in recommendation 1 equal the billing period plus 60 days, not 30 days.

ISSUE STATEMENT: (Final)

What customer-specific information must be made available upon request by a customer or retailer?

- How frequently must the data be made available?
- Should there be a standard format that all LDCs must adhere to when providing customer-specific information?
- What mode of communication should be used to distribute customer-specific information?

OPTIONS:

LDCs hold a wide variety of customer-specific information, some or all of which could be made available. The group considered all relevant information on a case-by-case basis.

With regard to frequency, the most relevant options include:

1. Customer-specific information should not have to be released at all.
2. As often as anyone wishes as long as they pay for all transactions.
3. A certain number of information releases at no direct cost, with additional releases for a charge.
4. Unlimited access at no direct cost.

BACKGROUND INFORMATION

MDC Recommendation 4-27 from the Second Interim Report (as modified in final report):

We recommend that upon written request by a customer, the IMO and LDCs must make available to the customer and to customer-designated competitive providers of electricity, metering services or other electricity-related services the following data: customer name, service and billing address and, if available, telephone number; 24 months of historical metered usage, demand data and any other billing determinants including read dates; the tariff designation under which the customer is served; the meter type; and credit information. The data should be provided in a common format to be approved by the OEB. These parties are under no obligation to provide any data other than those listed here.

The only change between the recommendation quoted above and the original recommendation provided in the Second Interim report is that the original recommendation placed this obligation not only on the IMO and LDCs but also on retailers. After much discussion at the MDC, the obligation on retailers was dropped for several reasons, including:

- LDCs essentially have all of the relevant information anyway and for a longer period of time than retailer's might have it;

- If retailer's were obligated to provide such information for an extended period of time, detailed rules would be required to ensure that information is transferred to new retailers when contracts terminate;
- This would impose unnecessary costs on retailers.

MDC Recommendation 4-28, Second Interim Report:

We recommend that no charge may be levied for the provision of data requested under recommendation 4-27 for the first two requests by a customer in any calendar year. LDCs and the IMO may levy a charge for additional request, subject to approval by the OEB while competitive retailers may levy a charge which may be reviewed by the OEB and revised if it is found to be unreasonable.

We note that the reference to retailers in recommendation 4-28 is not relevant in light of the fourth quarter changes to recommendation 4-27.

Recommendation 7-1:

The RTP recommends that information required for billing and operations be provided only to entities involved in supplying electricity to customers and be used only for the purpose for which it is provided. Restrictions on the use of this information must be clearly stated in supply tariffs or contracts. This recommendation and recommendations 7-2 through 7-15 apply to customer-specific information that is made available through provision of energy services to customers—information that is made available on a nonvoluntary basis.

Recommendation 7-2:

The RTP recommends that the OEB define basic information. Designated information custodians should be required to provide whatever historical basic information is readily assembled electronically upon a customer's request. The OEB should set minimum requirements concerning the historic period that custodians are required to maintain.

Recommendation 7-3:

The RTP recommends that customers have the choice of transferring their payment history along with basic information as defined by the OEB. If customers do wish to transfer their payment history, they must indicate explicitly (e.g., by checking a box) that they wish to do so. If no indication is provided by a customer, all basic information except for payment history will be transferred upon a customer's request.

Recommendation 7-4:

The RTP recommends that consumers always have the right to access their basic information.

Recommendation 7-5:

The RTP recommends that no entity be able to use basic consumer information for secondary purposes unless the consumer explicitly agrees in writing to such use.

Recommendation 7-6:

The RTP recommends that basic information, as defined above, be transferred upon a customer's request at no charge at least twice a year. Additional transfers beyond the first two must be performed for a reasonable charge.

Recommendation 7-7:

The RTP recommends that the OEB define the period of time in which basic information must be transferred to the entity designated by a customer.

Recommendation 7-8:

The RTP recommends that, following a customer's request, information custodians provide non-discriminatory access to basic customer information.

Recommendation 7-9:

The RTP recommends that the information custodian with additional customer-specific information be required to transfer this information upon customer request, if possible, at a reasonable cost and within a reasonable period of time. Additional information must be provided on an equal basis (i.e., in the same amount of time and for the same reasonable charge) regardless of the entity to whom the information is to be transferred.

Recommendation 7-10:

The RTP recommends that customers be informed about the conditions under which information may be transferred to third parties without their consent, including law enforcement requirements, past due accounts and aggregated consumer data.

Recommendation 7-12:

The RTP recommends that distributors maintain basic information. In the case of additional information, the customer's distributor or the IMO must transfer the information, if available, upon request by a customer.

Recommendation 7-13:

The RTP recommends that distributors recover costs incurred for the maintenance of basic information through the distribution tariff. Incremental costs of transferring information should be recovered through a regulated information transfer charge paid by the customer requesting the transfer.

Recommendation 7-14:

The RTP recommends that IMO or distributor in possession of customer-specific information beyond basic information be required to provide this additional information upon customer request for a reasonable fee.

Recommendation 7-15:

The RTP recommends that the OEB create a standard format for transfer of basic information. The standard format would include space for all basic information items and payment history.

In brief, the above recommendations:

- Designate LDCs as the sole custodians of customer-specific information.
- Give customers the right to control provision of and access to customer-specific information.
- Distinguishes between basic information that is essential for the working of the market and, therefore, should be maintained and provided upon request and “additional” information that LDCs may have on customers. The recommendation directs the OEB to precisely define each information type. The recommendations also say that LDCs should make any customer-specific “additional” information available upon request.
- Suggests that basic information should be made available twice a year for free and additional times at reasonable cost.
- Indicates that a standard format should be used for information transfers.

SUMMARY OF GROUP DISCUSSIONS:

Subgroup participants were in general agreement with the MDC and RTP recommendations. The specific information that should be made available at the direction of customers is indicated in the recommendations below.

With respect to frequency and pricing of data provision, the group is recommending a departure from MDC recommendation 4-28, which recommended providing data twice a year for free and charging thereafter. The group felt that making such information available to retailers is an important consideration for an efficient market and that the incremental cost of data provision is small as long as it can be made available electronically through established links between LDCs and retailers. Consequently, the group recommends providing data as frequently as requested for free to retailers, with the expectation that such data can be delivered electronically in most situations. However, since data provision to small end-use customers is likely to be done through printing and mailing, this process should be limited to twice a year for free and that LDCs should be allowed to charge for providing data more frequently. The expectation is that this request limit would be exceeded rarely if at all and that most LDCs would not charge in any event. It's recognised that the cost of all basic data provision services would be covered in an LDC's basic wires charges if it is not charged for directly.

The group discussed whether both bill amount and usage amount should be provided and concluded that providing the bill amount could easily be more confusing than useful, since bills often have other charges on them that have nothing to with either electricity or wires charges. Also, if an LDC is billing on behalf of a retailer, providing bill amount could provide useful competitive intelligence to other retailers.

With regard to credit information, all participants present were in agreement that such information must be of a purely objective nature. LDCs should not be in the business of rating customer creditworthiness.

The group was also in agreement that a standard format should be used by all LDCs, except for interval-metered data. For the latter, it was agreed that each LDC would be able to provide the hourly usage data and other time-varying bill determinants in a format that is easily provided by

the software used by the LDC to process meter data (e.g., MV90, Minimax, etc.) as long as the data can be readily accessed by retailers using nonproprietary software products.

With respect to information on meter type, LDCs typically record the manufacturer's model number but don't have explicit information on meter functionality. Providing explicit information about meter functionality would either require most LDCs to encode new information into existing databases, manually enter such information if requested by a customer or third party or communicate such information orally. Participants agreed that it should be sufficient for LDCs to simply provide the manufacturer's model number and that customers or retailers could obtain information on functionality by referring to manufacturer's documentation, contacting the manufacturer or using access to information that is generally available to meter experts. The group believed that this approach would be generally acceptable since only parties who are reasonably knowledgeable about meters or who have access to knowledgeable individuals would want meter information in the first place.

Concerning the period of time for which information should be provided, the group discussed the significant heterogeneity that exists across LDCs with regard to the number of billing periods that are kept easily accessible (e.g., on-line) and the length of each billing period. For example, two utilities might each keep only 12 billing periods of information on-line. However, if one utility bills every month and another bills every three months, the period of time covered by the 12 billing periods is one year in the first instance and three years in the second. Thus, if a standard was set in terms of number of months, say 24 for example, then one utility would need to provide data for 24 billing periods whereas the other would only provide data for 8 billing periods. If the former LDC was in the practice of only keeping 12 or 13 months of information on-line, it would have to access its archives to meet such a standard. After much discussion, the group agreed on a standard based on providing information that is easily available on-line. However, in no case should the period of time covered be less than one year. The maximum period of time covered would equal the time-period spanned by the maximum number of billing cycles that fits within the standard format file, which is recommended to equal 24. Thus, if an LDC billed every other month, a customer or retailer would receive data covering a minimum of one year and a maximum of four years, depending upon whether a utility kept only six billing periods on-line or kept 24 or more on-line.

RECOMMENDATIONS:

1. Customers have a right to request that customer-specific information be provided either directly to them or to one or more retailers of their choosing. Data provision to retailers will be provided at no incremental charge as frequently as requested. Requests to deliver data directly to end-use customers, if not delivered electronically through previously established links with the customer, will be honoured twice a year per account at no direct charge to a customer. Additional requests will also be honoured but LDCs will have the option of charging a reasonable fee for this additional service. *(Note: The OEB will need to decide whether the charge for additional requests should be based on a regulated price or is up to each LDC.)* A request is considered to be data delivered to a single address. Thus, a single request to send information to three locations is considered three requests.
2. For noninterval-metered customers, if a customer authorises release of his or her information, the following usage data will be provided to the designated party:
 1. Customer account number.
 2. Service address.

3. Billing address. (*Note: Did we discuss this and, if so, what was the decision?*)
 4. Current tariff.
 5. Electricity usage amount for each billing period in kWhs.
 6. Electricity usage amount for each TOU consumption period for each billing period, if TOU customer.
 7. Multiplied kW for each billing period (if demand metered).
 8. Multiplied kVa for each billing period (if available).
 9. Date of actual or estimated meter read for each billing period
 10. Indicator of read type (e.g., utility read, customer read or utility estimate) for each billing period.
 11. The next scheduled meter-read date (or read cycle) and bill date.
3. If a customer authorises release of his or her information, the following meter data will be made available.
 1. LDC meter number.
 2. Meter manufacturer.
 3. Manufacturer's model number.
 4. Manufacturer's serial number.
 5. Meter owner (if other than LDC).
 6. Last seal date.
 4. If a customer authorises release of his or her credit information, the following information will be made available:
 1. Whether or not the customer is currently in arrears and, if so, for how long.
 2. The number of returned cheques associated with the customer over a designated period of time.
 3. The number of times the customer has been disconnected for nonpayment over a designated period of time.
 5. A customer's authorisation to release usage data will be construed to also authorise release of meter data. However, release of credit data must be based on a specific authorisation by a customer. That is, a customer's authorisation for release of customer-specific information should not be construed to authorise release of credit information unless the release form explicitly states that this is the case.

6. For interval-metered customers, the meter and credit information will be the same as for noninterval-metered customers. All items listed above under recommendation 2 will also be the same except for usage data, which will be reported on an hourly basis.
7. All noninterval data will be reported in a common format (*yet to be determined*). LDCs will have flexibility to provide interval data in a format that is easily created by the software the LDC uses to collect and process the data, but the format must be able to be read by nonproprietary, standard software packages (e.g., Lotus, Excel, etc.).
8. For billing-period-specific information, LDCs must provide data for 24 billing periods if readily available (e.g., maintained on-line). If 24 billing periods are not readily available, in no case can the number of billing periods provided represent less than one calendar year's worth of information (assuming that a customer has been on-line long enough to generate a year's worth of bills).
9. Information requests should be processed within ten business days of receiving a valid request.

IMPLEMENTATION ISSUES:

The rules and format for requests for customer information are covered elsewhere. As mentioned above, the data format and mode of communication for information provision are yet to be worked out.

VOTER SUMMARY

Unanimous.

DISSENTING OPINIONS:

None.

ISSUE STATEMENT:

Global Issue Outline I.C.10: Allowable timeline for transactions and interactions.

OPTIONS:

1. The minimum time frame for the validation and completion of requests from the Customer or the retailer should be uniform throughout the province.
2. The minimum time frame for completing requests can vary depending on the size of the LDC.
3. Allow LDC business practice to set out time frame.

BACKGROUND INFORMATION:

Retailers should expect transactions to be completed within a certain time frame for all LDCs, regardless of their size.

The PBR requirements set out service standards for connection of new services and written response to inquiries as being ten working days.

SUMMARY OF GROUP DISCUSSION:

Two areas were identified as requiring some time lines: (a) The validation period, i.e., the period during which the LDC validates the request as meeting requirements and agrees on the switch date; and (b) the notification period or the time frame from when all conditions have been met and the information is available to the retailer. The EBT system would most likely inform the retailer when a request has been received. However, nothing would prevent the request from sitting on a desk for a period of time before action is taken. We felt that action should be taken on the request within a defined period. Five and ten business days were discussed and it was felt that five business days were reasonable for the validation period to be completed. After great discussion it was determined that the retailer didn't need formal notification that a switch had taken place but would rely on the initial information from the LDC of the switch date. Should the switch not take place on that date the retailer should be informed.

RECOMMENDATIONS:

Request for customer information by a customer or retailer must meet the timelines as set out in the PBR Rates Handbook (currently ten business days)

1. The LDC must complete the validation of a request to switch within five business days of the receipt of the request. The LDC will inform the retailer that the requirements have been met and the date upon which the switch will occur or return the request with the reasons. The retailer must be notified if a switch date cannot be met by the LDC.
2. Request for customer usage history and/or payment history must be completed within five business days from date all requirements are met.
3. Requests for meter change must be completed on the requested date. The minimum required notice for meter changes is ten business days.

4. Retailer registration with an LDC must be effective five business days from the date all requirements are met.

IMPLEMENTATION ISSUES:

None.

VOTER SUMMARY

Unanimous.

DISSENTING OPINIONS:

None.

ISSUE STATEMENT:

Global Issue Outline I.C.4:

- Allowable modes for transmitting information RTP 4.5
- Data format for all information being submitted.

OPTIONS:

1. Only one mode (i.e., electronic) be allowed.
2. Approved electronic messages be mandatory with balance transmitted by conventional means.
3. All modes of transmission must adhere to a standard format
4. Only approved EBT transactions must be in a standard format.
5. No rules or regulations each retailer and LDC can work out their own deal.

BACKGROUND INFORMATION:

The RTP discussed this issue and provided the following guidance.

Deciding whether or not there should be a mandatory format for submitting the information necessary for customer transfer requires considering the trade-off between operational convenience for both LDCs and retailers. Retailers operating across LDC boundaries will largely favour a consistent format for information transmittal, although one that allows flexibility in retailer account nomenclature (e.g., each retailer should be given discretion regarding the nomenclature used for customer account numbers). Retailers will also desire flexibility in the manner in which information is transferred. For example, many may wish to submit information electronically, perhaps using a single database containing multiple customer records. Others may wish to submit customer-specific forms using the mail. LDCs, on the other hand, also desire flexibility in the order and format of information received. They may also want to dictate the vehicle through which information is to be delivered.

On balance, the RTP felt that uniformity provided significant advantages to retailers without placing unnecessary burden on LDCs, since this is a new process for all LDCs rather than a modification to existing, well established procedures. In other words, all LDCs will need to develop from scratch the ability to accept and process transfer request information; and, therefore, it is not very burdensome to develop a common format and process. The RTP recommends that a committee of LDC and retailer representatives be organised to design a suitable form and to refine requirements for information transfer. The information will be accepted by LDCs either through the mail or via facsimile transmission. Reasonable efforts will be made by LDCs to accommodate electronic transfer of such information if desired by retailers.

Recommendation 4-6:

Each request for a change in service will, at a minimum, be accompanied by the information described above and will be submitted using a common form and/or electronic format to be developed under direction of the OEB. Information will be accepted either through the mail or

via facsimile transmission. Reasonable efforts will be made by LDCs to accommodate electronic transmission of information if desired by retailers.

SUMMARY OF GROUP DISCUSSION:

It was decided that this need not be a separate code item but could be accomplished by enhancing the recommendation of subgroup 4 to include formatting of non mandatory messages. The medium of transmitting the message would be left to the retailer and the LDC to work out.

RECOMMENDATIONS:

It was concluded that the issue was already being handled by subgroup 4.

IMPLEMENTATION ISSUES:

The EBT system and the templates for the future transactions need to be developed.

VOTER SUMMARY

Unanimous.

DISSENTING OPINIONS:

None.

ISSUE STATEMENT:

Global Issue Outline II.D, I.F: What should the process be for dispute resolution between LDC and retailers?

OPTIONS:

1. Include rules and procedures for all disputes in the Settlement Code.
2. Include only procedures for those disputes not covered elsewhere in the Distribution Licenses or Codes.

BACKGROUND INFORMATION:

The RTP recommended that all retailers and distributors be required to ascribe to an independent dispute resolution mechanism of their choice. These may include an independent provider, the existing process used by the Ontario Energy Marketers Association (OEMA) expanded to include electricity markets, a voluntary organisation similar to OEMA but exclusively for electricity, the Municipal Electrical Association, the OEB or MEST, the Better Business Bureau or some combination of the foregoing at the choice of the retailer.

Dispute Resolution Process: Implicit in recommendation 4-7 is that a dispute resolution process exists to which customers can turn if they wish to protest transfer constraints placed on them by their current retailer. Section 7 of this report discusses dispute resolution procedures. The OEB must provide clear guidance regarding how such disputes will be handled so that LDCs are not forced to arbitrate matters between consumers and retailers.

Dispute of Account—where customers involved in a dispute with a retailer cannot be disconnected prior to completion of dispute resolution procedures.

Recommendation 7-30:

The RTP recommends that retailers be required to subscribe to an independent third-party dispute resolution mechanism. The specific dispute resolution vehicle should be at the choice of the retailer and follow certain guidelines set by the OEB.

Section 23 of the Transitional Distribution License states that a Licensee shall:

1. Establish proper administrative procedures for resolving complaints by consumers and other market participants' complaints regarding services provided under the terms of this license;
2. Publish information which will facilitate its customers accessing its complaints resolution process;
3. Refer unresolved complaints and subscribe to an independent third party complaints resolution agency which has been approved by the Board;
4. Make a copy of the complaints resolution procedures available for inspection by members of the public at each of the Licensee's premises during normal business hours;
5. Give or send free of charge a copy of the procedure to any person who reasonably requests it; and keep a record of all complaints whether resolved or not including the name of the

complainant, the nature of the complaint, the date resolved or referred and the result of the dispute resolution.

SUMMARY OF GROUP DISCUSSION:

The group discussion was wide ranging from how does the customer know about the dispute mechanism to do we need to list anything in this code or just let the other codes and licenses deal with it. It was decided that generally the licenses and other codes would provide the dispute process but we needed to identify things specific to this code and its application. Those issues were billing disputes and business processes/conduct. The issue on billing centred around the preventing retailer or LDC withholding payment for an aggregate bill when the dispute involved only one or two accounts. The committee felt that setting time lines to settle the disputes on billing was not necessary and would rely on the good faith and business practices of the LDC and retailer.

RECOMMENDATIONS:

Any disputes between retailers or consumers and distributors concerning the implementation of a distributor's responsibilities under this Code shall be settled according to the dispute mechanism specified by the Board in section 23 of the Transitional Distribution Licence or, once permanent licences are issued, by the relevant section of the permanent licence. Disputes concerning the settlement amount billed by a distributor to a retailer for an individual customer account shall not affect a retailer's obligation to make payment for any other accounts or amounts due for other services billed on the same settlement invoice.

IMPLEMENTATION ISSUES:

None.

VOTER SUMMARY:

Unanimous.

DISSENTING OPINIONS:

None.

ISSUE STATEMENT:

Global Issue Outline I.C.6:

- What information must be stored by an LDC and for how long?
- What information must be stored by a retailer and for how long?

OPTIONS:

1. Rely on the municipal, provincial, federal or accounting bodies to provide guidelines.
2. Specify minimum retention of information to help resolve disputes.

BACKGROUND INFORMATION:

This issue was not defined in the RTP volume 4. All governments and accounting bodies set out schedules for the retention of documents.

SUMMARY OF GROUP DISCUSSION:

Discussion centred around whether this needed to be written in the code or should we rely on other regulations and business practices to determine the retention process. We determined that the length the documents were kept could be left to other regulations and processes but we should provide the minimum in terms of what is kept.

RECOMMENDATIONS:

The primary recommendation was for this issue to be addressed in the background material that will accompany the code, but not to be addressed in the code itself. The background material should reflect the view that each LDC is expected to meet federal, provincial and municipal legislation, accounting or other business processes concerning retention of records. New items have been identified in this code as business transactions and should be added to the list of items to be retained.

IMPLEMENTATION ISSUES:

None.

VOTER SUMMARY:

Eighteen in favour of addressing the issue in the background material and two in favour of addressing the issue in the code.

DISSENTING OPINIONS:

One member felt that information should be returned to allow the NSLS to be recalculated if necessary.

