

Subgroup 4: Electronic Business Transactions (EBT)

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ISSUE STATEMENT:

Global Issue Outline 4.A: Which transactions between market participants should be implemented using a common electronic format and means in order to facilitate an efficient opening of the competitive retail market in Ontario?

OPTIONS:

1. Require all transactions to be conducted through hard copy (paper systems).
2. Require all transactions to be conducted through an electronic system
3. Allow market participants to develop unique, situation specific processes to manage information flows using either paper or electronic means.
4. Require that selected, high-volume transactions be conducted through a common electronic system with the balance being managed at the discretion of individual market participants.

BACKGROUND INFORMATION:

With the opening of the Ontario market, as many as 400 participants may emerge in the roles of LDC and retailer. A responsive and efficient market requires commonly used information and requests to be communicated between parties in a standard manner. This minimises the confusion of dealing with hundreds of potential partners and makes it possible to react to requests in a timely fashion.

In the last 40 years it has been proven over and over again that paper-based systems are not effective when dealing with a large number of partners and high-volume transactions.

There are insufficient time and resources available to find and classify the over 200 different message types that the Ontario market may require prior to market opening. In general with a team of professionals it takes at least a week to complete each message type (on average). That would delay the opening of the market for at least two years. Thus, a much smaller set of high-priority message types must be identified.

In Pennsylvania the market has allowed each LDC market participant to control their own version of a standard communications protocol. It has lead to the market having seven different standards for which each retailer must be certified. In each case the cost to certify is high enough that open market competition is quickly migrating to high-value pockets in a couple of areas in the state.

The Gas Industry Standards Board (GISB) was founded to remove communication and transaction barriers from the gas market in North America. While it took over a decade to implement the GISB standards, that effort taught a number of key lessons:

1. Standard planning up front makes changes easier in the long run
2. Attempting to tie markets together beyond political reach is a long and hard effort
3. The number of transactions that can be automated in one batch is under ten and more likely five.

SUMMARY OF GROUP DISCUSSION:

On three occasions the team met to discuss the issue of EBT. During those discussions the costs of not implementing EBT were discussed, as well as the costs of attempting to do too much. A number of illustrative scenarios were discussed. While complete costing was not available, the costs to automate and test transactions were discussed in detail. There was consensus on the issue of the need for standard transactions. There was also consensus on the need for some form of EBT. Indeed, it was the feeling of the Task Force that an EBT system was absolutely essential to the market and that the market should not open unless such a system is in place for certain high-volume transactions.

The team discussed the number and kinds of transactions to be automated. They felt that the initial number of transactions to be implemented should be limited to the very high-volume transactions or transactions where communication integrity is essential.

RECOMMENDATIONS:

Recommendation 4 was selected by the team to be recommended for implementation. Require certain, key high-volume transactions to be conducted through a common electronic system with the balance being managed at the discretion of the individual market participants (using a standardised format but not initially using EBT). The set of transactions for the common system may grow as the market continues to evolve and the volume of transactions grows.

IMPLEMENTATION ISSUES:

There are a large number of details that need to be addressed to create the working system. A number of these issues are discussed in subsequent recommendations.

VOTER SUMMARY:

Nineteen in favour; one opposed.

DISSENTING OPINIONS:

None.

ISSUE STATEMENT:

Global Issue Outline 4.B: Who should have responsibility for developing the specifications for and ensuring the timely implementation of a province-wide EBT system by market opening?

OPTIONS:

1. Rely on the OEB or other established government body to develop the standards and oversee the implementation.
2. Organise a group of stakeholder representatives to develop the specifications, review the detailed standards and oversee implementation.

BACKGROUND INFORMATION:

There is a need to guide the overall process of working through the options and issues that will arise in developing an EBT system.

Since many options exist, there is a need for frequent consultation with the guiding team. It is also important that that team be capable of rendering decisions with a minimum of consultation with others.

In other markets, the guiding team has had weekly meetings for up to three years. In most cases the market is not done evolving and the team continues to meet.

Since the EBT system has an impact on every segment of the retail market, the guiding team needs to take all of the stakeholders requirements into account.

In some markets, the guiding team was allowed to self form, in doing so, some segments of the participant community were over represented and the EBT system reflects that bias.

SUMMARY OF GROUP DISCUSSION:

The team discussed the issue in detail. On each occasion the team felt that a stakeholder team was able to represent the market participants in a timely fashion. The team also felt that in having a team, then the OEB could act as a facilitator and help mediate deadlocks on the guiding team, allowing the process to move more rapidly.

The discussion included a need to set business rules for the system and from that oversee the development of technical specifications. The need for a transitional team is required, due to the short timelines that are available to Ontario. In New Jersey, the team started with a "Complete" set of specifications and still had to hold the market opening back for a period of six months. The New Jersey team had 18 months to work on getting the market open. In Ontario, there is less than a year to get the same job done.

The group also considered when a permanent governance team might be formed and ready to take over the guidance of the system. It was felt that there are a number of natural points where this could happen and that the transition team, could and should proceed as far as possible, while the permanent team was being arranged. The best point was prior to the letting of the implementation contract, but there is no reason that the permanent team could not take over after than time.

Composition of the transition team was discussed. The need to balance the LDCs, retailers and other interests was stressed in the discussion by several people. The team size was also discussed; the general feeling was that a team of between seven and nine individuals was about right.

The transition team will have the need to create both the timing for the implementation of the EBT system and specifications, this means that the team will have to be involved and available for ten to 12 weeks and devote approximately 40 percent of their working effort to this task.

The transition team will also need the ability to make timelines and other decisions “stick.” To that end the group discussed the need for the OEB to sponsor the team and to assist in the administration of the transition team.

RECOMMENDATIONS:

Appoint a group of stakeholder representatives to develop the specifications, review the detailed standards and oversee the implementation. This team will be assembled by the OEB and make appeals to the OEB, when and if needed. The governance team will take over the process once it has been appointed. Ideally the governance team will oversee the letting of the implementation contracts and the implementation process. Should the permanent governance team not be organised soon enough, a transition team will be organised, so as to not impede the opening of the market.

IMPLEMENTATION ISSUES:

Funding for the operation of the guiding team and the development of the standards is an issue that needs to be resolved. Implementation funding is also an issue that must be addressed.

VOTER SUMMARY:

Unanimous (20 in favour).

DISSENTING OPINIONS:

None.

ISSUE STATEMENT:

Global Issue Outline 4.C: Which transactions should be conducted electronically at market opening?

OPTIONS:

1. Customer transfer to retailer and response.
2. Current meter-reading information.
3. Invoice and settlement transactions.
4. Historical customer and billing information requests.

BACKGROUND INFORMATION:

Prior to deregulation, most data handling is done within the billing and customer information systems. With the advent of deregulation, many of these internal transactions need to be shared among multiple parties. These transactions are key to settling the market and understanding who should be sent what information to settle the market.

In other competitive markets a core set of common transactions have been automated to increase efficiency and minimise the cost of entering into the competitive market. These transactions are normally handled electronically with a common template to ensure rapid delivery to the participants and the ability to track the delivery of the transactions.

SUMMARY OF GROUP DISCUSSION:

Group participants felt that the Settlement Code should address the core transactions listed in options 1 through 3 above. There was additional discussion around option 4. The feeling of several members of the group was that addressing option 4 was important because of the data intensity involved in the transaction. There were other members of the group that reserved judgement on option 4 because of uncertainty concerning retailer and customer interest in obtaining historical data, especially for small customers. There was a consensus on the items listed in options 1 to 3, that they should be included in the electronic transaction set and settlement code.

The group also discussed the ability to add additional transactions, once the EBT system was known and it became clear that the system would support those transactions without much in the way of additional costs. It was felt that because there are several transactions that are data intensive, and are sent with some frequency, that they are the next set of transactions to add to the system.

There was discussion on the inclusion of payment history in the customer and billing information, it is specifically excluded from that set of transactions for now, until the Settlement code is adopted and the final decisions on separate transmission of payment history is complete. Since the code currently views this as a separate issue, the group felt that they should also take that tact.

As the Settlement Code is currently drafted, LDCs are required to provide historical customer information to either a retailer or the customer at no charge, provided that it is communicated

electronically. Consequently, the subgroup felt that there was no option but to include that transaction in the initial set of transactions, however, since the code is not finalised, the group decided to wait to include it. The feeling was that the transition team could add transactions as required and that the current recommendations do not preclude appropriate additions. The representative from Measurement Canada indicates that having this information handled through an EBT system could be beneficial to resolution of customer disputes.

RECOMMENDATIONS:

At a minimum, the following transactions should be managed through an EBT system at the time of market opening:

1. Customer-service transaction requests and associated communication between distributors and retailers.
2. Meter-reading information.
3. LDC invoicing to retailers and retailer settlement with LDCs.
4. Bill-ready data from retailers to LDCs for distributor consolidated billing.

Furthermore, a common data format will be developed for historical customer information, but use of the EBT system to transmit such information will be considered at a later date.

IMPLEMENTATION ISSUES:

Implementation issues for the transactions need to be handled as part of a specification and design project for the EBT system.

VOTER SUMMARY:

Unanimous (20 in favour).

DISSENTING OPINIONS:

None.

ISSUE STATEMENT:

Global Issue Outline 4.D: Who will be required to participate in the EBT system?

OPTIONS:

1. No one is required to conform to the EBT standards—participation is voluntary.
2. Participation is mandatory for large utilities, and is voluntary for utilities serving fewer than X residential customers. (Where “X” is an arbitrary number).
3. Participation is mandatory, all market participants are required to adhere to the EBT standards and have direct access to the message transmission system on site.
4. Participation is mandatory; all market participants are required to adhere to the EBT standards. However, side arrangements may be made with third parties for transmission services.

BACKGROUND INFORMATION:

There are two elements to this issue; the first is whether or not to require market participants to conform to a set of standards for formatting transactions, or allowing those participants to use any format that they desire to use. The second element is whether to mandate the use of a single information transmission system for participants in the market.

Common formats allow everyone to support a single method of importing and exporting data from participants systems. It also allows new participants to minimise the cost of joining the market. Overall it levels the playing field for everyone, by requiring a common format.

Participation in a common system goes beyond the use of formats for the transactions to specifying the requirement to support a single method of transmission for the transactions. This common method would at a minimum require everyone who uses an electronic formatted message to send the message using common electronic means. This would negate the ability of a participant to send electronic formats via fax or to phone them in to the receiver.

SUMMARY OF GROUP DISCUSSION:

The subgroup agreed with the need for common formats. The feeling was that without a common format, the cost to do business would be too high for the market to be competitive. There was extensive discussion regarding the required level of participation. There was agreement that the benefits of requiring all market participants, regardless of size, to use the same EBT process would have a unifying effect on the market. However, there were differences of opinion concerning whether or not to allow small LDCs to use an alternative means of transmitting messages.

The group discussed various limits for the minimum participation size. With over 100 LDCs with fewer than 1,000 customers, the size issue left too many market participants unable to participate in the system. It also required that too many retailers and others be ready to deal with a barrage of paper, adding to the overall cost to operate the market.

One issue considered was the period within which all participants would be required to conform with new transaction sets as they are implemented. This issue is attempting to reconcile the

need for participants to modify their systems to interface with the EBT system requirements. The group discussed several options before settling on a 90 phase-in period for each participant, beginning from the "live date" of the new transaction(s) on the system.

The group talked openly several times on the need to ensure that all options that are available to serve the market in Ontario be available to the transition team. Some of the possible options are only valid if everyone uses the same service as well as the same set of transactions. Initial discussions indicate that one or more of these options may offer some of the lowest transaction costs. Since one of the overall goals is to minimise the cost of opening and operating the market, the team felt that it was important to make it possible for the transition team and the OEB to mandate participation in a single system. This would only happen if the best possible option for Ontario is one of the options that includes the need to have everyone on the same system.

The use of a single system would potentially offer lower transmission fees and other cost improvements. It also removes competition from the market to provide this service and so the development of any option would have to be weighed to ensure that Ontario did not trap themselves in a situation that would add costs to the market. Since the analysis of the options and the final decisions are being left to the transition team, it was felt that there was a need to provide the option to mandate use of a single system, without requiring it. To this end recommendation 4 was developed.

A second issue concerned the requirements for entry into the system. The discussion centred on low barriers to entry into the system with minimal costs, as addressed in Global Issue Outline 4.I.

RECOMMENDATIONS:

1. Mandate the use of common formats for all market participants for a defined set of transactions.
2. The initial set of transactions are mandatory on the day the market opens. A reasonable phase-in will be established by the EBT governance committee for any new transactions that are added after market opening.
3. Require market participants to use a common method for transmission of the defined set of transactions, allowing entities to contract with a third-party service supplier for the EBT transmission service.
4. Mandate that should an EBT architecture be chosen that requires market participants to utilise a single system (e.g., a single, intelligent hub), all participants must use that system.

IMPLEMENTATION ISSUES:

Minimum standards need to be set requiring regular system access (checking for new messages), receipt acknowledgement and action response time for those participants who chose to contract with a EBT transmission service provider.

VOTER SUMMARY:

Nineteen in favour, one against.

DISSENTING OPINIONS:

ISSUE STATEMENT:

Global Issue Outline 4.E: How should testing be carried out to support the EBT system and the use of its formats?

OPTIONS:

1. Each retailer is required to test separately with each LDC
2. A central testing organisation exists and once testing is complete with the central organisation, the participant is certified to operate with any other certified market participant.

BACKGROUND INFORMATION:

As competitive markets have opened in most US states, the testing requirements (system and format compatibility) have been addressed on a LDC by LDC basis. This has minimised the costs for each LDC to be ready to enter the market and allowed wide latitude to LDCs to customise the format standards to support their own internal requirements. However, this practice has fragmented each state market into LDC markets, with separate rules for each LDC territory.

While cost effective for LDCs, this practice has become a significant barrier to entry for many retailers. The current estimated costs for a retailer to become certified in these types of markets can range from \$15,000 to \$35,000 dollars for each LDC.

After years of growing costs and an inability to communicate, the gas industry formed the Gas Industry Standards Board (GISB). GISB mandated central testing as a way to maintain a uniform standard and open the market to a wider array of participants.

SUMMARY OF GROUP DISCUSSION:

There was agreement in the group that central testing and certification were required to ensure a level playing field in Ontario's competitive market. The group also felt that the details of testing procedures should be left to the EBT governance body.

No member of the subgroup was interested in opening discussion on LDC testing of EBT. The group in general felt that the cost to set-up and manage LDC testing at the LDC was too expensive to be a viable option in a market with so many LDCs.

RECOMMENDATIONS:

The EBT governance team should have the ability to set testing requirements for each of the transactions it governs. The test set should be part of the approved format.

IMPLEMENTATION ISSUES:

No mechanism is currently available for managing testing. Implementation of a central testing authority and the funding for that authority will have to be worked out, once a governance mechanism is approved.

VOTER SUMMARY:

Unanimous.

DISSENTING OPINIONS:

None.

ISSUE STATEMENT:

Global Issue Outline 4.F: What conduct and accountability standards should be placed on third-party EBT transmission service providers and those who contract with them?

OPTIONS:

1. Hold participants (LDC or retailer) responsible for the actions of their agents.
2. Hold agents to the same standards and rules as all other market participants.

BACKGROUND INFORMATION:

Upon market opening it is quite likely that third-party agents will enter the market to provide EBT transmission services to both retailers and LDCs.

Because of the speed of the EBT system, knowing who knew what, when is critical to the functioning of the market. As the market evolves it will be less and less able to differentiate the knowledge of the agent from the knowledge of the client that they are acting for.

Without the ability to quickly sort out who initiated transactions (the agent or the client) and who was being represented (i.e., differing parties that would not normally be allowed to exchange data and information), the agent may have the ability to influence the development of the competitive market in Ontario.

SUMMARY OF GROUP DISCUSSION:

The group discussed this topic and felt that holding the agent to the same set of standards as the participant would maintain a fair market. This would minimise the possibility that any agent could circumvent the rules of the market and unduly influence its future direction.

The group discussed the definition of an EBT agent, and felt that it was anyone who provided EBT services of any sort to a participant in the Ontario market, whether that agent was a participant or not.

RECOMMENDATIONS:

The Task Force felt that the agency role for EBT services was no different than for other obligations; and, therefore, it was unnecessary to have a special rule in the Code governing the relationship for EBT.

IMPLEMENTATION ISSUES:

None

VOTER SUMMARY

Not relevant.

DISSENTING OPINIONS:

None.

ISSUE STATEMENT:

Global Issue Outline 4.G: How will disputes that arise surrounding transactions conducted using the EBT system be resolved?

OPTIONS:

1. Chose no mechanism and allow participants to settle disputes directly, including but not limited to relief in the courts.
2. Require the OEB to intervene in any dispute as the first line of resolution.
3. Create an arbitration process to support resolution of issues.

BACKGROUND INFORMATION:

The majority of issues arising from EBT involve the date and time of receipt (or non-receipt) and whether or not a transaction is complete. Most of these issues can be quickly resolved if a record of the transactions exists. To maintain the speed of the market, it is important that these issues be resolved very quickly. In other competitive markets the standard is that from the time an issue is raised until it must be resolved is typically five business days. Maintenance of a process for rapid resolution of issues maintains market integrity and minimises disruption that can arise around dispute issues. Since a pattern of abuse may arise, it is important to track the issues and assist the market in removing the patterns.

SUMMARY OF GROUP DISCUSSION:

The options considered are described in the paragraphs below:

1. Direct resolution of issues between parties would require the parties to either settle the issue or resort to the relief allowed under the law. The first line of resolution would be some form of two party discussions (as required by the Transitional Distribution Licence). Should that fail, resolution would move to the court system. Most EBT-based issues are small in size and require a rapid resolution to maintain the speed of the market. Inherently the court system is not a rapid way to resolve small disputes.
2. Allowing the OEB to intervene would require the Board to maintain the staff and knowledge to intervene in disputes. This would allow the existing license mechanism to continue to address larger issues, while moving the small issues around EBT transactions to the OEB for resolution.
3. Creating a separate method for resolving typical EBT issues while allowing the results to be reviewed on a periodic basis by the OEB or another organisation to allow relief for incidents that form patterns. While each of these methods can support the market, options 2 and 3 allow the market to develop at its own speed. Option 3 allows for a low cost method to be introduced to the market to resolve specific issues that occur frequently in an emerging market.

Whether the method will be required in five years in the Ontario market is an open issue. As the market evolves, the number of disputes should decrease with maturity.

The subgroup discussed the arbitration issue at length. The overall feeling of the group was that

some form of arbitration was required to shorten the turnaround time and hold the costs down.

The group did not discuss the requirement to limit the term of the arbitration method (when it should expire) or the details of the mechanism.

RECOMMENDATIONS:

1. The EBT system must be designed to include the automated retention of readily accessible, auditable records of transactions. (This would go a long way toward pre-empting a large number of common disputes in other jurisdictions.) The system will retain records as required by other codes or as required by Revenue Canada.
2. Disputes that are not resolved under recommendation 1 (above) would be bound by the dispute mechanism described in the applicable code.

IMPLEMENTATION ISSUES

Pending the outcome of the other issues, the ability to implement this recommendation is unknown. Only when the issues are finalised can the rest of the implementation issues be known.

VOTER SUMMARY:

Unanimous.

DISSENTING OPTIONS:

None.

ISSUE STATEMENT:

Global Issue Outline 4.H: What is the maximum allowable time frame for acknowledging receipt of and completing action on an EBT transaction?

OPTIONS:

1. Set one standard for all required EBT transactions.
2. Require the EBT development group to set parameters, not to exceed those defined by the detailed business processes specified in the Code.

BACKGROUND INFORMATION:

The decisions that have already been made by the RSC Task Force provide guidance for many of the transactions that the EBT system is expected to process. The guidance is specific enough to drive the overall market, but not the internal requirements of the EBT system and the specific responses that are required for failed messages and incomplete transactions.

These internal timings depend on the EBT options selected and setting them in the settlement code would limit the EBT options available for Ontario.

SUMMARY OF GROUP DISCUSSION:

Initially the group was concerned about the ability of the governing team to set new timing for the market. When the discussion progressed, the group realised that there were a number of internal timings that had to be set inside of the existing windows for the EBT system to work. The discussion then turned to which transactions the governing team would be allowed to set timings for. The group settled on the team being allowed to set timings for those transactions that were assigned to the EBT system, so long as the overall window of time for response did not change.

RECOMMENDATION:

Require the EBT governing team or the transition team to set internal timings for the EBT transactions, such that they do not violate the windows for transactions as defined in the Settlement Code.

IMPLEMENTATION ISSUES:

None

VOTER SUMMARY:

Unanimous.

DISSENTING OPINIONS:

None.

ISSUE STATEMENTS:

Global Issue Outline 4.I: When should access criteria for participation in the EBT system be defined?

OPTIONS:

1. Following the specification and design work of the EBT development team.
2. Define minimum access criteria within the Code so that participants will understand the required investment to participate in the system.

BACKGROUND DISCUSSION:

The final design of the EBT system and the corresponding information technology requirements to participate could present a barrier to entry in the market. Should the requirements be set too high, many companies will be unable to participate at all. If the minimum requirements are not stated, uncertainty will cause some level of anxiety in the participant community.

Since all of the design options can be expended to support a low cost option, the design options are not limited by taking the approach of mandating a minimum configuration for access.

SUMMARY OF GROUP DISCUSSION:

Because of the low impact on the functionality of the system and the importance of certainty for participants the subgroup felt that it was important to address this issue. The group also felt that it was important to be specific in the requirements.

RECOMMENDATIONS:

Require that the design of the EBT system allow for access using a standard PC and Web browser as a minimum requirement. The specific requirements will be set by the governing body.

IMPLEMENTATION ISSUES

None.

VOTER SUMMARY:

Unanimous.

DISSENTING OPINIONS:

None.

ISSUE STATEMENTS:

Global Issue Outline 4.J: How should the EBT system be governed so that it can support changes to the market and its needs?

OPTIONS:

1. Allow the OEB to maintain control.
2. Contract to a service provider to control changes.
3. Develop a governance board of stakeholders.
4. Do not govern the system.

BACKGROUND INFORMATION:

Since the market will evolve and change in Ontario, it is important to be able to update and change the EBT system as the market changes. While the initial set of three to four transactions is enough to support the opening of the market, when 20 percent of the customers in Ontario are using alternative suppliers, the number of manual transactions will swamp many retailers and LDCs. To avoid this problem, a governing mechanism needs to be put in place to support the evolution of the EBT system.

SUMMARY OF GROUP DISCUSSION:

Subgroup participants generally favoured the formation of a stakeholder group with the ability to make the following kinds of decisions:

1. Development of new and updated functional requirements for the system.
2. Approval of technical requirements and transaction formats.
3. Detailed rule development for use of the EBT system.
4. Detailed rule development for testing of the EBT system.
5. Schedules for improvements to be available to the users of the system.

RECOMMENDATIONS:

The OEB will form and oversee a stakeholder governance group with fair representation from all parties. The stakeholder group will be responsible for the following functions:

1. Development and maintenance of the functional requirement for the EBT system.
2. Oversight of the addition of new transactions.
3. Approval of technical requirements for the EBT system.
4. Approval and oversight for implementation and maintenance of the EBT system.

5. Rule development of the EBT system.
6. Testing requirement oversight for the EBT system.
7. Oversight of the operations of the EBT system.

IMPLEMENTATION ISSUES:

The OEB will have to establish the governance team and the rules for staffing it. There is still an open issue whether any further detail about the governance committee should be included in the Code. Funding of the group is an open issue that needs to be addressed.

VOTER SUMMARY:

Nineteen in favour; one abstention.

DISSENTING OPINIONS:

ISSUE STATEMENTS:

Global Issue Outline 4.K: How should the EBT system's specification and design phase costs be funded?

OPTIONS:

1. Impose a fee on each customer switching.
2. Impose a fee on the license of each LDC and retailer.
3. Recover over a three-year period from customers switching.
4. Recover over a three-year period from all customers in the Ontario market.

BACKGROUND INFORMATION:

To support opening the market, there is a need to start this work immediately. In most open markets the EBT work has taken over 18 months. Because there are a number of markets that have opened and there is a body of knowledge on how not to do it. The group felt that they could with the time available complete the development of an EBT system to support opening the Ontario market in the summer/fall of 2000.

To do this, there are five steps the group has outlined:

1. Development of the settlement code input—mostly complete.
2. Development of the business specifications for the system (four to six weeks of work, with a general review period of two to four weeks to follow).
3. Development of the technical specifications for the system (five to seven weeks of work with a general review period of two to four weeks to follow).
4. Development of the EBT system (20 to 30 weeks of work).
5. Testing and rollout of the system (four to six weeks).

If the team were to stick to the fastest track, the overall time line would be 37 weeks, without time for RFPs or modification. Should the system take the slower path it would be in the range of 57 or more weeks, completely missing the window for next year.

SUMMARY OF GROUP DISCUSSION:

The group felt that it was critical to get this effort off the ground and develop at least the business and technical specifications. Consequently, the group considered a number of funding options. To put the options in context the group discussed what would happen to the market if there was no EBT system. The group felt that the overall costs to operate the market would rise with the need for a large number of paper-based transactions. They also felt that the market would open more slowly. Because of both of these issues, they felt that there would be costs that would be spread to all the LDC customers, because of the additional costs to operate the LDC. Since those costs would be very hard to separate, the overall feeling was that all customers would bear at least some of the additional costs.

The group discussed the need for the final system to be self funding. The overall feeling is that if the options are carefully reviewed that it will be possible to create a self-funding system for a very small transaction fee. Putting the operating and maintenance costs directly on the shoulders of those customers who are taking advantage of the open market.

The group discussed the idea that the system, like the IMO, as a cost of opening the market. Given that operating the market will be more expensive without the system, it was felt that the implementation costs should be considered a transition cost.

RECOMMENDATIONS:

Have the OEB fund the development of business and technical specifications of the system, while the Settlement Code is being finalised. Develop a business case to support the implementation of the system once the business specifications are reviewed, in parallel with the development of the technical specifications and cost estimates.

IMPLEMENTATION ISSUES:

The OEB will need to find the funding to support this fast track effort.

VOTER SUMMARY:

Unanimous.

DISSENTING OPINIONS:

None.