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**Commission de l'Énergie  
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BY FAX

June 2, 1999

## **To Interested Parties**

Re: Standard Supply Service Code Consultation- RP-1999-0040

The Board has determined that it is appropriate for further consultations to be held regarding certain matters with respect to the Standard Supply Service Code as indicated in correspondence from the Director of Licensing dated March 8, 1999. The concerns raised by respondents included a number of matters, but focused on two principal areas: pricing and procurement of standard supply and marketing restrictions related to a distributor's fulfilment of its obligations under section 29 of the *Electricity Act, 1998*.

### Generic Proceeding

The Board has reviewed parties' submissions in response to Board staff's Draft Standard Supply Service Code ("the Code"), and has determined that there are certain areas in which it would like to seek further submissions. The specific issues that the Board has identified are: the pricing mechanism for Standard Supply Service (section 2.5.2 of the draft Code), the procurement restrictions on a distributor's purchasing of energy for the purpose of Standard Supply Service (section 2.2.2), the appropriate restrictions on the marketing activities of retailers (including affiliates of distributors) providing Standard Supply Service (section 2.2.4), and the billing mechanism (section 2.7). The Board intends to commence a generic proceeding to consider the specific issues that it has identified. The attached issues list includes the sub-issues that the Board invites further submissions on.

### Format for Submissions

Parties will have an opportunity to make an oral submission to the Board, not exceeding 30 minutes, at a hearing to be held at the Board's hearing rooms commencing on a date to be determined. Following each submission the Board may seek clarification of the party's views. A written copy of the submission along with back-up information should be provided to the Board and to other parties at least 5 days in advance of the hearing.

### Technical Conference

The Board notes that during the earlier Board Staff consultation, parties raised possible alternatives

to the pricing and procurement conditions set out in the draft Code. The Board believes that parties should have an opportunity to fully understand and clarify the proposals by other parties with respect to the issues set out in the Issues List. Therefore the Board will hold a technical conference for the purposes of allowing parties to present options and to seek clarification and further understanding of proposals prior to parties making their submissions to the Board. A transcript of the technical conference will be available to parties and the Board. The technical conference is scheduled to commence on July 13, 1999. Parties wishing to present a proposal at the technical conference must advise the Board by no later than June 30, 1999.

Parties submitting alternatives for consideration at the technical conference should ensure that the proposals will satisfy the legislative requirements, i.e. the price is regulated, all consumers have access to standard supply service and freedom to change to a retailer. Proposals should also take into consideration that the retail market will function on the basis of the hourly IMO spot market, therefore all distributors will be required to calculate consumers bills using hourly pricing data provided by the IMO to ensure uniformity of access for retailers across the province.

### Responses

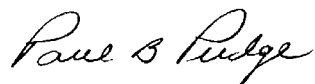
The Board requests that parties interested in participating in the proceeding advise the Board in writing by no later than June 22, 1999 of their intention to participate. The Board Secretary will distribute a list of all of the interested parties following that date. Eligibility for a cost award will be determined in accordance with the Board's Cost Award Eligibility Criteria and Cost Award Guidelines.

Copies of the Board staff Draft Code, as issued in January 1999, are available from the Board's website: [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) or from the Board Secretary's office at the number listed above.

Procedural Orders may be issued as required in this proceeding.

All correspondence to the Board in relation to this matter should be directed to the Board Secretary. Questions regarding the process may be directed to Mr. Brian Hewson, Manager, Energy Licensing at (416) 440-7628.

Yours truly,



Paul B. Pudge  
Board Secretary

## **Review of Standard Supply Service Code Matters**

### **Issues List**

1. Standard Supply Service Pricing Method
  - a. Spot price versus fixed
  - b. Floating versus Smoothed
  - b. Risk Management
  
2. Standard Supply Service Procurement by Local Distribution Companies (LDCs)
  - a. Risk Management
  - b. Use of LDC-owned generation for standard supply service
  
3. Marketing Restrictions on Standard Supply Service Providers
  
4. Billing for Standard Supply Service
  - a. Third party billing