

# **Standard Supply Service Code**

## **ONTARIO ENERGY BOARD Staff Draft for Consultation Purposes**

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**NOTE: Comments are included within the text of the draft Code as bold typeface. These will not be included in the final Code, but are for discussion purposes only.**

## **1. GENERAL AND ADMINISTRATIVE PROVISIONS**

### **1.1 The Purpose of this Code**

This Code sets the minimum conditions that a distributor must meet in carrying out its obligations to sell electricity under section 29 of the *Electricity Act, 1998*. Unless otherwise stated in the licence or Code, these conditions apply to all transactions and interactions between distributors and all consumers of electricity who are connected to the distributor's distribution system.

### **1.2 Definitions**

In this Code, unless the context otherwise requires:

"Act" means the *Ontario Energy Board Act, 1998*;

"affiliate", with respect to a corporation, has the same meaning as in the *Business Corporations Act (Ontario)*;

"Board" means the Ontario Energy Board;

"Code" means this Standard Supply Service Code;

"consumer information" means information relating to a specific consumer obtained by an energy marketer, salesperson, or other market participant through the process of selling or offering to sell electricity or gas to the consumer, and includes information obtained without the consent of such consumer;

"contract" means an offer that has been entered into between a consumer and an energy marketer, and accepted by the consumer in writing;

"Director" means the Director of Licensing appointed by the Board under section 5 of the *Act*;

"distribute" with respect to electricity, means to convey electricity at voltages of 50 kilovolts or less;

“distribution system” means a system for distributing electricity at voltages of 50 kilovolts or less along with the related facilities and structures, including those facilities and or systems that operate above 50 kilovolts that the Board has determined, pursuant to section 84 of the *Act*, are part of a distribution system;

“distributor” means a person who owns or operates a distribution system and is licensed as such under Part V of the *Act*;

“energy marketer” means a person who is licensed as a gas marketer under Part IV of the *Act*, or who is licensed as an electricity retailer under Part V of the *Act*;

“IMO” means the Independent Electricity Market Operator established under the *Electricity Act, 1998*;

“marketing” means to provide for consideration an offer, and is characterized by door-to-door selling, telemarketing, direct mail selling activities, and any other means by which an energy marketer or a salesperson interacts directly with an energy consumer;

“Market Rules” means the rules made under section 32 of the *Electricity Act, 1998*;

“offer” means a proposal to enter into a contract, agency agreement, or any other agreement or combination thereof, made to an existing or prospective consumer for the sale of natural gas or electricity;

“profile” means a methodology approved by the Board for allocating consumer-specific usage measured by a kilowatt-hour meter for a billing period to hourly periods for the purpose of calculating average electricity prices;

“regulation” means a regulation made under the *Act*;

“retail” means:

- (a) to sell or offer to sell electricity to a consumer; or
- (b) to act or as an agent or broker for a retailer with respect to the sale or offering for sale of electricity; or
- (c) to act or offer to act as an agent or broker for a consumer with respect to the sale or offering for sale of electricity;

“retailer” or “electricity retailer” means a person who retails electricity and is licensed as such under Part V of the *Act*;

“spot market” means the IMO-administered wholesale market for electricity;

"spot market price" means the hourly price for electricity in the spot market as determined by the IMO. The price may include IMO settlement charges, charges for transmission and distribution losses, or other costs attributable to wholesale purchases as approved by the IMO and/or the Board;

“standard supply service” means the sale of electricity in accordance with the provisions of section 29 of the *Electricity Act, 1998*;

“standard supply service customer” means a customer who is supplied with electricity under section 29 of the *Electricity Act, 1998*;

“third party” with respect to a distributor, means a person other than the distributor, including other distributors, energy marketers, affiliates, consumers and other persons.

### **1.3 Interpretations**

Unless otherwise defined in this Code, words and phrases shall have the meaning ascribed to them in the *Ontario Energy Board Act, 1998* or the *Electricity Act, 1998* as the case may be. Headings are for convenience only and shall not affect the interpretation of this Code. Words importing the singular include the plural and vice versa. A reference to a document or a provision of a document includes any amendment or supplement to, or any replacement of, that document or that provision of that document. An event that is required under this Code to occur on or by a stipulated day which is not a business day may occur on or by the next business day.

### **1.4 To Whom this Code Applies**

This Code applies to all electricity distributors licenced by the Ontario Energy Board under Part V of the *Ontario Energy Board Act, 1998*. These entities may be obligated to comply with the Code as a condition of their licence.

### **1.5 Hierarchy of Codes**

The order of hierarchy for the Standard Supply Service Code in relation to other codes, subject to any specific conditions of a licence that apply to the distributor, are as follows:

1. Affiliate Relationships Code
2. Distribution System Code
3. Retail Settlements Code
4. Metering Code
5. Standard Supply Service Code



## 1.6 Amendments to this Code

This code may only be amended in accordance with the procedures set out in the licence issued to a distributor.

## 1.7 Coming into Force

This Code comes into force on the day section 29 of the *Electricity Act, 1998* comes into force.

## 2. STANDARDS OF BUSINESS PRACTICE AND CONDUCT

### 2.1 Standard Supply Service Customers

2.1.1 In accordance with section 29 of the *Electricity Act, 1998* and with its licence, a distributor shall provide standard supply service to any person connected to a distributor's distribution system who:

- (a) has not advised the distributor in writing that the person does not wish to purchase electricity from the distributor; or
- (b) requests the distributor in writing to sell electricity to the person; or
- (c) purchases electricity from a retailer other than the distributor and the retailer is unable for any reason to sell electricity to the person.

2.1.2 In accordance with section 29 of the *Electricity Act, 1998*, a distributor shall discontinue standard supply service to a person who is connected to the distributor's distribution system if:

- (a) the person or a retailer acting on behalf of the person informs the distributor in writing that the person wishes to purchase electricity from the retailer; and
- (b) the person or the retailer acting on behalf of the person provides the distributor with the following information:
  - the date after which the retailer is prepared to provide service to the person;
  - the person's account number with the distributor or address;
  - the retailer's licence number;

- the retailer's account number with the distributor, if different from the licence number; and
- other information necessary for implementing a change in service that may be required by the distributor or the Board.

2.1.3 In accordance with section 29 of the *Electricity Act, 1998*, a distributor shall begin to provide standard supply service to a person who is connected to the distributor's distribution system and purchases electricity from a retailer if:

- (a) the person or the retailer informs the distributor in writing that the person wishes to purchase electricity from the distributor or the retailer is unable to sell electricity to the person; and
- (b) the person or the retailer acting on behalf of the person provides the distributor with the following information:
  - the date after which service no longer will be provided by the retailer, subject to the final meter reading date;
  - the person's account number with the distributor or address;
  - the retailer's licence number;
  - the retailer's account number with the distributor, if different from the licence number; and
  - other information necessary for implementing a change in service that may be required by the distributor or the Board.

2.1.4 If a request under clause 2.1.2 or 2.1.3 is made to a distributor directly by the person, the distributor shall notify the person's retailer of the request in writing within ten (10) days of the request.

## **2.2 Fulfillment of the Standard Supply Service Obligation**

2.2.1 A distributor shall provide standard supply service for the entire amount of electricity consumed by a standard supply service customer.

2.2.2 A distributor that chooses to fulfill its standard supply service obligation directly shall purchase the electricity required to fulfill its obligation to sell electricity to consumers under standard supply service directly from the spot market.



- 2.2.3 If a distributor chooses to fulfill its standard supply service obligation through a third party, the distributor shall ensure that the third party:
- (a) is licensed to retail electricity under Part V of the *Act*; and
  - (b) has the capability of fulfilling the distributor's obligations to provide standard supply service; and
  - (c) fulfills reasonable prudential requirements and other conditions specified by the distributor or the Board.
- 2.2.4 A distributor shall ensure that a third party that provides standard supply service on behalf of the distributor does not retail electricity to consumers in the distributor's licensed service territory other than those consumers who are supplied electricity through standard supply service.
- 2.2.5 A distributor shall ensure that a third party that provides standard supply service on behalf of the distributor does not engage in marketing of electricity or gas in the distributor's licensed service territory.

### **2.3 Separation of Accounts**

- 2.3.1 A distributor shall maintain separate accounts for expenditures related to standard supply service obligations, and shall do so in accordance with the Distribution System Code.

### **2.4 Confidentiality of Information**

- 2.4.1 A distributor shall not release consumer information except as required to implement standard supply service.
- 2.4.2 A distributor shall ensure that a third party that provides standard supply service on behalf of the distributor does not use consumer information obtained through the provision of standard supply service for any reason except as required to implement standard supply service.

## 2.5 Rates

2.5.1 A distributor shall ensure that a standard supply service customer is charged rates for standard supply service that are approved or fixed by the Board and consist of:

- (a) the price for electrical energy, and
- (b) an administrative charge that allows the distributor to recover its costs of providing standard supply service.

2.5.2 The price for electrical energy provided under standard supply service shall be the weighted average hourly spot market price for electricity, for the period over which the customer is being billed, weighted according to the hourly consumption of the standard supply service customer as measured by a meter or estimated using a profile methodology approved by the Board.

2.5.3 The administrative charge shall be calculated by the distributor in accordance with method prescribed in the Rate Handbook as approved by the Board.

**NOTE: This is a regulated rate, but should consider costs associated with providing standard supply service such as the incidence of non-payment, cost of billing and charges by third parties.**

2.5.4 Other than the rates for electrical energy, a distributor shall charge a standard supply service customer for other costs that are incurred as part of providing standard supply service, in accordance with its licence and the method prescribed in the Rate Handbook as approved by the Board.

## 2.6 Risk Mitigation Measures

2.6.1 A distributor may mitigate the risk of non-payment from standard supply service customers by using any of the following means as allowed by law and by the Distribution System Code:

- deposits
- late payment charges
- prepayment
- preauthorized payment

- load limiters

2.6.2 A distributor shall ensure that a third party which provides standard supply service on behalf of a distributor does not adopt any risk mitigation measures for standard supply service customers without the approval of the distributor.

2.6.3 A distributor may disconnect a standard supply service customer for non-payment of standard supply service in accordance with section 31 of the *Electricity Act, 1998* and with the process for disconnection in the Distribution System Code.

## 2.7 Billing

2.7.1 Bills to standard supply service customers shall separate the following charges:

- standard supply service administration fee
- electrical energy (the weighted average price times consumption)
- ancillary services (if not included in the spot market price)
- meter services
- billing services
- distribution
- transmission (including losses and unaccounted for energy)
- special charges (e.g., new account charges, service notices)
- market power credits or rebates
- uplift charges

**NOTE: Billing requirements are being developed by the stakeholder group in charge of rates. This list is an example of what may be required. These requirements also could be imposed in the Distribution System Code, in which case, this clause would be redundant. It is important to ensure that third parties who fulfill a distributor's standard supply service obligation have the same requirements.**

2.7.2 Bills to standard supply service customers shall not reference any retailer other than the distributor.

2.7.3 Bills to standard supply service customers shall not include any marketing information or promotional materials, except materials of the distributor or information that the distributor is obligated to send as part of its regulated distribution function.

