



RP-2000-0001

IN THE MATTER OF ss. 44 and 45 of the
Ontario Energy Board Act, 1998, S.O. 1998, c.
15, Schedule B;

AND IN THE MATTER OF the Gas Distribution
Access Rule, made on December 11, 2002.

BEFORE: Gordon Kaiser
Vice Chair and Presiding Member

Cathy Spoel
Member

DECISION

On December 11, 2002, the Board issued the Gas Distribution Access Rule (“GDAR”) following an extensive public Rule making process in which all stakeholders had numerous opportunities to make submissions.

On May 9, 2005, the Board issued a Decision in which it directed staff to develop, within specific timelines, a standard form of Service Agreement, as well as an Electronic Business Transactions Standards appendix (the “EBT Appendix”) to that standard form of Service Agreement. The May 9, 2005 Decision contemplated that the proposed Service Agreement would be circulated to parties for comment, that the Board would issue a Final Order regarding the Service Agreement within a specified time, and that the same process would apply to the EBT Appendix albeit under later timelines.

A proposed Service Agreement was filed by staff with the Board on July 8, 2005, and was circulated for comment by parties under Procedural Order No. 1 on July 15, 2005. In accordance with the Board’s May 9, 2005 Decision, parties were given 30 days to provide comments. Submissions were received from a number of parties, and those submissions have been posted on the Board’s website.

A proposed EBT Appendix was filed by staff with the Board on September 6, 2005 and is being circulated for comment by parties today under Procedural Order No. 2.

Based on the Board's May 9, 2005 Decision, the Board is scheduled to issue a Final Order in relation to the Service Agreement on September 14, 2005. However, the Board notes that a number of parties have included in their comments on the Service Agreement concerns regarding finalization of the Service Agreement prior to completion of the comment process associated with the EBT Appendix.

Having considered the submissions of the parties in this regard, the Board considers it appropriate to withhold its Final Order regarding the Service Agreement until such time as the EBT Appendix comment period has been completed. The Board will thereafter issue a Final Order regarding both the Service Agreement and the EBT Appendix at the same time.

The Board has reviewed the submissions of the parties in relation to the Service Agreement. Although the Board does not intend to make findings with respect to all of the issues raised in those submissions at this time, the Board considers it necessary to make findings on a limited number of issues in order to guide the comments of the parties in relation to the EBT Appendix. These issues are vendor-consolidated billing and the forms of distributor-consolidated billing.

Vendor-Consolidated Billing

Section 6.1.2 of the GDAR requires distributors to offer vendor-consolidated billing ("VCB"). The proposed Service Agreement does not contain terms and conditions associated with the provision of VCB, but rather requires that such terms and conditions be negotiated in good faith between the parties in the event that the gas vendor requests that the gas distributor provide VCB.

Direct Energy submitted that the terms and conditions for VCB should be developed now, while Ontario Energy Savings Corp. indicated that at least a framework and a substantial portion of the terms and conditions should be developed at this time. These gas vendors submitted that a clearer understanding of the terms and conditions of VCB would allow them to evaluate the commercial efficacy of this billing option, as well allowing for more efficient implementation. The gas distributors did not indicate any opposition to the

proposed approach to VCB.

No gas vendors currently use VCB. The Board also understands that none have any immediate plans to offer it. The Board does not consider it expedient to delay the finalization and implementation of the Service Agreement pending the development of a billing option for in which there is, at present, little or no demonstrable interest. The Board will therefore adopt the approach to VCB that is currently set out in the proposed Service Agreement.

Forms of Distributor-Consolidated Billing

Section 6.1.2 of the GDAR requires distributors to offer distributor-consolidated billing (“DCB”). The proposed Service Agreement contemplates that gas distributors will offer both bill-ready DCB (where the gas vendor calculates the dollar amount payable by a customer and provides that information to the gas distributor for inclusion on the bill) and rate-ready DCB (where bills are calculated and issued by the gas distributor on the basis of price information provided by the gas vendor).

The current standard in the natural gas industry is a rate-ready form of DCB. Union Gas, Enbridge Gas Distribution Inc., Utilities Kingston and Kitchener Utilities all indicated opposition to a bill-ready form of DCB at this time, indicating that accommodation of this billing option would require significant resources and entail significant costs. Kitchener Utilities, Union Gas and Enbridge Gas Distribution Inc. all proposed that bill-ready billing be handled in the same manner as is proposed for VCB. Union Gas also proposed a compromise approach whereby, for rate-ready billing, the gas distributor would offer an additional billing line so as to allow gas vendors to make adjustments for commodity-related billing errors or to provide a rebate on a customer’s bill.

Direct Energy and Ontario Energy Savings Corp. supported the requirement that gas distributors offer both forms of DCB. In addition, they submitted that gas distributors should be required to allow gas vendors to use different billing options for different customers. GDAR is silent as to the requirements for the form(s) of DCB.. The Board noted in its May 9, 2005 Decision that it believes that more billing options will facilitate gas supply competition. The Board also directed that the GDAR Service Agreement should, to the maximum extent possible, be consistent with service agreements currently used in the retail electricity industry. In accordance with the Retail Settlement Code, those service

agreements require electricity distributors to provide a bill-ready form of DCB, and allow electricity distributors to provide rate-ready DCB as an optional service. Consistency with the service agreements used in the electricity sector suggests that gas distributors should be required to provide bill-ready DCB and have the option to provide rate-ready DCB.

The Board believes that a requirement to provide bill-ready DCB is appropriate given that gas vendors have expressed a desire to use this billing option in the near future if it is made available to them. Although only an optional service in the retail electricity sector, the Board believes that rate-ready DCB should also be mandatory as it is the current standard in the natural gas industry, and is supported by both gas distributors and gas vendors. Accordingly, the Board will adopt the approach set out in the proposed Service Agreement to the effect that both the rate-ready and bill-ready forms of DCB be offered by gas distributors.

As noted above, following completion of the comment process on the EBT Appendix, the Board will issue a Final Order regarding both the standard form of Service Agreement and the EBT Appendix.

Dated at Toronto, September 13, 2005

Original signed by

Signed on Behalf of the Board Panel
Gordon E. Kaiser
Vice Chair and Presiding Member