



**RP-2004-0166**

## **NOTICE OF AMENDMENT TO A CODE**

### **AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE**

**TO:** All Participants in Proceeding RP-2004-0166  
All Licensed Distributors  
All Other Interested Parties

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The Ontario Energy Board (the "Board") will amend the Distribution System Code (the "Code") as indicated below, pursuant to section 70.2 of the *Ontario Energy Board Act, 1998*.

On June 2, 2004 the Board issued a Notice of a Proposal to Amend the Distribution System Code. The proposed changes addressed electricity distributors' rights and obligations respecting tenant accounts and security deposits. The Board received 17 written submissions, and heard a number of oral presentations from a variety of stakeholders respecting the proposed changes to the Code.

On December 21, 2004 the Board issued its Summary Report respecting the proposed changes. The Board adopted the original proposed changes to the Code with minor variations, and identified two aspects of the Code which needed further revision. The first additional aspect involved the return of a security deposit to the third party who had provided the security deposit on behalf of a consumer. The second involved the distributor's right to collect the Board-approved standard charge associated with reconnecting only from the party requesting reconnection. Accordingly, also on December 21, 2004, the Board issued a Notice of Revised Proposal to Amend the Code. That Revised Proposal contained two specific proposals respecting reconnection charges and the return of security deposits.

The Board received four additional submissions respecting the Revised Proposal of December 21, 2004.

Most submissions received during the course of this consultation expressed support for both the original proposed amendments and the revised proposed amendments. One

party raised substantive administrative issues respecting the proposed revision which provides for the return of security deposits to third parties.

Specifically, concern was expressed as to the amendments' potential to increase the administrative burden to, or financial exposure of, distributors by:

- requiring distributors to track and return security deposits (and accrued interest) to the party that provided the security deposit, even where it is not the contracting customer; and
- disallowing deposits (in full or in part) paid by third parties from being applied to the customer's account.

A concern expressed during this consultation was the lack of common policies and practices among distributors regarding treatment of security deposits paid by third parties; support was expressed for development of clear rules and best practices. The Board expects this will be addressed this aspect through its facilitation of a dialogue between distributors and interested social agencies.

### **Revised Amendments to the Distribution System Code**

The Board has considered the submissions and has revised section 2.4.28 (see attached) to clarify the terms and conditions governing the return of security deposits to third parties.

The revised amendments now also include non-material changes to the Code resulting from the Bill 100 amendment to the *Electricity Act, 1998*, S.O. 1998, c. 15, Sched. A, that continued the Independent Electricity Market Operator ("IMO") as the Independent Electricity System Operator ("IESO"). The Code is being amended to reflect this legislative change.

### **Coming Into Force**

Appendix "A" represents the full slate of amendments adopted by the Board in December as well as the revisions adopted by the Board arising from the Revised Proposal. The amendments to this Code made by the Board on February 24, 2005 will come into effect 90 days after this date.

The Board's Notice and the amendments to the Distribution System Code are available on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) and at the office of the Board during normal business hours.

If you have any questions regarding the amendments, please contact Alison Cazalet at 416 440-7684, or [alison.cazalet@oeb.gov.on.ca](mailto:alison.cazalet@oeb.gov.on.ca), or Beverley Jaffray at 416 440-8101, or [beverley.jaffray@oeb.gov.on.ca](mailto:beverley.jaffray@oeb.gov.on.ca). The Board's toll free number is 1-888-632-6273.

**DATED** at Toronto, March 29, 2005.

ONTARIO ENERGY BOARD

*Original signed by*

Peter H. O'Dell  
Assistant Board Secretary

Attachment: Appendix A: Revised Amendments to the Distribution System Code

## Appendix A

### Revised Amendments to the Distribution System Code

RP-2004-0166

**Section 1.7 is amended by adding the following:**

“The amendments to this Code made by the Board on February 24, 2005 will come into effect 90 days after this date.”

**Section 2.4.6.2 is revoked and replaced by the following:**

“In managing customer non-payment risk, a distributor shall not discriminate among customers with similar risk profiles or risk related factors except where expressly permitted under this Code.”

**Section 2.4.28 is renumbered 2.4.29.**

**A new section 2.4.28 is added as follows:**

“Despite sections 2.4.22, 2.4.23, 2.4.25, 2.4.26 and 2.4.27, where all or part of a security deposit has been paid by a third party on behalf of a customer, the distributor shall return the amount of the security deposit paid by the third party, including interest, where applicable, to the third party. This obligation shall apply where and to the extent that:

- the third party paid all or part (as applicable) of the security deposit directly to the distributor;
- the third party has requested, at the time the security deposit was paid or within a reasonable time thereafter, that the distributor return all or part (as applicable) of the security deposit to it rather than to the customer; and
- there is not then any amount overdue for payment by the customer that the distributor is permitted by this Code to off set using the security deposit.”

**Section 3.1.1 is amended by adding the following to the second last bullet point:**

“...or for non-payment of a security deposit. The distributor shall give the person a reasonable opportunity to provide the security deposit consistent with section 2.4.20.”

**Section 3.1.1 is amended by revoking the last bullet point.**

**Section 4.2.5 is renumbered 4.2.5.1.**

**The Code is amended by adding two new sections as follows:**

**Section 4.2.5.2**

“A distributor may recover from the customer responsible for the disconnection reasonable costs associated with disconnection, including overdue amounts payable by the customer. A distributor may recover from the customer responsible for the disconnection reasonable costs for repairs of the distributor’s physical assets attached to the property in reconnecting the property.”

**Section 4.2.5.3**

“A distributor may recover from the person requesting the reconnection any Board approved reconnection charges.”

**Section 4.2.6 is amending by revoking the last bullet point.**

**Section 4.2.6 is amended by inserting the following as the last bullet point:**

“The customer owes the distributor money for distribution services, or for a security deposit. The distributor shall give the customer a reasonable opportunity to provide the security deposit consistent with section 2.4.20.”

**Section 4.3.3 is revoked and replaced by the following:**

“A distributor may recover from the customer responsible for the unauthorized energy use all reasonable costs incurred by the distributor arising from unauthorized energy use.”

**Section 1.2 is amended as follows:**

- The definitions of “IMO” and “IMO-controlled Grid” are revoked and replaced with the following:
  - “IESO” means the Independent Electricity System Operator continued under the *Electricity Act*, and
  - “IESO-controlled grid” means the transmission systems with respect to which, pursuant to agreements, the IESO has the authority to direct operations.
- The references to “IMO-controlled grid” in the definitions of “ancillary services”, “embedded generation facility”, and “embedded wholesale consumer” in the Code are replaced with references to “IESO-controlled grid”;

- the references to “IMO-administered markets” in the definitions of “wholesale buyer”, “wholesale market participant”, and “wholesale supplier” in the Code are replaced with references to “IESO-administered markets.”

**The Code is also amended as follows:**

- The references to “IMO” in sections 2.4.14, 5.3.4, and 6.2.3 of the Code are replaced with references to “IESO”; and
- the references to “IMO” in Appendix F of the Code are replaced with references to “IESO”.

February 24, 2005