



January 23, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON, M4P 1E4

via RESS and email

Dear Ms. Walli:

**RE: Proposed Amendments to the Unit Sub-Metering Code
Board File No.: EB-2011-0429**

On December 15th, 2011 the Ontario Energy Board (“OEB”) issued for comment proposed amendments to the Unit Sub-Metering Code. This is the submission of the Coalition of Large Distributors (the “CLD”) and Hydro One Networks Inc. (“Hydro One”). The CLD consists of Enersource Hydro Mississauga Inc., Horizon Utilities Corporation, Hydro Ottawa Limited, PowerStream Inc., Toronto Hydro-Electric System Limited, and Veridian Connections Inc.

The CLD and Hydro One appreciate the opportunity to provide input on the expansion of consumer protection measures to customers of unit sub-meter providers, and are wholly supportive of the Board’s initiative to adopt and incorporate the same measures into the Unit Sub-Metering Code as were recently approved for utilities in the EB-2007-0722 and EB-2008-0150 proceedings. Having a consistent set of rules for all electricity consumers, regardless of electricity provider, will be beneficial to all involved and provide for a balanced, clear, and consistent operating environment for utilities and unit sub-meter providers alike.

However, the CLD and Hydro One have concerns with the few exceptions that have been made for unit sub-meter providers.

First, the CLD and Hydro One submit that the requirement to accept credit card payments in emergency situations (i.e., when a customer is facing disconnection) should be extended to all unit sub-meter providers. Many larger unit sub-meter providers currently allow for regular payments via credit card¹ (albeit at an extra cost to the

¹ See for example:

Carma Industries website <http://www.carmabillingservices.com/billing.htm>

Enercare Connections payment website <https://ipn.paymentus.com/otp/stide/eec>

customer), so in some cases this infrastructure is already in place. In addition, some unit sub-meter providers actually have a larger customer base than some smaller utilities (which are currently required to provide this option). This fact is in conflict with the argument that such an option would be too costly for unit sub-meter providers to offer their own customers. The CLD and Hydro One submit that the requirement should be the same for utilities and unit-sub-meter provider alike. At a minimum, unit sub-meter providers already offering the option of regular bill payments by credit card should be required to offer this option during emergency situations at no additional cost to their customers.

Second, the CLD and Hydro One strongly support the OEB's concern that unit sub-meter providers not violate "the requirement to distribute electricity for a price no greater than that required to recover all reasonable costs." To this end, the CLD and Hydro One recommend that the Unit Sub-Metering Code be expanded to include a requirement that the wholesale delivery costs (i.e., bulk meter costs) not be bundled with other charges that may be imposed by a unit sub-meter provider to recover their own "reasonable costs" of sub-distributing electricity. These charges should be clearly shown as a separate and distinct line item on each bill. Unit sub-meter providers should be required by the Unit Sub-Metering Code to demonstrably and transparently recover the wholesale bill without markup, with each customer's share proportionate to their contribution to the total wholesale bill. The metering technology involved will allow this calculation to be made with precision.

The CLD and Hydro One note that many larger unit sub-meter providers² have a rate structure that does not separate wholesale delivery costs (i.e., costs at the bulk meter for electricity delivered) from the rate for the service provided by unit sub-meter providers. In most of these cases, the costs, both regulated and unregulated, are combined together and simply shown as one bundled "delivery" charge on a customer's bill. In addition, as many unit sub-metered buildings are bulk metered with a peak monthly demand billing determinant, whereas some unit-sub metered customers are billed on peak daily individual demand, the existing rate design can create additional revenue for unit sub-meter providers simply by the fact that the sum of the individual peak demands will always exceed the measured building peak demand. This holds true even if the unit sub-meter provider were to use a monthly measure of individual demand and charge customers the same nominal demand rate it is charged by the utility. Given the existing bundling of regulated and unregulated charges, it is currently impossible for customers or industry observers to determine whether regulated bulk meter delivery costs are properly and fairly passed on to customers, nor to separate these charges from those imposed by unit sub-meter providers to recover their own reasonable costs. This situation is at odds with the Board's finding in EB-2010-0142, in which the Board stated at page 35 of its Partial Decision and Order that:

² See for example:

EnerCare Connections Inc. website, <http://www.enercareconnections.com/EEC/BillComponents.aspx>

Provident Energy Management Inc. website, http://www.pemi.com/customers_faq.php#s4

Carma Industries Inc. website, <http://www.carmabillingservices.com/billing.htm#>



The Board finds that due to the existence of a competitive market for the provision of unit sub-metering it is appropriate to ensure that procurement choices, as between licensed distributors (suite metering) and licensed unit sub-meter providers (unit sub-metering) are made on a comparable economic basis both within the competitive unit sub-metering market place and between this competitive market place and the monopoly service.

In the view of the CLD and Hydro One, the proper solution that would best promote transparency, comparability, and informed customer choice would be one under which unit sub-meter providers would be required to separate the rate that recovers the wholesale bulk meter from the rate that recovers the unit sub-meter provider's own costs for the services it provides. This arrangement would preclude the possibility of the unit sub-meter provider recovering an amount in excess of the wholesale bill, and alleviate the OEB's concern that unit sub-meter providers not distribute electricity for a price greater than that required to recover all reasonable costs.

Please contact the undersigned if you have any further questions on this submission.

Yours truly,

(Original signed on behalf of the CLD and Hydro One by)

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