

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto ON M4P 1E4
Telephone: 416-481-1967
Facsimile: 416-440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
2300, rue Yonge
27^e étage
Toronto ON M4P 1E4
Téléphone: 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



BY EMAIL AND WEB POSTING

April 15, 2015

NOTICE OF AMENDMENT TO A CODE

AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE

BOARD FILE NO.: EB-2014-0198

**TO: All Electricity Distributors
All Participants in Consultation Process EB-2014-0198
All Other Interested Parties**

The Ontario Energy Board (the OEB) has today issued final amendments to the Distribution System Code (the DSC) pursuant to section 70.2 of the *Ontario Energy Board Act, 1998*.

I. Background

On February 5, 2015, the OEB issued a Notice of Proposal to Amend a Code in which it proposed amendments to the DSC in relation to billing frequency, the use of estimated billing, and billing accuracy.

The OEB received written comments on the proposed amendments from ten stakeholders including eight distributors¹, one ratepayer group², and one other interested party³. Those comments are available on the OEB's [website](#).

The OEB has considered the comments received and has determined that two minor revisions should be made to the proposed amendments. The OEB is also adding a new section for the billing accuracy measure to reflect more fully the direction it had given in a [letter](#) dated July 17, 2014 on the billing accuracy scorecard measure.

¹ Comments were received from the following distributors: Algoma Power Inc., Bluewater Power Distribution Corporation/Burlington Hydro Inc./Greater Sudbury Hydro Inc., Coalition of Large Distributors, Cornwall Street Railway Light and Power Company Limited, Electricity Distributors Association, EnWin Utilities Ltd., Hydro One Networks Inc., and Oakville Hydro Distribution Inc.

² Vulnerable Energy Consumers Coalition

³ Screaming Power

II. Overview of Written Comments

The sections below summarize the comments received from stakeholders and the OEB's response to those comments.

A. **Billing Frequency**

In the notice of proposal, the OEB proposed amendments to the DSC to require all distributors to issue monthly bills to non-seasonal residential customers and general service under 50 kW customers. This requirement was proposed to come into force on December 31, 2016. The comments received focused mainly on the potential costs associated with transition to monthly billing.

Transition to Monthly Billing and Cost Recovery

The Electricity Distributors Association (the EDA) and other distributors expressed concerns with the implementation and ongoing incremental costs associated with the transition to monthly billing. Distributors requested that the OEB provide a deferral account for the costs associated with the transition to monthly billing.

The Vulnerable Energy Consumers Coalition (VECC) as well as several distributors indicated that the potential benefits that could result from switching to monthly billing may be less than the costs. Although VECC did not object to the transition to monthly billing, it proposed that the OEB delay the implementation of monthly billing until 2018. VECC also proposed that the OEB's filing requirements be amended to require distributors that do not currently bill monthly to file a monthly billing cycle proposal that include estimated costs and steps taken to mitigate the costs of moving to monthly billing.

The Coalition of Large Distributors (the CLD) noted that Hydro Ottawa Limited, which transitioned its residential and small commercial customers to monthly billing in April 2014, has not experienced a decrease in call volumes and there is no evidence to date for any material reduction in collection costs and bad debt.

In their joint comments, Bluewater Power Distribution Corporation, Burlington Hydro Inc., and Greater Sudbury Hydro Inc. (BBS) stated that requiring distributors to provide monthly billing may negatively affect existing bill sharing arrangements (usually with municipal water utilities), that create material cost savings as well as revenue offsets that benefit ratepayers. BBS therefore asked that the OEB confirm that the tracking of such costs and benefits includes cost associated with both accommodating and/or losing billing partners as a result of the transition to monthly billing.

The OEB also received comments from Screaming Power, a company building energy-related mobile software solutions, indicating that rather than focusing on more frequent billing, the OEB needs to look at changing the regulations, policies and guidelines in a

manner that enables end users full electronic access to their billing data.

With respect to the costs associated with the transition to monthly billing, the OEB notes that distributors can apply for a deferral account with evidence demonstrating that such an account would meet the eligibility requirements. The eligibility requirements are described in section 2.12.7 of the OEB's Filing Requirements for Electricity Distribution Rate Applications. Any deferral account would generally be for incremental administration costs. Prudently incurred capital expenditures would be included in rate base at the next cost of service application.

The OEB continues to believe that December 31, 2016 is a reasonable amount of time for distributors to transition to monthly billing. If a distributor believes that it is unable to meet this timeline, it can apply to the OEB for an extension through a licence application for an exemption to the relevant section of the DSC. Some distributors argued that they should be exempt from some of these proposed amendments because of other exemptions they currently have in place for other codes or other provisions of the DSC. Other distributors highlighted concerns about the impact on bill sharing arrangements. These distributors can also apply for a licence exemption. For any exemption application, distributors will have to satisfy the OEB that the code provision should not apply to them.

Definition of Monthly Billing

The CLD asked for confirmation that "on a monthly basis" meant bills for one month of consumption and not necessarily one bill for each calendar month. The OEB confirms that "on a monthly basis" means one bill per month but that bill does not need to be based on a calendar month.

No changes are being made to proposed section 2.1.6A of the DSC. There are numerous references to monthly activities in the DSC and this has not caused any confusion.

B. Estimated Billing

The OEB proposed amendments to the DSC require that bills issued to residential and general service under 50 kW customers with smart meters or interval meters be based on actual meter readings. To account for exceptional circumstances while ensuring that customers are receiving bills based on actual meter reads the majority of the time, the OEB proposed that distributors may issue a bill based on estimated consumption no more than once every twelve months for these customers.

Furthermore, the OEB proposed amendments to the DSC to state that distributors will not be allowed to disconnect residential or general service under 50 kW customers with a smart meter or an interval meter based solely on an estimated bill.

Estimated Billing

Comments from some distributors stated that limiting the number of bills based on estimated consumption to one every twelve months may be overly restrictive. The CLD suggested that if the OEB is to impose a limit, the limit should be no more than three consecutive months. Hydro One Networks Inc. also suggested that the OEB revise the total number of estimates allowed to three consecutive bills in a 12 month period. The EDA suggested that the OEB should consider a limit of two consecutive bills. VECC supported the proposed amendments.

As a result of the comments received, the OEB has determined that it will increase the number of estimated bills allowed in a twelve month period from one to two bills. This will allow distributors time to remedy meter reading problems and ensure customers are receiving bills based on actual meter reads the majority of the time.

Several distributors also referenced the interval estimates undertaken by the Independent Electricity System Operator's Meter Data Management/Repository (MDM/R) as part of the Validating, Estimating and Editing (VEE) process. The proposed amendments do not apply to the VEE process conducted by the MDM/R for the purposes of calculating missing intervals.

Disconnections

The CLD asked that the OEB confirm that the disconnection provision is meant to apply to arrears originating from an estimated bill, only if that estimated bill was the last bill issued to a customer.

A distributor can disconnect a customer if arrears accumulated include both arrears from an estimated bill and a bill based on an actual meter read. Distributors may not disconnect a customer based solely on an estimated bill.

C. Billing Accuracy

The OEB proposed amendments to the DSC include a billing accuracy measure, a target level for the performance measure of 98%, and a definition for "accurate bill".⁴

Power Generation Accounts

The CLD noted that power generation accounts should be excluded from the billing accuracy provision. The OEB agrees that power generation accounts such as FIT and microFIT accounts should be excluded and has amended section 7.11.3 of the proposed amendments accordingly.

⁴ As indicated in the notice of proposal, the OEB will amend section 2.1.19(b) of the Electricity Reporting and Record Keeping Requirements to cross-reference section 7.11 of the DSC. Further details can be found in the OEB's letter issued on April 15, 2015, which is available on the OEB's [website](#).

Billing Accuracy Definition and Calculation

Oakville Hydro Distribution Inc. noted that the definition in section 7.1 of the DSC should include “correct start and end meter reads”. The definition in the proposed amendments uses the term “correct meter reads”. The OEB does not believe that the wording of the proposed amendments needs to change but does clarify that “correct meter reads” includes both start and end meter reads.

The OEB will also add in an additional section to the billing accuracy section (section 7.11 of the DSC) to ensure consistency with the OEB’s letter on the billing accuracy scorecard measure issued July 17, 2014. New section 7.11.6 of the DSC will be added to further explain how to calculate the billing accuracy performance measure. Proposed section 7.11.6 of the DSC will become section 7.11.7 of the DSC. As noted in the July 17, 2014 letter for the purpose of calculating billing accuracy, the distributor should include all billing adjustments arising from billing errors in lieu of cancelling and rebilling the original bill. The OEB is of the view that since this clarification was previously issued by the OEB following a consultation process, no further consultation on this code amendment is required.

III. Final Amendments to the DSC

Based on the comments discussed above, the OEB has determined that three changes will be made in relation to the proposed amendments.

First, proposed section 2.10.2 of the DSC will now state that a distributor may issue a bill based on estimated consumption twice every 12 months.

Second, proposed section 7.11.3 of the DSC will reflect that power generation accounts are excluded from the billing accuracy provision.

Third, a new section 7.11.6 of the DSC will be added to further explain how to calculate the billing accuracy performance measure as stated in the OEB’s letter on the billing accuracy scorecard measures issued on July 17, 2014

The Final Amendments to the DSC as adopted by the OEB are set out in Attachment A to this Notice.

IV. Anticipated Costs and Benefits

As indicated in the Notice of Proposal, the OEB sees merit in establishing a standard level of service for all distributors.

The OEB acknowledges that there is the potential for incremental costs to be incurred by distributors with the implementation of the amendment to the DSC associated with monthly billing. There are also potential benefits that can mitigate these costs. There may be ways for distributors to improve collection costs and bad debts as a result of

issuing more frequent and lower bills. The impact of improved cash flow will be assessed as part of the OEB's review of its policy on working capital allowance. Distributors should explore other opportunities for cost savings such as the expansion of e-billing, where appropriate.

In addition, monthly billing will provide an opportunity for distributors to have more frequent communication with their customers, encourage energy literacy and allow customers to better anticipate and manage payments and respond to pricing signals by adjusting their use to reduce their electricity bills.

The OEB notes that the majority of distributors currently estimate bills only in very limited circumstances and expects that distributors would be able to meet the revised estimated billing rule and the billing accuracy target without incurring material additional costs.

V. Coming into Force

The final amendments to the DSC regarding estimated billing and billing accuracy as set out in Attachment A to this Notice come into force on April 15, 2015.

The final amendment regarding monthly billing (section 2.6.1A of the DSC) comes into force on December 31, 2016.

This notice, including the final amendments to the DSC set out in Attachment A, will be available for public viewing on the OEB's web site at www.ontarioenergyboard.ca and at the office of the OEB during normal business hours.

VI. Cost Awards

The OEB will address the issue of cost awards for this consultation by separate correspondence to be issued shortly.

Any questions relating to the final amendments to the DSC set out in Attachment A should be directed to IndustryRelations@ontarioenergyboard.ca or 416-440-7604. The OEB's toll-free number is 1-888-632-6273.

DATED at Toronto, April 15, 2015

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Attachments: Attachment A—Amendments to the DSC

Attachment A

Amendments to the DSC

Note: The text of the final amendments is set out in italics below, for ease of identification only.

1. Section 1.7 of the DSC is amended to add the following at the end of the section:

Section 2.6.1A comes into force on December 31, 2016.

2. Section 2.4.6 of the Distribution System Code is amended by adding the following at the end of the list of items:

- *The business practices the distributor uses to estimate bills where no metered consumption is available.*

3. Section 2.6 of the Distribution System Code is amended by adding the following immediately after section 2.6.1:

2.6.1A A distributor shall issue a bill to each non-seasonal residential customer and each general service < 50kW customer on a monthly basis.

4. Section 2.10 will be added to the DSC immediately after section 2.9:

2.10 Estimated Billing

2.10.1 Where a smart meter or interval meter has been installed, a distributor shall issue a bill to a residential or general service < 50 kW customer based on an actual meter read.

2.10.2 Despite 2.10.1, to account for exceptional circumstances, a distributor may issue a bill to a residential or general service < 50kW customer with a smart meter or interval meter based on estimated consumption twice every 12 months.

5. Section 4.2 of the Distribution System Code is amended by adding the following immediately after section 4.2.6:

4.2.7 A distributor shall not disconnect a residential or general service < 50 kW customer with a smart meter or interval meter based solely on an estimated bill.

6. Section 7.1 of the Distribution System Code is amended by adding the following definition immediately before the definition of "answered":

"accurate bill" means a bill that contains correct customer information, correct meter readings, and correct rates that result in an accurately calculated bill.

7. Section 7 of the Distribution System Code is amended by adding the following section immediately after section 7.10.2:

7.11 Billing Accuracy

7.11.1 *A distributor must issue an accurate bill to each of its customers.*

7.11.2 *This service quality requirement must be met at least 98 percent of the time on a yearly basis.*

7.11.3 *A distributor should not include customer accounts that are unmetered accounts (e.g. street lighting and unmetered scattered loads) or power generation accounts when calculating the percentage of accurate bills.*

7.11.4 *The percentage of bills accurately issued shall be calculated by subtracting the number of inaccurate bills issued for the year from the total number of bills issued for the year and dividing that number by the total number of bills issued for the year.*

7.11.5 *The total number of bills issued for the year includes original and reissued bills.*

7.11.6 *Accurate bills that need to be cancelled in order to correct another bill shall not be included in the calculation of billing accuracy measure.*

7.11.7 *A bill is considered inaccurate if:*

- (a) the bill does not meet the definition of an accurate bill set out in section 7.1;*
- (b) the bill has been issued to the customer and subsequently cancelled due to a billing error; or*
- (c) there has been a billing adjustment in a subsequent bill as a result of a previous billing error.*