



Ontario Energy Board Commission de l'énergie de l'Ontario

> Energy Retailer Service Charges

Working Group Meeting #1

September 7, 2017

Miscellaneous Rates and Charges

- In November 2015, the OEB issued a letter announcing a comprehensive policy review of miscellaneous rates and charges applied by electricity distributors (EB-2015-0304).
 - The letter indicated that the review will be conducted through a number of phases and components.
 - The first component which is currently underway is the review of wireline pole attachment charges for electricity distributors.
 - In May 2017, the OEB issued a letter announcing the start of another phase, the review of “energy retailer service charges” to now include both electricity and natural gas distributors.
- Website: <https://www.oeb.ca/industry/policy-initiatives-and-consultations/review-miscellaneous-rates-and-charges>

Energy Retailer Service Charges

- Service charges levied by electricity and natural gas distributors to energy retailers or customers related to things like billing and contract administration.
- For the majority of electricity distributors, these charges have not been reviewed and have remained the same since market opening in 2002.
 - To establish these charges, the OEB reviewed practices in other jurisdictions and developed a set of estimates for distributors to charge for retail services with the understanding that the actual costs for providing these services will vary.
- For the two major gas distributors (Union and Enbridge), their respective charges have been updated more recently.

Working Group

- The OEB's May 2017 letter indicated that a working group will be established to assist with the review.
- The letter also indicated that the approach to be taken will include an examination of the following:
 - The methodology to reset energy retailer service charges.
 - Mechanisms for keeping the charges up to date.
 - Whether it continues to be appropriate for the OEB to establish default charges.
- The review will also look at the establishment of a new service charge for electricity and natural gas distributors to recover the transactional cost of sending a notice of switch letter as of July 1, 2017 to low volume customers who signed a contract with an electricity retailer or gas marketer.

Working Group Members

Organization	Member
Electricity Distributors	
1 Guelph Hydro Electric Systems Inc.	Krista Perry
2 Hydro One Networks Inc.	Danny Relich*
3 Hydro Ottawa Limited	April Barrie
4 London Hydro Inc.	Martin Benum
5 Veridian Connections Inc.	Kyle Brown
Natural Gas Distributors	
6 Enbridge Gas Distribution Inc.	Rob DiMaria
7 Union Gas Limited	Tom Byng
Energy Retailers	
8 Ag Energy Co-operative Ltd.	Katie Morrow
9 Just Energy Ontario L.P.	Frances Murray
10 Summitt Energy Management Inc.	Jeff Donnelly

*Danny Relich will represent Hydro One instead of John Boldt

Working Group Member Presentations

- Insight from energy retailers and from those who have direct dealings with energy retailers is key to identify cost drivers and implications of any changes to the existing approach.
- Working group members input will be incorporated into a draft report to be issued for stakeholder comment.
- For the first part of this meeting, working group members will provide input on the following:
 - The nature of the energy retailer related services provided or received.
 - The type of costs incurred to provide these services.
 - The types of costs to be incurred (or currently being incurred) for sending the notice of switch letter.
 - Any other matters that members would like to address with respect to the current service charges.

Draft List of Topics

- A draft list of topics was previously circulated for discussion during the second part of this meeting. The list of topics will help inform discussions at the next meetings:
 - 1) The type of costs that should be included as part of the overarching costing methodology for distributor-consolidated billing, service transaction requests, service agreements, and notice of switch letters.
 - 2) Whether a fully allocated costing methodology is appropriate for existing energy retailer service charges and if not, what other approaches should the OEB consider.
 - 3) Whether a consistent application of energy retailer service charges should be followed or whether distributor specific charges should apply.

Draft List of Topics, Cont'd

- 4) Whether a mechanism should be considered by the OEB in order to keep energy retailer service charges up to date.
- 5) Whether Retail Cost Variance Accounts (which are used to record the difference between charges levied on customers and retailers and the direct incremental costs for the provision of retailer services) should be eliminated and the implications of doing so.
- 6) Whether there are approaches or lessons learned for charges from the natural gas distributors to natural gas marketers that could be considered for electricity and vice versa.
- 7) Other?