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BULLETIN

DATE ISSUED: January 17, 2023

**TO: All Licensed Electricity Distributors
Smart Metering Entity
All Other Interested Parties**

RE: Regulated Price Plan Pricing for Net Metered Customers

This Bulletin sets out Ontario Energy Board (OEB) staff's view that electricity distributors must charge customers on the Regulated Price Plan (RPP) based on the customer's choice of pricing plans – that is, time-of-use (TOU) or tiered pricing – even if the customer is net metered.

1. Background

OEB staff has received some questions and complaints from RPP consumers who say they were told by their electricity distributor that if they wanted to be net metered, they must switch from TOU pricing to tiered pricing. The reason given by these distributors was that the Smart Metering Entity (SME) currently offers data processing services for metered consumption – but not generation – based on time of use.

Such enquiries have become more common as interest in net metering has increased. Recently, some distributors and other stakeholders asked the OEB for guidance on this question in the context of the consultation on the OEB's proposed Code amendments to implement a third RPP pricing option: the ultra-low overnight price plan (EB-2022-0160).

OEB staff is aware that some distributors do provide net metering to consumers on TOU pricing. They process the generation-side data themselves, and rely on the SME only for the consumption-side data. Therefore it appears there are no technical barriers to providing net metered consumers the choice of RPP price plan. OEB staff understands that, while at one point the smart meters that are required for TOU pricing were not capable of measuring generation quantities, the metering technology has evolved.

As explained further below, OEB staff is of the view that all distributors are required to

provide net metering to consumers on TOU pricing. Distributors have an obligation to install smart meters for RPP consumers and to bill them for the electricity commodity based on TOU unless they elect to switch to tiered pricing. That does not change if the consumer installs a renewable generation facility for the purpose of enrolling in net metering. Moreover, the Net Metering Regulation (O. Reg. 545/05) under the *Ontario Energy Board Act, 1998* specifies that the value of the electricity conveyed by the consumer to the distribution system (i.e., the value of the credit that goes towards offsetting amounts the consumer would otherwise be charged) is calculated “on the same basis as” the consumer’s consumption of electricity. So if the consumer is on tiered pricing, the generation credit must be calculated based on tiered prices, and if the consumer is on TOU pricing, the generation credit must be calculated based on TOU prices.

2. Net Metered Customers on the RPP have a Choice of Price Plans

Pursuant to section 6(4) of O. Reg. 95/05 (Classes of Consumers and Determination of Rates) under the *Ontario Energy Board Act, 1998* and section 3.5 of the Standard Supply Service Code, RPP consumers with smart meters can choose between TOU and tiered prices. Starting November 1, 2023, or as early as May 1, 2023 if their distributor is able to offer it sooner than that, RPP consumers will also have a third option, the ultra-low overnight pricing plan. There is nothing in O. Reg. 95/05, the Net Metering Regulation or the Standard Supply Service Code that contemplates that customers should be deprived of this choice (or disentitled to this choice) if they wish to be billed on a net metered basis.

Distributors are required to give effect to both the customer’s choice of RPP pricing plan and the customer’s choice to be billed on a net metered basis. To be clear, a distributor cannot refuse to net meter an otherwise eligible customer who requests net metering solely because the customer is on TOU prices; nor can the distributor require a customer on TOU prices to switch to tiered prices as a condition for being net metered, or refuse to switch a net metered customer from tiered prices to TOU. For net metered customers on TOU pricing, the value of the electricity they convey to the distribution system (for the purpose of calculating any bill credit) is based on the time the electricity was conveyed; e.g., if a kilowatt-hour of electricity is conveyed during an on-peak period, it attracts the on-peak price.¹ OEB staff would add, for greater certainty, that the value of the generation credit for a non-RPP consumer who is net metered must also be calculated on the same basis as the value of their consumption.

For RPP consumers with smart meters (whether they are net metered or not), distributors must obtain metered consumption quantities for billing purposes from the

¹ Section 8 of O. Reg. 545/05 (Net Metering) under the *Ontario Energy Board Act, 1998* explains how bills are to be calculated for net metered customers. It stipulates that the value of the electricity conveyed into the distributor’s distribution system is “calculated on the same basis as the eligible generator’s or eligible customer’s consumption of electricity but not demand for electricity, including charges for the commodity of electricity, but without any adjustment for total losses as defined in the Retail Settlement Code.”

SME. However, the SME does not currently provide distributors with the generation data they need to bill net metered customers, and has said it lacks the authority to do so.²

Nevertheless, that does not prevent distributors from processing the generation data on their own and billing net metered customers based on TOU prices if that is the customer's preferred pricing plan. Indeed some distributors have been doing that for some time.

OEB staff has been informed that the SME is currently running a pilot project to test expanding the functionality of its Meter Data Management and Repository (MDM/R) so that it could be used to process both consumption and generation data for net metered customers. OEB staff understands that this pilot project will not be completed until the spring of 2023 and that legislative changes may be needed in order to allow the SME to begin offering this functionality to distributors.

3. Conclusion

It is OEB staff's view that a distributor must bill net metered RPP consumers on the basis of the customer's choice of pricing plan: tiered or TOU, or, when it becomes available, the new ultra-low overnight option.

While this is not a new requirement, OEB staff acknowledges that it may take time for some distributors to make the changes to their billing systems and internal processes that would enable RPP consumers to participate in net metering while paying TOU (or ultra-low overnight) prices, and that some distributors may want to consider the option of relying on the MDM/R for billing net metered customers if the SME were to begin offering that functionality.

For these reasons, OEB staff does not intend to take compliance action against distributors on this matter before **May 1, 2023**. This will also allow distributors to co-ordinate these changes with the changes they will need to make to implement the new ultra-low overnight pricing option. Any distributor that believes it may be unable to offer TOU prices to net metered customers by that date should contact IndustryRelations@oeb.ca as soon as possible. OEB staff will consider further deferrals of compliance action on a case by case basis.

The views expressed in this Bulletin are those of OEB staff and are not binding on a panel of Commissioners. Any questions regarding this Bulletin should be directed to the OEB's Industry Relations email address at IndustryRelations@oeb.ca.

² SME responses to interrogatories in the most recent SME charge application: EB-2022-0137 (Exhibit I, Tab 3, Schedule 1, filed June 30, 2022).