



September 25, 2015

Via RESS and email

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

Dear Ms. Walli:

Re: EB-2015-0148 Proposal to Amend the Distribution System Code, the Unit Sub-Metering Code, the Retail Settlement Code, the Standard Supply Service Code for Electricity Distributors, and the Gas Distribution Access Rule to implement the Ontario Electricity Support Program

On September 14, 2015, the Ontario Energy Board (the “Board” or “OEB”) posted the *Notice of Proposal to amend the Distribution System Code (“DSC”), the Unit Sub-Metering Code (“USMC”), Retail Settlement Code (“RSC”), the Standard Supply Service Code (“SSSC”) for Electricity Distributors (collectively, the “Codes” or individually, each a “Code”), and the Gas Distribution Access Rule to implement the Ontario Electricity Support Program* (the “Proposal”).

This is the submission of the Coalition of Large Distributors (“CLD”)¹ regarding the Proposal. The submission has been filed via the Board’s web portal and two (2) requisite paper copies have been couriered to the Board.

Anticipated Costs

The Board notes in the Proposal it believes costs incurred by LDCs to implement the proposed Code amendments will not be significant. The CLD respectfully submits that development costs to comply with OESP and DRC billing requirements and additional ongoing billing costs due to longer and more complex bills may potentially be significant. For many LDCs, computer code development is provided by third-party vendors thereby eliminating opportunity to absorb costs within existing overhead.

The CLD respectfully recommends that the Board provide direction to LDCs to track implementation and ongoing costs. If costs are material, LDCs should be allowed to establish a deferral account for prudently incurred costs, for future disposition.

Need for a Guideline Document in Addition to Code Amendments

The CLD is appreciative of the OEB’s efforts to provide clarity by codifying the many requirements discussed and finalized at the OESP Implementation Working Group (“OESP IWG”) meetings over the past several months. The CLD is concerned, however, that while the Code amendments properly address many of the core principles of the OESP, they do not fully document the many more technical aspects of OESP implementation and operation. To this end, the CLD urges the OEB to consider releasing a formal guideline, documenting the many technical elements of the OESP that were finalized at various OESP IWG meetings, and previously informally communicated to utilities through webinars and presentations.

¹The 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 respectfully submits the below comments related to Attachment A – Proposed Amendments to the Distribution System Code.

DSC Section 1.3.2 – Interpretations

The CLD wishes to clarify the maximum timeframe a consumer may remain an eligible low-income customer, where they become eligible for both Emergency Financial Assistance (“EFA”) and OESP on different dates.

It is the CLD’s interpretation that the OESP approval date defines the two-year, low-income customer eligibility period. Should the customer qualify for EFA prior to or after OESP approval, there is no impact on their low-income eligibility period, which remains based upon their OESP effective date. Should the customer not qualify for OESP, but qualify for EFA, then the EFA approval period would define the customer’s low-income eligibility period. As noted in the proposed amendments, this interpretation also has implications on SSS, Section 2.6.2 B (f) in terms of the low-income customer equalized billing and payment plan provisions.

DSC Section 9.1 - Eligibility for OESP Rate Assistance

The proposed amendments to the DSC define nine classes of consumers that are eligible for OESP assistance (Classes A through I) which correspond to a specific combination of household income and household size. Class A and Class B consumers are already defined in O. Reg. 429/04 for the purposes of determining how a consumer is assessed and billed global adjustment (“GA”) charges. The use of the terminology “Class A and Class B consumers” for two different purposes – billing GA and applying OESP credits - may create confusion in billing procedures and reporting. The CLD proposes that (i) a different term than “Class” be used to define these consumers and (ii) a reference to “A” or “B” consumers be avoided.

The Code amendments refer to “eligibility period” in several places, the first of which is Section 9.2.2 of Attachment A, but the term itself is not defined and could be interpreted as containing an expiry date. It is not consistent with the terminology used to date throughout LDC testing for Milestone 2. The Central Service Provider (“CSP”) will be communicating the number of months for which the OESP credit is applicable (i.e., the “duration” of the OESP credit). The CLD proposes that the term “eligibility period” be defined in the Code amendments.

DSC Section 9.2 - Application of OESP Rate Assistance to the Bill

Section 9.2.2 – Eligibility Period

The CLD proposes that criteria be added to Section 9.2.2 to include the circumstance where a consumer re-applies for OESP rate assistance and his/her application is approved prior to the expiry date of the previous application. In this circumstance, the OEB has indicated to the OESP IWG that the original application be end-dated in the month that the new application is effective i.e., the distributor would not apply the OESP rate assistance for the eligibility period specified in the notice for the original application.

Section 9.2.5 - Resumption of OESP after Disconnection

The CLD agrees with the need to resume OESP rate assistance to customers who have been disconnected and subsequently reconnected, without requiring those customers to reapply for OESP.

However, the CLD recommends including clarification that the reconnection in this case is occurring “at the same premises” and that the disconnection occurred for “non-payment” (as opposed to a long term move out and subsequent return to the same premise, etc.).

Additionally, the CLD suggests that the “within two billing period” restriction is unnecessarily complex. The CLD proposes that it be provided for only as a minimum, retaining the option for utilities to resume OESP assistance on any reconnection prior to the end of the eligibility period.

Proposed wording to this regulation would read as follows:

9.2.5 Where a consumer receiving OESP is disconnected for non-payment and the distributor subsequently reconnects that consumer at the same premises within two billing periods, the distributor shall upon reconnection continue to apply the OESP rate assistance to the consumer’s bill for the remainder, if any, of the OESP eligibility period specified under section 9.2.2. At its discretion, a distributor may continue to apply the OESP rate assistance to the consumer’s bill even if reconnected beyond two billing periods, for the remainder, if any, of the OESP eligibility period specified under section 9.2.2, as long as the consumer’s account remains active.

Section 9.2.6 - Credit Balances resulting from OESP assistance

Section 9.2.6 effectively requires LDCs to separate OESP credit balances from any other monetary credits due to consumers. For the reasons outlined below, the CLD respectfully requests that the OEB reconsider this requirement, allowing OESP credits to be treated in accordance with existing rules and procedures:

- 1) Numerous processes would need to be revised to determine what portion of a credit balance, if any, includes OESP credits. Some LDCs manually perform a brief review of final bill credit balances before authorizing cheques to be mailed out. However, these reviews are very minimal compared to what would be required to ensure OESP credits are not included in the refund amount. Further, existing credit refund processes do not involve a retroactive analysis of all charges and payments. Implementation of this type of analysis may not be possible using a manual process. Within the current implementation timeframe, automating this complex process is not likely feasible for most distributors.
- 2) The costs to operationalize this provision are expected to be very high.
- 3) The manner and order-of-operations for how the process of distinguishing and removing OESP credits from a customer’s credit is relatively complicated and has yet to be considered or finalized at the OESP IWG. It is not clear how the order of operations is intended to work, or how far back a utility must go in ensuring that a credit being refunded is not composed of any amounts originating from the OESP. The uncertainty surrounding this process suggests that the implementation of a Code amendment documenting it as a requirement is premature.
- 4) In order to prevent a credit from being refunded, final bills with an OESP-related credit will require a charge to offset the credit to a zero balance. A reversal of this type is unique in utility billing, and is likely to cause considerable customer confusion.

DSC Section 9.3 - Billing Errors

Section 9.3.1 addresses billing corrections and adjustments related to OESP processing. These billing adjustments could materially impact an LDC’s Billing Accuracy measure, yet LDCs will have no control over the number or frequency of corrections or adjustments submitted by the CSP. The CLD understands

that this was a consideration in discussions at the OESP IWG, and respectfully requests the OEB's confirmation that billing adjustments generated by the CSP be excluded from the Billing Accuracy measure target.

The CLD believes that this provision would also benefit from a clarification to the wording, specifically to distinguish between corrections to the rate of assistance, and adjustments resulting from corrections to the rate of assistance that should have been applied over previous billing periods. The current wording mentions both "applying the corrected amount" (corrections to the rate) and "identify the correction as a billing adjustment on the consumer's bill" (application of retroactive adjustments).

The CLD notes that, on page 14 of the Proposal, the section should read as 9.3.3, not 9.2.3. This section stipulates that the distributor shall not be entitled to recoup any over-billed rate assistance without approval of the Board. The CLD understands that over-billed rate assistance amounts must not be clawed-back from the customer without approval of the Board. For clarity, the CLD wishes to confirm that rate assistance funds collected from, and settled with, the IESO will not be revised based on over-payment of rate assistance funds to the customer. In other words, the LDC will be kept whole in the event of an over-payment to the customer generated either by the CSP, or the LDC.

Additionally, the CLD is confused by the current reference to sections 7.7.1, 7.7.2, and 7.7.3 of the RTS. Following the requirements of sections 7.7.1, 7.7.2, and 7.7.3 is inconsistent with the OEB's intention to never issue a cash refund of the OESP credit, as per the current proposed wording in section 9.2.6. To the extent the OEB chooses to maintain section 9.2.6, the CLD submits that the references to 7.7.1, 7.7.2, and 7.7.3 be removed.

The CLD submits the following alternative wording.

Section 9.3.1 would address only CSP generated errors as follows:

9.3.1 Where a distributor receives notice from the CSP of a correction to the amount of rate assistance that was specified in a notice under section 9.2.1, or where the distributor receives notice from the CSP of an adjustment amount to be applied to a consumer's account, the distributor shall apply the corrected amount of rate assistance and/or adjustment amount as soon as reasonably practicable.

Sections 9.3.2, 9.3.3, and 9.3.4 would then address any utility generated errors as follows:

9.3.2 Where the distributor discovers that it has mistakenly applied an amount of rate assistance to a consumer's bill other than the amount specified in the notice under section 9.2.1, the distributor shall apply the corrected rate amount as soon as reasonably practicable.

9.3.3 Where the corrected amount in 9.3.2 results in an adjustment amount that is a credit to the consumer, the distributor shall reimburse the consumer for any rate assistance owing by applying the adjustment as soon as reasonably practicable. *[References to RTS 7.7.1, 7.7.2, and 7.7.3 should remain only if section 9.2.6 is removed]*

9.3.4 Where the corrected amount in 9.3.2 results in an adjustment amount that is a charge to the consumer, the distributor shall not be entitled to recoup any rate assistance that the consumer has already received, and for greater certainty the distributor shall not collect any such rate assistance as under-billed amounts under sections 7.7.4 and 7.7.4.1 of the Retail Settlement Code, without the approval of the Board.

DSC Section 9.4 - Technical and Administrative Requirements of the CSP

The CLD notes that, on page 14 of the Proposal, the section should read as 9.4.1, not 9.3.1.

DSC Section 9.5.1 - Communications with Consumers

The CLD appreciates that the Proposal permits the OESP eligibility period and the reminder to renew to be communicated to customers through means other than the bill, eliminating the need for another on-bill message. However, Section 9.5.1 requires that the distributor shall not include the notice in the same envelope as a bill or any other documentation emanating from the distributor. This requirement to issue the notice in a separate mailing will increase mailing costs, more so for LDCs with a high percentage of low-income customers.

The CLD also wishes to confirm that customers receiving e-bills or whose preferred method of correspondence is via email are to receive their 60-day expiration notices by separate e-mail and are not required to be also notified by regular mail.

DSC Section 9.6.1 – Settlement

The CLD seeks clarification as to the settlement date with the IESO. The proposed wording currently indicates the 20th day of the following month versus the 4th day, as noted in recent OESP IWG presentations. Further clarification for calendar versus working days would ensure consistency.

DSC Section 9.7 - Reporting Requirements for Embedded Distributors

Similarly, the CLD wishes to clarify that the timeline in which embedded distributors must submit their monthly OESP reports to distributors is the second business day of the following month (ref: “than the second day of the following month”). In turn, is the timeline that distributors must submit the embedded distributor’s monthly OESP results to the OEB the same, i.e., two business days?

Coming Into Force Date

The CLD is supportive of the coming into force date for all the proposed provisions, other than the credit balance issue as per proposed section 9.2.6 of the DSC. To the extent the OEB wishes to retain this section unchanged, the CLD requests that its implementation be delayed by a period of one (1) year from the date the Code amendments are finalized by the OEB. The management of credit balances is not a core OESP requirement, is not part of the specifications and milestones being considered in program design, and requires an extensive and substantial system process to be able to differentiate OESP credits from other credits (i.e., billing corrections, overpayments, etc.).

Conclusion

The CLD appreciates the opportunity to comment on the Proposal. If there are any questions or concerns, please do not hesitate to contact the undersigned.

Sincerely,

[original signed by]

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