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BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON, M4P 1E4

Dear Ms. Walli:

EB-2015-0268 – Proposed Amendments to the Electricity Retailer Code of Conduct, the Code of Conduct for Gas Marketers, the Retail Settlement Code and the Gas Distribution Access Rule to Implement Recommendations in the ECPA Report

Hydro One Networks Inc. (“Hydro One”) offers these comments in response to the Notice of Proposal (“Notice”) issued on October 5, 2015 to amend rules in the above-named codes to implement certain recommendations outlined in the Board’s report “Consumers Come First: A Report of the Ontario Energy Board on the Effectiveness of Part II of the Energy Consumer Protection Act, 2010” (“ECPA Report”).

Overall, Hydro One supports the measures being taken by the Board to increase consumer understanding of retail contracts, provide better education to consumers on their energy supply choices and ensure that consumers are provided with greater protection against unfair business practices at the door. However, Hydro One has some concerns regarding the Board’s proposed rule amendments to the Retail Settlement Code (“RSC”), as set out in Attachment C and discussed in sub-sections 2 and 4 of Section A of the Board’s Notice, and the impact that these amendments will have on distributors.

Given that distributors are already in the process of implementing major billing system changes to meet new regulatory requirements, Hydro One has specific concerns regarding the timing of the proposed amendments to the RSC and the requirements being imposed on distributors to implement additional billing system changes. Hydro One also believes that distributors will incur material costs in complying with the proposed amendments. The comments provided in the following sections discuss in greater detail Hydro One’s concerns.

Making Retail Contracts More Visible on the Bill

a) Amendment to Section 7.2.3 of the RSC (as prescribed in Attachment C)

For low volume consumers served by a retailer, the proposed amendment to Section 7.2.3 will require that the distributor: (a) specify on the part of the bill that relates to the commodity price who the consumer is buying electricity from, along with specific contact information for the retailer and (b) allocate up to 500 text characters on the bill for the provision of this information.

With respect to part (a), the part of the bill that relates to the commodity price is understood by Hydro One to be the part containing regulated line item details. Due to bill messaging and space constraints, distributors may have limited capabilities to accommodate special messages or statements in this area of the bill beyond the existing bill details and line items. As a result, distributors should be provided with some flexibility in terms of where the message and information required in (a) can be located on the bill. Currently, Hydro One has allocated space in the left margin of page 1 of the bill for retailer contact information and would prefer to use this space for the message and information required in part (a). Hydro One does not have the capability to add the message and information required in part (a) on the part of the bill that contains regulated line item details.

With respect to part (b), Hydro One believes that allocating up to 500 text characters on the bill for the message and information required in (a) is excessive and would take up valuable space on the bill. Hydro One is recommending that the maximum character limit be set at 200.

b) Proposal to include on the bill the commodity price based on both the contract and system supply arrangement

In an effort to provide consumers that have a retail contract with better awareness of electricity costs and the supply options available to them, the Board stated that it would give consideration to requiring that the bill include the electricity commodity cost based on the both the contract price and system supply price. At the present time, the Board is not proposing an amendment to the RSC but is seeking comments and feedback from interested parties on how this proposed change could be effectively implemented.

If the Board were to institute this requirement, it would involve significant and potentially complex changes to the billing systems of distributors. Most distributors currently employ a “bill-ready” system for issuing distributor-consolidated bills. With this type of system, the retailer is responsible for providing the commodity bill line item to the distributor for inclusion on the bill and distributors have no visibility of the retail contract details. If the Board would like to present an accurate comparison of the commodity cost based on the retailer contract price and the commodity cost based on system supply price on the bill, it would be important for distributors to also calculate and add the Global Adjustment to each of those costs.

Hydro One would welcome further clarity on the following aspects related to the proposed bill change: (a) confirmation that the term ‘system supply price’ refers to the weighted average hourly spot price; (b) the specific details that would be mandated for the on-bill comparison of the commodity cost at contract versus the system supply price, including the format of the comparison and the amount of space that will be taken up on the bill. Such clarification would be helpful to determine the complexity of changes that may be required to the Electronic Business Transaction (EBT) interfaces, billing system processes and bill formatting software.

c) EBT Standards

The Board stated that it would consult directly with the EBT Standards Working Group to identify whether any EBT standard changes are required in respect of the current and potential future proposals.

Hydro One does not believe that the proposed amendment to Section 7.2.3 of the RSC will require any changes to EBT standards. However, the proposal being contemplated by the Board to include the commodity costs on the bill based on both the contract price and system supply price could potentially lead to changes to the EBT standards. The proposed amendment to Section 10.5.4A of the RSC requiring distributors to provide written notice to consumers of the switch to a supplier may also result in changes to EBT standards, depending on the specific information that is mandated to be included in the form letter.

Written Notice to Consumers of the Switch to a Supplier

a) Amendment to Section 10.5.4A of the RSC (as prescribed in Attachment C)

The Board has proposed to amend Section 10.5.4A of the RSC to require that distributors provide a written notice to low volume consumers who switch to a supplier. The written notice shall include prescribed information and details pertaining to the transfer and must be sent separate from the bill or any other communication from the distributor. The Board has agreed to prepare a standard form of letter that distributors may use for the purposes of meeting this notice requirement.

Hydro One agrees with the Board that it is appropriate to send a written notice to low volume consumers when they switch suppliers that informs them of the service and billing changes under this new arrangement. In fact, Hydro One currently uses three different on-bill messages to communicate retailer contract information when a customer makes a switch. For consistency purposes, Hydro One also agrees that a standard form letter for this type of notice should be developed by the Board.

However, Hydro One questions whether the obligation to provide this written notice should reside with the distributor. Given that the switch is being initiated as a result of a contract entered into between the customer and the receiving retailer and that the written notice is required to be sent separate from the bill or any other communication to the customer, it would seem more appropriate for the retailer to have this obligation.

If the Board believes that the distributor should be responsible for providing the written notice to the customer, the distributor should, as part of the settlement process, be able to recover any costs associated with processing, materials and postage from the retailer in the form of a transaction fee.

Anticipated Costs and Benefits

The Board stated in its Notice that it does not anticipate that any of the proposed amendments to the RSC will require suppliers or distributors to incur material costs.

Hydro One expects that the costs related to both the Board's proposed and contemplated RSC amendments could become significant.

Hydro One is currently in the process of testing numerous billing system and bill format changes that have been implemented to comply with recently approved regulatory rate changes, such as the OCEB termination, DRC exemptions and the OESP program. These changes must be tested and ready for production by January 1st 2016. Due to the fact that testing of these changes is well in progress, it would not be possible for Hydro One to gain any synergy in coding and testing additional bill changes required by the new proposed RSC amendments as part of this project. Therefore, these new bill changes will have to be implemented as part of a separate build and test effort.

Distributors will also incur additional costs related to the proposed amendments in having to:

- provide a separate written notice to consumers that switch to a supplier, as it may involve EBT interface changes as well as process changes to produce a new batch generated letter triggered by EBT drop/enroll transactions; and to
- include the electricity commodity cost based on the both the contract price and system supply price on the bill because Hydro One's bill design and billing system are not configured to present or calculate this comparative cost information on the bill. Implementing this may involve complex and costly changes to various components of the bill design and billing system, potentially including EBT interfaces.

Coming into Force

The Board has proposed that final amendments to each code and rule will come into force on the later of January 1, 2016 or the date on which Bill 112, if passed, and amendments to the ECPA Regulation, if made, come into force.

Hydro One proposes that the Board provide distributors with at least four months following the effective date of the RSC amendments to implement any changes that are required to comply with these amendments. As previously mentioned, recognizing that distributors are currently in the process of implementing and testing major billing system changes, such lead time would allow a staged implementation and avoid potentially significant added costs and technical challenges in implementing and testing additional, concurrent bill changes.

Hydro One would like to thank the Board for providing distributors with the opportunity to comment on the proposed amendments discussed in the Notice.

Sincerely,

ORIGINAL SIGNED BY IAN MALPASS ON BEHALF OF ODED HUBERT

Oded Hubert