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**Commission de l'énergie
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BY E-MAIL AND WEB POSTING

May 31, 2017

**To: All Rate-Regulated Electricity Distributors
All Rate-Regulated Natural Gas Distributors
All Licensed Electricity Retailers
All Licensed Gas Marketers
Participants in Consultation Process EB-2015-0268 (Giving Effect to the
OEB's Report on the Effectiveness of the Energy Consumer Protection Act,
2010)
All Other Interested Parties**

**Re: Review of Miscellaneous Rates and Charges – Energy Retailer Service
Charges
OEB File Number: EB-2015-0304**

Background

On November 5, 2015, the Ontario Energy Board (OEB) issued a [letter](#) announcing a comprehensive policy review of miscellaneous rates and charges applied by electricity distributors. The letter indicated that the review will be conducted through a number of phases and components. The first component currently underway is the review of wireline pole attachment charges.¹ The OEB has now determined that it will proceed with another phase, which will be the review of retail service charges for both electricity and natural gas distributors.

Retail service charges refer to services provided by electricity distributors to electricity retailers or customers related to the supply of competitive electricity. Similarly, natural gas distributors levy charges to gas marketers for distributor-consolidated billing, contract administration, and bad debt related costs. Service charges for both electricity and natural gas distributors as they relate to electricity retailers and gas marketers will be collectively referred to as “Energy Retailer Service Charges” in this letter.

¹ <https://www.oeb.ca/industry/policy-initiatives-and-consultations/review-miscellaneous-rates-and-charges>

Energy Retailer Service Charges for electricity distributors have not been reviewed since they were established after market opening in 2002. Similarly, Energy Retailer Service Charges for natural gas distributors have not been reviewed for some time. As a result, the OEB has decided to proceed with a review of Energy Retailer Service Charges at this time.

In addition, in December 2016 the OEB amended the Retail Settlement Code and the Gas Distribution Access Rule to require electricity and natural gas distributors to send a written notice to any low volume consumer who has signed a contract with an electricity retailer or gas marketer, confirming that the consumer has been switched to contracted supply.² This requirement will come into effect on July 1, 2017. In the context of the consultation that included the development of this requirement, the OEB indicated that it is appropriate for electricity and natural gas distributors to recover the transactional cost of sending the notice of switch letter. The OEB also indicated that the policy review of miscellaneous rates and charges applied by electricity distributors will include this issue, and that the OEB will also consider how best to implement cost recovery by natural gas distributors.³

The OEB's Approach

The OEB's approach will include an examination of the methodology to reset Energy Retailer Service Charges, mechanisms for keeping those charges up to date, and 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.

The OEB will be establishing a small working group to assist with this review. The OEB is seeking expressions of interest for participation in the working group. It is expected that members of the working group will have experience and knowledge of the services provided to electricity retailers and gas marketers and the costs associated with providing these services. Based on expressions of interest, OEB staff will select a representative group of people representing electricity and natural gas distributors, electricity retailers, gas marketers and consumer groups. It is expected that there will be approximately three working group meetings and that the meetings will take place in the summer/fall 2017.

² [Notice of Amendment to a Code and of Amendment to a Rule](#), December 1, 2016 (EB-2015-0268).

³ [Notice of Revised Proposal to Amend a Code and to Amend a Rule](#), September 8, 2016 (EB-2015-0268).

Those interested in nominating themselves or a third party to participate in the working group should submit a letter addressed to the Board Secretary at the OEB's mailing address set out above or by e-mail to boardsec@oeb.ca by **June 14, 2017**. That letter must quote file number **EB-2015-0304**, and include the following:

- The name of the nominee and the interest or constituency represented
- A short statement identifying the nominee's relevant experience and qualifications

Cost Awards

Cost awards will be available to eligible persons under section 30 of the *Ontario Energy Board Act, 1998* in relation to participation in the working group for preparation, attendance and reporting. The maximum allowable hours per participant has not yet been determined. The costs awarded will be recovered from all rate-regulated electricity distributors and all rate-regulated natural gas distributors based on their respective customer numbers.

The OEB will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person intending to request an award of costs must state this in its nomination letter and identify the grounds on which it believes that it is eligible for an award of costs (addressing the OEB's cost eligibility criteria as set out in section 3 of the OEB's *Practice Direction on Cost Awards*). All requests for cost eligibility will be posted on the OEB's website.

If a rate-regulated electricity distributor or rate-regulated natural gas distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the OEB by **June 28, 2017**. Any objections will be posted on the OEB's website. The OEB will then make a final determination on the cost eligibility of the requesting participants.

If you have questions regarding this letter, please contact Vince Mazzone at vince.mazzone@oeb.ca or at 416-544-5159. The OEB's toll free number is 1-888-632-6273.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary