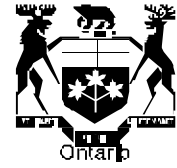


**Ontario Energy Board**  
P.O. Box 2319  
2300 Yonge Street  
Suite 2700  
Toronto ON M4P 1E4  
Telephone: 416- 481-1967  
Facsimile: 416- 440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie de l'Ontario**  
C.P. 2319  
2300, rue Yonge  
Suite 2700  
Toronto ON M4P 1E4  
Téléphone: 416- 481-1967  
Télécopieur: 416- 440-7656  
Numéro sans frais: 1-888-632-6273



## BY E-MAIL AND WEB POSTING

June 24, 2010

**To: All Licensed Electricity Distributors  
All Other Interested Parties**

**Re: Determination Under Section 1.2.1 of the Standard Supply Service Code to Mandate Time-of-Use Pricing for Regulated Price Plan Customers  
Board File No. EB-2010-0218**

Since 2005, the Standard Supply Service Code (“SSS Code”) has contemplated that time-of-use (“TOU”) pricing for consumers that are on the Regulated Price Plan (“RPP”) and that have eligible time-of-use meters would become mandatory at the direction of the Board. Specifically, the concept of mandatory TOU pricing is embodied in section 1.2.1 of the SSS Code, which states as follows:

*“mandatory TOU date” means the date determined by the Board as the date on which the commodity pricing provisions of section 3.4 become mandatory*

Section 3.4 of the SSS Code sets out the commodity pricing rules applicable to RPP consumers with eligible time-of-use meters.

The implementation of TOU pricing on a mandatory basis has been deferred pending the more wide-spread deployment of eligible time-of-use meters and the development of the meter data management and meter data repository (“MDM/R”).

For the reasons noted below, the Board believes that it is now appropriate to mandate time-of-use pricing for RPP consumers by establishing the “mandatory TOU date” for each electricity distributor as contemplated in section 1.2.1 of the SSS Code.

To that end, the Board is now issuing its proposed determination under section 1.2.1 of the SSS Code (the “Proposed Determination”). The Proposed Determination is set out in Attachment A to this letter, and is described in detail below. Given the subject-matter of the Proposed Determination, the Board believes that it is appropriate to solicit comments from interested parties on the Board’s proposed approach to mandating TOU pricing.

## **Background**

In 2004, the Government of Ontario set out an objective for smart meter installation for all low volume consumers that are eligible for the RPP by the end of 2010. By 2007, legislation and regulations had defined minimum specifications for smart meters, authorized distributors to install smart meters and designated the Independent Electricity System Operator as the Smart Metering Entity (“SME”).

The government indicated in mid-2009 that it expects that 1 million RPP consumers will be on TOU pricing by the summer of 2010, rising to 3.6 million RPP consumers by June 2011.

In June 2009, the Board requested information from distributors about their plans for meter installation, MDM/R meter enrollment and implementation of TOU pricing. The Board requested a “baseline” filing that included monthly plans until June 2011 for these three activities, and a quarterly filing of actions taken by each distributor to achieve the timelines set out in its baseline plan. These filings, along with the Board’s quarterly Monitoring Reports on Smart Meter Deployment and TOU Pricing (“Quarterly Reports”) summarizing performance, are posted on the Board’s website.

Analysis of the Quarterly Reports filed by distributors and of information from the SME indicates that, for various reasons, distributors’ activities relative to their filed baseline plans are lagging, such that the Government’s 2011 TOU pricing expectation may not be met.

Considerable investments have been made in smart meter assets. However, the Board’s most recent Quarterly Report indicates that as of March 2010, 3.7 million smart meters were installed but only 601,000 consumers were on TOU pricing.

The Board therefore believes that it is appropriate to mandate TOU pricing for RPP consumers with eligible TOU meters at this time in order to support the Government’s expectation for 3.6 million RPP consumers to be on TOU pricing by June 2011, and to ensure that smart meters funded at ratepayer expense are being used for their intended purpose.

## **Proposed Determination**

MDM/R enrollment testing and meter enrollment with the MDM/R are conditions precedent to the implementation of TOU pricing. The Board understands that MDM/R enrollment testing and transition to production typically take two months to complete, while meter enrollment can vary depending on the size of the distributor. These activities cannot, as a practical matter, be undertaken by all distributors at the same time. The need to stagger these activities has prompted the Board to propose the following approach:

- Distributor-specific mandatory TOU dates should be set, rather than setting one province-wide date.
- The mandatory TOU date for a distributor should be established by reference to the date of commencement of meter enrollment with the MDM/R, rather than by setting a specific pre-determined date.
- To ensure that achievement of the mandatory TOU dates is not placed at risk due to MDM/R and SME capacity limitations, it is necessary to ensure that MDM/R enrollment testing and meter enrollment activities are conducted in an orderly manner. The relevant dates for these activities as set out in the Proposed Determination are taken from the distributors' baseline plans. Distributors have had several opportunities to update their baseline plans, and the plans should now represent timelines that each distributor believes to be feasible, subject only to SME and MDM/R constraints. The Board also notes that section 1.3 of the SME's "LDC Information and Progress Report" indicates that the SME has a set of major milestones for distributors. It is important that any milestones set by the SME be met in order to ensure that a distributor is prepared for the SME's processes, and can successfully complete MDM/R enrollment testing and meter enrollment.

Under the Proposed Determination, and as described below, a distributor's mandatory TOU date will be one of two dates, depending on the distributor's circumstances. Based on information obtained from the SME and on the baseline plans and updates filed by distributors, the Board believes that the proposed timelines established by the Proposed Determination will allow sufficient time to enable distributors to meet their mandatory TOU dates.

A distributor that is in a position to implement TOU pricing for RPP consumers and wishes to do so prior to the distributor's mandatory TOU date may do so under and in accordance with section 3.5 of the SSS Code.

***Distributors that have commenced MDM/R enrollment testing:***

For a distributor that had commenced MDM/R enrollment testing on or before the date on which the Board's final determination comes into effect, the Board is proposing that the mandatory TOU date be the first day of the first billing period that commences 10 months from the coming into effect of the Board's final determination.

Given that they have already commenced MDM/R enrollment testing, it is not necessary to impose on these distributors a requirement to be ready to begin MDM/R enrollment testing by a certain date (by contrast, this requirement would apply to the distributors discussed in the next section below).

***Distributors that have not yet commenced MDM/R enrollment testing and whose meter enrollment date has not yet passed:***

For a distributor: (a) that has not commenced MDM/R enrollment testing as of the date of coming into effect of the Board's final determination; and (b) whose baseline plan date (updated where applicable to the date of this letter) for the commencement of meter enrollment will not have passed as of that date, the Board is proposing that the mandatory TOU date be the first day of the first billing period that commences 9 months from the date identified in the distributor's baseline plan (updated where applicable to the date of this letter) for the commencement of meter enrollment.

For this category of distributors, the Proposed Determination also establishes the date by which the distributor must be ready to begin MDM/R enrollment testing. A distributor must be ready to begin MDM/R enrollment testing no later than 1 month before the date identified in the distributor's baseline plan for commencing meter enrollment.

In arriving at this proposed timeline, the Board has assumed, for the purposes of the Proposed Determination, that distributors will actually commence meter enrollment one month after the date identified for that purpose in their baseline plans. This one-month delay was built in to the Proposed Determination to provide some flexibility, allow for a two month period for MDM/R enrollment testing and transition to production, and to support an achievable timeline.

The Board recognizes that the SME may not, in all cases, be able to accommodate distributors into its MDM/R integration processes in accordance with the schedule set out in their baseline plans. The SME may need to defer some distributors in order to manage the process in an orderly manner within applicable capacity constraints. As a result, the Proposed Determination refers to the date on which a distributor will be *ready* to commence MDM/R enrollment testing. In this context, a distributor will be considered to be ready to commence MDM/R enrollment testing where it has filed with the Board a completed "Self-Certification for Enrollment Testing" confirming their readiness to commence MDM/R enrollment testing that has been accepted by the SME. The Board believes that sufficient flexibility has been built in to the establishment of the mandatory TOU date (the 9-month period referred to above) to accommodate any delays in enrollment testing that are at the request of the SME. The Board will monitor the SME's efforts in this regard to ensure that distributors are being processed in accordance with the schedules in their baseline plans to support achievement of each distributor's mandatory TOU date.

***Distributors that have not yet commenced MDM/R enrollment testing and whose meter enrollment date has already passed:***

The Board notes that its review of baseline plans and quarterly reports filed by distributors indicates that, for in excess of twenty distributors, the date identified in their respective baseline plans for commencing meter enrollment will already have passed at the time the Board's final determination comes into effect. For these distributors,

imposing a requirement to be ready to begin MDM/R enrollment testing by reference to a date set out in their baseline plans for the commencement of meter enrollment would result in their being in non-compliance when the Board's final determination comes into effect.

The Board is proposing that the mandatory TOU date for these distributors be the first day of the first billing period that commences 10 months from the coming into effect of the Board's final determination.

### **Reporting Requirements**

The Board will require that distributors provide additional information to enable the Board to monitor their progress in relation to the achievement of their mandatory TOU dates.

The Board will require each distributor to file with the Board the completed "Self-Certification for Enrollment Testing" that has been accepted by the SME. The purpose of the Self-Certification is to indicate that the distributor has completed the necessary pre-testing activities to the satisfaction of the SME, and is ready to proceed into the formal testing process.

Each distributor must also file a monthly report with regard to its progress. The monthly report must include all of the information that is currently being filed on a quarterly basis. In addition, the monthly report must include information regarding the distributor's progress leading up to and through the MDM/R enrollment testing and meter enrollment process. Specifically, the distributor must file with the Board the information required by the SME's "LDC Information and Progress Report" regarding the major milestones related to integration with the MDM/R production system and TOU implementation. The first monthly report is due on **August 10, 2010** to cover the month of **July, 2010**. Subsequent monthly reports are due on the **tenth (10<sup>th</sup>)** day of each month.

### **Invitation to Comment**

All interested parties are invited to provide written comments on the Board's Proposed Determination by **July 8, 2010**. **The Board advises stakeholders that this filing deadline will be strictly enforced and that the Board will not accept any material filed after this time.**

Interested parties are asked to comment in particular on whether there are any technical barriers to the implementation of the Board's Proposed Determination, and whether any additional guidance is needed to support the Proposed Determination.

Two (2) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli  
Board Secretary  
Ontario Energy Board

P.O. Box 2319  
2300 Yonge Street  
Suite 2700  
Toronto, Ontario, M4P 1E4

The Board requests that interested parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca). A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca), and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at [boardsec@oeb.gov.on.ca](mailto:boardsec@oeb.gov.on.ca).

Those that do not have internet access should provide a CD containing their filing in PDF format.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2010-0218** and include your name, address, telephone number and, where available, your e-mail address and fax number.

The Board will not be granting cost awards in this matter.

This letter, the Proposed Determination set out in Attachment A and all written comments received by the Board in response to this letter will be available for public inspection at the office of the Board during normal business hours and on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca).

Any questions relating to this proceeding should be directed to the Board's Market Operations hotline, at 416-440-7604 or [market.operations@oeb.gov.on.ca](mailto:market.operations@oeb.gov.on.ca).

The Board's toll free number is 1-888-632-6273.

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary

Attachment A: Proposed Determination Under Section 1.2.1 of the Standard Supply Service Code to Mandate Time-of-Use Pricing

## Attachment A

### Proposed Determination Under Section 1.2.1 of the Standard Supply Service Code to Mandate Time-of-Use Pricing

The Ontario Energy Board (the “Board”) has made this determination under sections 1.2.1 and 1.3.3 of the Standard Supply Service Code.

#### Definitions:

“Baseline plan” means the information a distributor has filed with the Board in response to the Board’s letter of June 26, 2009, amended as applicable prior to June 24, 2010, setting out the distributor’s plan for smart meter deployment and application of time-of-use billing.

“Effective Determination Date” means the date on which this determination comes into effect.

“Mandatory TOU date” means the date determined by the Board as the date on which the commodity pricing provisions of section 3.4 become mandatory.

“MDM/R” means the meter data management and meter data repository.

“MDM/R enrollment testing” means the process that includes formal MDM/R system integration testing and qualification testing with the SME which, if successful, culminates in the distributor being cutover to the MDM/R production system.

“Meter enrollment” means the process of registering eligible time-of-use meters with, and reporting daily meter read data to, the MDM/R production system.

“Self-Certification for Enrollment Testing” means the document bearing that name and required by the SME to show that a distributor has completed the necessary pre-testing activities to the satisfaction of the SME, and is ready to proceed to MDM/R enrollment testing.

“SME” means the Smart Metering Entity, being the corporation incorporated, the limited partnership or the partnership formed or the entity designated pursuant to section 53.7 of the *Electricity Act, 1998* to accomplish the government’s smart metering initiative as defined in the *Electricity Act, 1998*.

#### Determination:

- A. *Distributors that have already commenced MDM/R enrollment testing*
  1. The mandatory TOU date for a distributor that had commenced MDM/R enrollment testing on or prior to the Effective Determination Date shall be the first

day of the first billing period that commences 10 months from the Effective Determination Date.

*B. Distributors that have not commenced MDM/R enrollment testing and whose meter enrollment date has already passed*

2. The mandatory TOU date for a distributor:

- i. that had not yet commenced MDM/R enrollment testing as of the Effective Determination Date; and
- ii. whose baseline plan date for the commencement of meter enrollment had already passed as of the Effective Determination Date,

shall be the first day of the first billing period that commences 10 months from the Effective Determination Date.

*C. Distributors that have not commenced MDM/R enrollment testing and whose meter enrollment date has not yet passed*

3. A distributor:

- i. that had not yet commenced MDM/R enrollment testing as of the Effective Determination Date; and
- ii. whose baseline plan date for the commencement of meter enrollment had not already passed as of the Effective Determination Date,

shall be ready to commence MDM/R enrollment testing no later than one month prior to the date identified by the distributor in its baseline plan for commencing meter enrollment. For this purpose, a distributor will be considered ready to commence MDM/R enrollment testing on the date that it files with the Board a completed "Self-Certification for Enrollment Testing" that has been accepted by the SME.

4. The mandatory TOU date for a distributor referred to in paragraph 3 shall be the first day of the first billing period that commences 9 months from the date identified by the distributor in its baseline plan for commencing meter enrollment.

### **Coming into Effect**

This determination shall come into effect on *[date to be inserted]*, being the date on which this determination is published on the Board's website after having been made by the Board.