



EB-2011-0028

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application pursuant to
section 74 of the *Ontario Energy Board Act, 1998* by
Enersource Hydro Mississauga Inc. seeking an extension to
its mandated time-of-use pricing date.

By delegation, before: Jennifer Lea

DECISION AND ORDER

Enersource Hydro Mississauga Inc. ("Enersource") filed an application dated January 27, 2011 with the Ontario Energy Board under section 74 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B) for a licence amendment granting an extension in relation to the mandated date for the implementation of time-of-use ("TOU") pricing rates for Regulated Price Plan ("RPP") consumers.

BACKGROUND

Under cover of a letter to all Ontario electricity distributors dated August 4, 2010, the Ontario Energy Board provided its determination of mandatory dates by which each distributor must bill those of its RPP customers that have eligible TOU meters using TOU pricing. The Board's determination was made pursuant to sections 3.4 and 3.5 of the Standard Supply Service Code for Electricity Distributors, which requires TOU pricing for RPP consumers with eligible TOU meters, as of the mandatory date. Compliance with this Code is a condition of licence for nearly all licensed electricity distributors in Ontario.

THE APPLICATION

Enersource originally filed an application with the Board for a licence amendment to extend the mandated date for the implementation of TOU pricing rates from June 2011 to May 2012. Enersource stated the extension was necessary due to concerns it had with demands on call centre and customer response handling as well as the high risk of errors in converting a large number of customers to TOU billing in a short period of time.

The Board issued a Notice of Application and Written Hearing for the application on February 25, 2011 and interrogatories and submissions on the application were invited. On March 16, 2011 Enersource submitted an amendment to its application. The amendment stated that three prerequisite conditions for Enersource to be able to complete implementation of TOU pricing rates by May 2012 had not yet materialized and requested an indefinite extension to its mandated TOU pricing date. Board staff filed interrogatories on the application on March 25, 2011. On April 8, 2011 Enersource replied to the interrogatories and asked that the responses be held in confidence. On May 20, 2011 the Board issued a Decision denying the request for confidentiality and giving time for Enersource to provide amended responses to interrogatories as well as amending the dates for submissions and reply submissions on the application. Enersource filed un-redacted responses to Board staff's interrogatories on May 27, 2011. On June 1, 2011 Board staff and the Independent Electricity System Operator ("IESO") filed submissions on the application. On June 8, 2011 Enersource responded to the submissions.

In its amended application, Enersource stated that three prerequisite conditions for it to be able to complete implementation of TOU rates by May 2012 had not yet materialized and requested an indefinite extension to its mandated TOU pricing date. These conditions were:

- the provincial Meter Data Management/Repository ("MDM/R") is not yet stable, and the version of the system with which Enersource's system is compatible is not yet in place;
- the Smart Metering Entity ("SME") agreement between the IESO and Enersource has not yet been executed and represents an unquantifiable risk; and

- a comprehensive resolution of the issue of smart meter compliance with Measurement Canada legislation has not been reached, and to operate in non-compliance with such regulations is an unacceptable business risk.

In response to Board staff interrogatories, Enersource stated that risk exposure from these three issues exists in the area of service level performance and dispute resolution. Enersource stated that its experience with implementing its new billing system has taught the company valuable lessons, including the critical need for thorough and detailed executed documentation between the company and the systems service provider. Enersource advised that it was the only distributor currently with the Oracle CC&B billing system and, as a result, required a custom solution.

Enersource stated it had completed 99% of its smart meter deployment and provided updated milestone dates for TOU implementation. The applicant suggested that the Board could approve an indefinite extension on the condition that Enersource provide regular updates on the company's progress and its estimated TOU implementation date. Enersource also provided information on the amount Enersource collected from customers in smart meter adder funding in 2009 and 2010 and the amount spent on smart metering and TOU implementation.

In its submission on the application Board staff expressed the view that the prerequisite conditions purportedly delaying Enersource's TOU implementation are not unique to Enersource and do not represent an unanticipated and extraordinary circumstance to justify an indefinite extension to Enersource's mandated TOU pricing date. However, Board staff acknowledged the reality that Enersource will fail to achieve its current mandated TOU pricing date. Board staff recommended that Enersource's original requested TOU pricing date of May 2012 would provide a reasonable implementation schedule to complete TOU conversions.

The IESO took no position on Enersource's request for an indefinite extension to Enersource's mandated TOU pricing date. The IESO provided information and updates on the three prerequisite conditions including context on the progress that Enersource and other electricity distributors have achieved dealing with these issues.

In its reply submission Enersource acknowledged the progress the IESO has made with implementing the version of the MDM/R that is compatible with Enersource's systems, and confirmed that the evidence to support successful testing has been submitted by Enersource to the IESO. However, Enersource submitted that the remaining two preconditions were still unresolved. Enersource proposed a revised TOU pricing rollout schedule with a May 2012 TOU implementation date for its customers with non-first generation meters and a October 2012 TOU implementation date for its customers with first generation meters.

BOARD FINDINGS

I find the application should be granted in part. Enersource will be exempted from the requirement to apply TOU pricing under the Standard Supply Service Code until May 31, 2012.

In deciding this application, I have considered the Board policy outlined in its determination of mandatory TOU dates in the letter of August 4, 2010. At page 4 of that letter, under the heading "Other Issues", the Board considered the submissions of distributors that mandatory TOU pricing dates should not be set until the SME operating agreement is finalized and the compliance of the MDM/R billing format with Measurement Canada legislation is assured. While acknowledging the existence of these issues, the Board proceeded to determine mandatory TOU pricing dates. I therefore find that these two issues, cited by Enersource as reasons for an indefinite delay in the implementation of TOU pricing, are not "extraordinary and unanticipated circumstances" sufficient to justify an indefinite delay in implementation.

The submission from the IESO makes it clear that 38 other utilities, including 18 distributors who use the same meter technology as Enersource, have enrolled over 3.1 million smart meters with the IESO. No other LDC, according to the IESO, has delayed enrolment due to the lack of a finalized SME agreement. The IESO stated that a solution to the issues raised by Measurement Canada should be in place by January 2012. These facts demonstrate that the reasons for delay cited by Enersource are neither unique to that utility nor necessarily a bar to the implementation of TOU pricing.

At the same time, it appears to be unrealistic to hold Enersource to its original TOU

pricing date of June 2011. I have reviewed the schedule proposed by Enersource in its reply submission, and accept it as far as it schedules completion of enrolment of non-first generation meters by the end of May, 2012. However, I do not accept that external factors will prevent Enersource from completing the enrolment of first generation meters until October 2012. The IESO has offered to help Enersource achieve compliance with Measurement Canada requirements in the months following the completion of MDM/R changes in January 2012. A new date for the implementation of TOU pricing until May 2012 represents a delay of nearly a year from the original date, based on factors that at least some distributors have not found to be impediments. Enersource will be required to complete its implementation of TOU pricing for all customers by May 2012.

IT IS THEREFORE ORDERED THAT:

1. Enersource Hydro Mississauga Inc.'s distribution licence ED-2003-0017, specifically Schedule 3 List of Code Exemptions, is amended to include an exemption from the requirement to apply time-of-use pricing by a mandatory date under the Standard Supply Service Code for Electricity Distributors. This exemption will expire on May 31, 2012.

DATED at Toronto, June 29, 2011

ONTARIO ENERGY BOARD

Original signed by

Jennifer Lea
Counsel, Special Projects