



EB-2012-0405

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
EnWin Utilities Ltd. seeking an extension to its mandated
time-of-use pricing date.

BEFORE: Paula Conboy
Presiding Member

Cathy Spoel
Member

DECISION AND ORDER MARCH 7, 2013

On October 16, 2012 EnWin Utilities Ltd. (“EnWin”) filed an application with the Ontario Energy Board under section 74 of the *Ontario Energy Board Act*, 1998 for a licence amendment granting an extension to the mandated date for the implementation of time-of-use (“TOU”) pricing rates for all of its Regulated Price Plan (“RPP”) customers.

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. Compliance with this Code is a condition of licence for nearly all licensed electricity distributors in Ontario.

In a previous application (EB-2010-0367) EnWin was granted an extension to its mandated TOU pricing date from June 30, 2011 to December 1, 2012 due to the time required to replace its legacy customer information system ("CIS"). As part of its 2009 cost of service application (EB-2008-0227) EnWin entered into a settlement agreement with stakeholders which endorsed EnWin's plan to acquire a comprehensive Enterprise Resource Planning ("ERP") software suite to replace EnWin's major information technology systems, including its legacy CIS.

THE APPLICATION

EnWin is requesting a second extension to its mandated TOU pricing date from December 1, 2012 to April 30, 2014. EnWin states that through its negotiations with parties supplying and implementing the first phase of its ERP system, EnWin discovered that the cost of the planned CIS would be much higher than what was originally anticipated. As a result, EnWin reassessed its requirements to identify feasible alternatives for a CIS solution (including considering maintaining its legacy CIS) which has resulted in this further delay to implement TOU pricing.

EnWin states that it has chosen a new CIS to be supplied and implemented by NorthStar Utilities Solutions ("NorthStar") and is finalizing the required contract arrangements. EnWin indicates that the conversion to TOU pricing will be done in conjunction with the implementation of the new CIS and expects it will be in position to offer TOU pricing by April 30, 2014.

EnWin also requested an interim order providing a temporary extension during the course of the proceeding if the Board could not render a decision by December 1, 2012.

On November 28, 2012 the Board granted the interim extension to its mandated TOU pricing date until the Board rendered a final decision on the application.

THE PROCEEDING

The procedural steps for this proceeding can be found on the Board's website under Board file number EB-2012-0405. Board staff was the only party that participated in the proceeding.

On January 24, 2013 Board staff filed a submission on the application and stated that it had concerns with EnWin's second request for extension to its mandated TOU pricing date. Board staff's concerns included:

- The timeliness of EnWin's application for extension. Board staff suggested that EnWin had enough information by late 2011 or early 2012 to conclude that it would not be in a position to meet its mandatory TOU date of December 1, 2012, and should therefore have filed the application well in advance of October 16, 2012.
- The delay caused by the reassessment of EnWin's legacy CIS in 2011, as the company was on record in an earlier proceeding that it had already determined it would not be an acceptable risk to implement TOU using its legacy CIS.
- The cost of EnWin's CIS initiative.
- Impact on customers. Board staff had concerns with the fact that EnWin customers have been deprived of TOU pricing during the time prescribed by the Board.

In addition, Board staff submitted that in light of these concerns the Board should order regular and stringent reporting requirements on progress until TOU pricing for customers is fully implemented.

In its reply submission, EnWin stated that it was not possible for it to file an application until an updated TOU implementation date was determined, which was not until shortly before the October 16, 2012 date of this application. EnWin also argued that the re-examination of EnWin's legacy CIS was a prudent step when the utility found itself facing potential costs significantly higher than those that had been forecasted and presented to the Board and stakeholders through EnWin's 2009 cost of service application. EnWin indicated that this step was completed in one month, and the review confirmed the appropriateness of EnWin's approach.

EnWin argued that the costs were not relevant to the request for an extension of the TOU pricing date. EnWin argued that the additional time taken to conduct an intensive "multi-pronged" CIS procurement process has led to a CIS solution that is around \$18 million less expensive than the previously identified option, and that all customers would benefit from the lower costs.

EnWin acknowledged that if it had been in a position to provide TOU pricing by December 1, 2012 some customers would have benefitted from its adoption, whereas others might face higher bills. The company also pointed out that the associated capital costs of proceeding with its original plans and moving to the December 1, 2012 implementation date would have been very high.

EnWin accepted that given the circumstances of this second TOU pricing extension request it should be subject to reporting requirements as it proceeds with the implementation of its new CIS and TOU pricing. EnWin proposed the following:

- a. EnWin will regularly update the monthly Smart Meter Deployment and Application of TOU Pricing Monthly Report, to reflect any changes;
- b. On a monthly basis, EnWin will provide Board staff with an updated version of the NorthStar Implementation Project Plan (included in EnWin's filing as Attachment 4b to the Responses to Board Staff Interrogatories); and
- c. In the event that EnWin determines that it's CIS and TOU pricing implementation is at risk of being delayed beyond April 30, 2014, then EnWin shall advise Board staff of this determination without delay.

FINDINGS

The Board will grant the extension. EnWin will be exempted from the requirement to apply TOU pricing under the Standard Supply Service Code to all of its customers until April 30, 2014.

The Board accepts that EnWin has been faced with challenging circumstances in the procurement of its new CIS which has led to the current application. The Board finds that EnWin has made appropriate efforts to keep the Board apprised of its progress through its Smart Meter Deployment and Application of TOU Pricing Monthly Reports, various letters to the Board and meetings with Board staff as information has become available. The Board accepts EnWin's evidence that it did not file this application until such time as an updated TOU implementation date was determined. The Board notes Board staff's concern that EnWin undertook unreasonable re-assessment of its legacy CIS when deciding on its TOU extension which may have resulted in additional costs and delay to EnWin. The extent to which any additional costs and resulting delay were incurred is not a subject of this proceeding and can be determined in EnWin's rates proceeding.

The Board finds that the EnWin acted reasonably in its quest to find a feasible alternative CIS solution once it determined that the cost of its original plan would be much higher than expected. The Board notes that EnWin has now completed its selection process and has contracted for a new CIS. The Board notes EnWin's submission that the new CIS will be more cost effective than the original plan but confirms that the costs, and cost implications, are not a matter for this proceeding. The recovery of any costs associated with the new CIS will be subject to review and testing in a rates proceeding.

The Board is mindful of the importance of mandatory TOU pricing across the province. The Board expects EnWin to work responsibly towards completing its conversion to TOU pricing so that ratepayers may benefit from TOU pricing as soon as possible. The Board agrees with Board staff's recommendation, and notes EnWin's agreement, of regular and stringent reporting requirements on progress until its new CIS and TOU pricing is implemented. The Board finds that the filing requirements will consist of the proposal provided by EnWin in its reply submission.

IT IS ORDERED THAT:

1. EnWin Utilities Ltd.'s distribution licence ED-2002-0057, 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. The exemption will expire April 30, 2014.
2. Beginning April 1, 2013 EnWin Utilities Ltd. shall file with the Board the following:
 - Updated Monthly Smart Meter Deployment and Application of TOU Pricing Monthly Reports;

- On a monthly basis, an updated version of the NorthStar Implementation Project Plan (included in EnWin's filing as Attachment 4b to the Responses to Board Staff Interrogatories);
3. In the event that EnWin determines that it's CIS and TOU pricing implementation is at risk of being delayed beyond April 30, 2014, then EnWin shall advise Board staff of this determination without delay.

DATED at Toronto, March 7, 2013

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary