

March 6, 2015

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

Dear Ms. Walli:

**Re: EB-2015-0006 – Proposed Amendments to the Distribution System Code - Re: Elimination of the Remaining Load Transfers Between Electricity Distributors**

Please find, attached, the Submissions of the Consumers Council of Canada regarding the above-referenced Ontario Energy Board consultation process.

Yours truly,

*Julie E. Girvan*

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## **SUBMISSIONS OF THE CONSUMERS COUNCIL OF CANADA**

### **Re: Proposed Amendments To The Distribution System Code Regarding The Elimination Of The Remaining Load Transfers Between Electricity Distributors EB-2015-0006**

**March 6, 2015**

#### **INTRODUCTION:**

On February 20, 2015, the Ontario Energy Board (“Board”) issued a Notice of Proposal to Amend a Code; Proposed Amendments to the Distribution System Code (“DSC”). The purpose of the proposed revisions to the DSC is to establish criteria to facilitate the elimination of the remaining load transfer arrangements between electricity distributors.

The Board is proposing to amend the DSC to set out the criteria under which all load transfer arrangements would be eliminated. The principles underlying those criteria are minimizing rate impacts for the load transfer customers and avoiding unnecessary costs being imposed on consumers due to an uneconomic distribution system expansion by a geographic distributor for the sole purpose of connecting load transfer customers. The Board is proposing to delete sections 6.5.3, 6.5.4, 6.5.4.1, 6.5.4.2, and 6.5.5 from the DSC and replace them with new sections 6.5.3, 6.5.4, 6.5.5, and 6.5.6.

Please find below the comments of the Consumers Council of Canada (“Council”) in response to these proposed changes to the DSC.

#### **SUBMISSIONS:**

##### **Proposed Section 6.5.3 of the DSC:**

“Where the elimination of the load transfer arrangement, by transferring the load transfer customer(s) to the physical distributor, will result in the load transfer customer(s) paying lower distribution charges the load transfer customer(s) shall be transferred to the physical distributor by [insert date of six months after coming into force of amendments]. The geographic distributor shall apply to the Board for a service area amendment to the necessary licence(s) to affect the transfer. “

The Council agrees with this proposed amendment to Section 6.5.3 except for the statement restricting the implementation timeline to six months. As stated in the proposal;

“Once the proposed DSC amendments are finalized, streamlined filing guidelines will be issued separately for service area amendment applications involving the elimination of load transfer arrangements.”

The Council suggests that until streamlined filing guidelines have been issued and reviewed by all parties it will not be known whether either of the parties can meet the six month timeline. The Council suggests that all affected distributors have an opportunity to review the new streamlined filing guidelines and indicate their proposed timeline for completing all load transfer amendments. Each utility’s proposed timeline proposal would then be reviewed and approved by the Board. This would assist the Board with its timing for hearing each amendment application, and would help the distributor determine the most appropriate time to start to discuss the changes with their customers.

This is important to the affected customers since early and clear communication to each customer is very important. This is a complex issue to explain to the affected customer. If the customer hears that they may be affected by this process, and the distributor cannot meet the prescribed timeline due to process limitations, the customer may be needlessly, adversely affected.

#### **Proposed Section 6.5.4 of the DSC:**

“Where the elimination of the load transfer arrangement will result in the load transfer customer(s) paying higher distribution charges if the load transfer customer(s) are transferred from the geographic distributor to the physical distributor, the load transfer customer(s) shall remain a customer of the geographic distributor until such time as the customer account changes. Once a new customer account is opened, the load transfer arrangement must be eliminated by transferring the new customer to the physical distributor. The geographic distributor shall apply to the Board for a service area amendment to the necessary licence(s) to affect the transfer.”

The Council suggests that this approach will be hard to manage, and may lead to an increase in costs for distributors that would then be passed on to the ratepayers. Having the load transfer customer remain with the geographic distributor would mean that the geographic distributor would have to keep a separate data base of these customers in order to be alerted when they were moving out of their location. In some cases that could be 20, 30 plus years. That will be costly. In addition, it could be questioned as to why the customer purchasing the property should have to pay a higher electricity rate than the previous owner.

As stated in the proposal on page 4;

“Based on information in the most recent annual status reports that were submitted to the Board, the outcome for the majority of load transfer customers would be a reduction in their electricity bill.”

The Council therefore suggests that since there are fewer customers that would see an increase in their bills, it would be more efficient to move those customers to the physical distributor at the time of the amendment application. This would alleviate the need for a separate database and would mean that the load transfer issue in Ontario would be completed in a timely manner.

The Council is, however, concerned about the potential impact of increased electricity costs on these customers. Therefore, the Council recommends that, to the extent the impacts on customers are significant that a rate-smoothing mechanism be put in place by the physical distributor, to mitigate the impacts on these customers. Utilities could also consider applying a one-time credit to these customers to mitigate the rate impact, since the overall distribution costs will be less when all load transfers are eliminated.

As mentioned above, the Council suggests that early and clear communication to each customer is very important. Such communication can alleviate some of the customers concerns about increased costs. There are benefits of having all customers being billed from the physical distributor. For example, receiving more timely service from the distributor if there is an outage or other concerns with the service. When a customer is billed by the geographic distributor, and that customer calls for service during an outage, the geographic distributor must get in contact with the physical distributor since they are the one that can identify and resolve the issue. Clear communication: explaining why the change is being made; how it can help the customer; and having a rate smoothing mechanism or customer credit are the Council’s suggestions for ensuring this process addresses the customer’s interests.

#### **Proposed Section 6.5.5 of the DSC**

“Until such time as the load transfer arrangement is eliminated under section 6.5.3 or 6.5.4, the physical distributor shall be obligated to continue to service an existing load transfer customer.”

The Council agrees with this amendment.

#### **Proposed Section 6.5.6 of the DSC**

“A distributor shall not enter into any new load transfer arrangements.”

The Council agrees with this amendment.

The Council also agrees with the Board that these amendments, with the modifications suggested by the Council above, will avoid unnecessary costs being imposed on consumers due to an uneconomic distribution system expansion by a geographic distributor for the sole purpose of connecting load transfer customers.