

**Ontario Energy
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BY EMAIL AND WEB POSTING

November 29, 2018

**TO: All Rate-Regulated Electricity Distributors
All Rate-Regulated Natural Gas Distributors
All Licensed Electricity Retailers
All Licensed Gas Marketers
All Other Interested Parties**

**RE: *Report of the Ontario Energy Board: Energy Retailer Service Charges*
EB-2015-0304**

Today the Ontario Energy Board (OEB) issued the final [*Report of the Ontario Energy Board: Energy Retailer Service Charges*](#) (the Report). The Report sets out the OEB's conclusions following the review of energy retailer service charges, and takes into account stakeholder comments on the Draft Report issued on July 19, 2018. Energy retailer service charges refer to the charges that recover the cost of services provided by electricity and natural gas distributors to energy retailers or to customers, related to the supply of competitive electricity or natural gas.

Background

On November 5, 2015, the OEB initiated a policy review of the miscellaneous rates and charges applied by electricity distributors for specific activities or services they provide. The OEB noted that it would commence the review of miscellaneous rates and charges in phases, beginning with the review of wireline pole attachment charges.

On May 31, 2017, the OEB issued a [*letter*](#) announcing that the next phase in its review of miscellaneous rates and charges would be the review of electricity distributor Retail Service Charges. The OEB further indicated in this letter that the review would include natural gas distributors and also examine the potential establishment of a new service charge for electricity and natural gas distributors to recover the transactional cost of

sending a “notice of switch” letter to low volume customers who have signed a contract with an energy retailer. To assist the OEB with this review, a working group comprised of electricity distributors, natural gas distributors, and energy retailers was established.

On July 19, 2018, the OEB issued a Draft Report for stakeholder comment. The OEB received nine letters of comment from stakeholders.

Report of the OEB

The Report concludes that the default OEB-established electricity distributor Retail Service Charges are in need of updating, but does not propose any changes to the existing charges for natural gas distributors. The Report also concludes that a new service charge of \$2.00 is warranted for both electricity and natural gas distributors to recover the incremental cost of sending a “notice of switch” letter to low volume customers who sign a contract with an energy retailer, as required under the Retail Settlement Code and the Gas Distribution Access Rule.

The OEB will also be issuing a Notice of Hearing to initiate a proceeding on its own motion to implement the Report, specifically the updated charges for electricity distributors (and the related accounting requirements) and the new notice of switch charge for electricity and natural gas distributors.

Working group meeting materials, the Draft Report, and written comments on the Draft Report are posted on the OEB’s Review of Miscellaneous Rates and Charges [webpage](#). The Notice of Hearing will also be posted there.

Any questions relating to this letter or the Report should be directed to Vince Mazzone at vince.mazzone@oeb.ca or 416-544-5159. The OEB’s toll free number is 1-888-632-6273.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

Attachment