



Ontario
Energy
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Ontario

DECISION AND RATE ORDER

EB-2019-0280

**In the matter of the inflationary adjustment effective January 1,
2020 for energy retailer service charges for electricity distributors**

BY DELEGATION, BEFORE: Theodore Antonopoulos

November 28, 2019

1 INTRODUCTION AND SUMMARY

On November 29, 2018, the Ontario Energy Board (OEB) issued the [Report of the Ontario Energy Board: Energy Retailer Service Charges](#) (the Report) setting out the conclusions of the OEB following its review of energy retailer service charges for electricity and natural gas distributors. Energy retailer service charges refer to the charges that recover the cost of services provided by electricity and natural gas distributors to electricity retailers or natural gas marketers (collectively referred to as energy retailers) or to customers, related to the supply of competitive electricity or natural gas.

Following the issuance of the Report, the OEB issued a Decision and Rate Order on February 14, 2019 pursuant to section 78 of the *Ontario Energy Board Act, 1998* (the OEB Act).¹ The Decision and Rate Order approved generic energy retailer service charges effective May 1, 2019 for all rate-regulated electricity distributors and established a notice of switch letter charge for both rate-regulated electricity and natural gas distributors.

One of the findings of the Report was that energy retailer service charges would be adjusted annually commencing on January 1, 2020 based on the OEB's inflation factor. This decision sets out the inflation-adjusted energy retailer service charges, including the new notice of switch letter charge, for electricity distributors effective January 1, 2020. The updated service charges have been calculated using the OEB's inflation factor of 2.0% for 2020.

¹ EB-2015-0304

2 THE PROCESS

Adjusting the generic retailer service charges for electricity distributors is a purely formulaic exercise. It is simply a matter of multiplying the previously approved rates by the OEB's inflation factor for 2020, which was announced on October 31, 2019. Accordingly, this Decision and Rate Order is being issued by a delegated decision-maker without a hearing pursuant to section 6(4) of the OEB Act.

3 INFLATIONARY ADJUSTMENT TO ENERGY RETAILER SERVICE CHARGES

The Report concluded that the OEB-approved energy retailer service charges for electricity distributors required updating. The Report also concluded that the service charges applied by natural gas distributors, which are distributor-specific, did not require updating. The Report determined that the energy retailer service charges for electricity and natural gas distributors would be adjusted for inflation on January 1, 2020 and on every January 1 thereafter.

Furthermore, the Report concluded that, for both electricity and natural gas distributors, a new service charge would be established to recover the incremental cost of sending a notice of switch letter to low volume customers who sign a contract with an energy retailer. In accordance with the OEB's Report, the notice of switch letter charge only applies to those distributors who have not informed the OEB that they have opted out of applying the charge. The Report also determined that the notice of switch letter charge would be adjusted for inflation effective January 1st for subsequent years.

The Report outlined the process that the OEB would follow with respect to adjusting the energy retailer service charges by inflation. For electricity distributors, the Report stated that the OEB will issue a generic order annually to be effective January 1st of each year setting out the inflation-adjusted service charges. For natural gas distributors, the Report stated that the service charges would be inflation-adjusted on a distributor-specific basis as part of the natural gas distributor's annual rates applications.²

On October 31, 2019, the OEB announced that the value of the inflation factor for incentive rate setting for electricity distributors under the Price Cap Incentive Rate-setting and Annual Incentive Rate-setting Index plans, for rate changes effective in 2020, will be 2.0%.³

Multiplying each of the retailer service charges approved for electricity distributors in the February 14, 2019 rate order by 2.0% results in the updated charges shown in the right-hand column of Schedule A to this Decision and Rate Order. These inflation-adjusted charges will be effective January 1, 2020.

² As determined in the Report, the OEB will not require any inflationary adjustments to the Agent Billing and Collection charges of Enbridge Gas Distribution Inc. as they are structured as a non-utility service.

³ See the announcement on the OEB website at: <https://www.oeb.ca/industry/applications-oeb/electricity-distribution-rates/2020-electricity-distribution-rate>.

4 ORDER

IT IS ORDERED THAT:

1. Effective January 1, 2020, all rate-regulated electricity distributors shall charge the retailer service charges set out in the right-hand column of the table found in **Schedule A.**

DATED at Toronto November 28, 2019

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar and Board Secretary

SCHEDULE A
DECISION AND RATE ORDER
EB-2019-0280
NOVEMBER 28, 2019

**ELECTRICITY DISTRIBUTOR RETAILER SERVICE CHARGES
EFFECTIVE JANUARY 1, 2020**

Service Charge	Current Charge	Updated Inflation-Adjusted Charge, Effective January 1, 2020
One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$100.00	\$102.00
Monthly fixed charge, per retailer	\$40.00	\$40.80
Monthly variable charge, per customer, per retailer	\$1.00	\$1.02
Distributor-consolidated billing monthly charge, per customer, per retailer	\$0.60	\$0.61
Retailer-consolidated billing monthly credit, per customer, per retailer	(\$0.60)	(\$0.61)
Service Transaction Requests – Request fee, per request, applied to the requesting party	\$0.50	\$0.51
Service Transaction Requests – Processing fee, per request, applied to the requesting party	\$1.00	\$1.02
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the EBT system, applied to the requesting party	No charge (up to twice a year) \$4.00 (more than twice a year, per request, plus incremental delivery costs)	No charge (up to twice a year) \$4.08 (more than twice a year, per request, plus incremental delivery costs)
Notice of switch letter charge, per letter ¹	\$2.00	\$2.04

Note:

¹ Applicable only to distributors who did not opt out of applying the notice of switch charge. Applicable only to letters that are sent by standard hard copy mail.