



Ontario  
Energy  
Board | Commission  
de l'énergie  
de l'Ontario

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# **DECISION**

## **EB-2020-0215**

### **BURLINGTON HYDRO INC.**

**Application for Electricity Distribution Licence Amendment**

**BY DELEGATION, BEFORE: Brian Hewson**  
Vice President,  
Consumer Protection & Industry Performance

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**October 7, 2020**

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## DECISION

On August 28, 2020, Burlington Hydro Inc. (BHI) applied to the Ontario Energy Board (OEB), under section 74 of the *Ontario Energy Board Act, 1998* (OEB Act), for an amendment to its Electricity Distribution Licence ED-2003-0004. Specifically, BHI requested an exemption from the forthcoming changes to the Standard Supply Service Code (SSSC) that will enable electricity consumers on the Regulated Price Plan (RPP) to opt out of time-of-use (TOU) prices and to elect instead to be charged on the basis of tiered pricing. These provisions, found in section 3.5 of the SSSC, come into force on October 13, 2020 and BHI requested an exemption until March 31, 2021.

## THE PROCESS

This Decision is being issued by the Delegated Authority, without holding a hearing pursuant to section 6(4) of the OEB Act.

Following the filing of the application, OEB staff sent questions to BHI regarding its exemption request. BHI provided responses to these questions on September 25, 2020. The OEB sent a draft decision to BHI on October 2, 2020 to provide it an opportunity to comment prior to the Decision being issued. BHI provided comments which have been considered by the OEB.

## BACKGROUND

On June 1, 2020, the Government of Ontario announced that it intended to introduce customer choice for RPP consumers who pay TOU prices. On August 21, 2020, O. Reg. 95/05, under the OEB Act, was amended to require the OEB, as of November 1, 2020, “to require distributors to permit consumers ... that would otherwise be charged time-of-use prices for electricity under section 3.4 of the Standard Supply Service Code to elect instead to be charged tiered prices for electricity under section 3.3 of that Code.”<sup>1</sup> The amendments to O. Reg. 95/05 further stated that this election is subject to any conditions as may be specified by the OEB.<sup>2</sup>

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<sup>1</sup> Ontario Regulation 95/05, section 6(4).

<sup>2</sup> Ontario Regulation 95/05, section 6(5).

On September 8, 2020, after providing notice to stakeholders under section 70.2 of the OEB Act of specific amendments to the SSSC, the OEB issued a notice of final amendments to the SSSC to enable RPP consumers to opt out of TOU prices and to elect instead to be charged on the basis of tiered pricing. These amendments come into effect on October 13, 2020.

On September 16, 2020, the OEB issued a generic accounting order<sup>3</sup> (Accounting Order) that permits electricity distributors to establish a new sub-account to record incremental costs directly attributable to the customer choice initiative and a second sub-account to record related carrying charges for potential future recovery.

## APPLICATION

In its application, BHI stated the rationale for the exemption is that it is in the process of implementing a new Customer Information System (CIS), with an estimated in-service date in Q1 of 2021. BHI reported that its new CIS will be configured to enable electricity consumers on the RPP to opt out of TOU prices and to elect instead to be charged on the basis of tiered pricing. BHI submitted that in order to implement the proposed amendments to the SSSC for the period from November 1, 2020 to the new CIS in-service date, significant changes to, and investment in, BHI's existing legacy CIS would be required.

In its response to OEB staff questions, BHI estimated that it would cost \$35,000 to implement the required changes to its legacy CIS to ensure delivery of the requirements of the amended SSSC; it also identified manual processes that could be instituted in order to process billing for customers opting out of TOU pricing. BHI also indicated it could potentially require additional resources if it had to institute manual processes, in the case that an automated solution was not implemented by October 13, 2020. BHI further indicated that it will be at risk of delays in the implementation of the new CIS which could result in further costs.

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<sup>3</sup> [Accounting Order for the Establishment of a Deferral Account to Record Impacts Arising from Implementing the Customer Choice Initiative](#)

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**FINDINGS**

After considering the application and responses of BHI to OEB staff's questions, the OEB denies BHI's request for a temporary exemption from section 3.5 of the SSSC. Based on the information provided by BHI, it can meet the requirements of the amended SSSC but will have to incur additional costs to do so. This not unexpected. The OEB anticipates that other distributors may also incur costs to implement the changes to allow for customers to choose between TOU and tiered pricing.

In recognition of the fact that distributors may incur costs to make the changes necessary to offer RPP customers their choice between TOU and tiered pricing, the OEB issued the Accounting Order allowing for the establishment of a deferral account, in which a licensed rate-regulated distributor could record its incremental costs directly attributable to the customer choice initiative. Should it so choose, BHI is able to record its costs for implementing the customer choice initiative in an appropriate sub-account. BHI should track costs at a sufficiently detailed level or category to assist in a prudence review of the costs incurred. As explained in the Accounting Order, the OEB will assess any claimed costs recorded in this sub-account at the time disposition is requested, subject to the causation, materiality and prudence criteria.

The OEB acknowledges BHI's interest in continuing with the implementation of its new CIS and avoiding incurring additional costs in relation to the existing system which is soon to be replaced. However, were the OEB to grant the exemption BHI seeks, almost 67,000 BHI customers would face a lengthy delay in being able to elect to opt out of TOU prices, a choice that will be available to other Ontario consumers served by other electricity distributors as of November 1, 2020. Given the estimated cost identified by BHI for changes to the legacy CIS or implementing a potential manual process, such an outcome would be unfair to BHI's RPP customers.

**DATED** at Toronto, October 7, 2020

**ONTARIO ENERGY BOARD**

*Original signed by*

Brian Hewson  
Vice President, Consumer Protection & Industry Performance