

October 9, 2020

VIA EMAIL

Mr. Brian Hewson  
Vice President – Consumer Protection & Industry Performance  
Ontario Energy Board  
2300 Yonge St., Suite 2700  
Toronto, ON M4P 1E4  
Email: [IndustryRelations@oeb.ca](mailto:IndustryRelations@oeb.ca)

Dear Mr. Hewson:

**RE: Application for an Exemption from the Final Amendments to the Standard Supply Service Code (EB-2020-0152)**

On June 1, 2020, the Government of Ontario announced that it intends to introduce customer choice for Regulated Price Plan (“RPP”) consumers that pay time-of-use (“TOU”) prices. Subsequently, on June 3, 2020, the Ontario Energy Board (“OEB”) initiated a consultation to inform the development of amendments to the Standard Supply Service Code (“SSSC”) and other regulatory instruments, as required, in order to ensure the timely, efficient and effective implementation of the new opt-out mechanism. On September 8, 2020, the OEB provided notice under section 70.2 of the *Ontario Energy Board Act, 1998* (the “Notice”) of final amendments to the SSSC to effect the required changes.

Alectra Utilities Corporation (“Alectra”) participated in and offered support to the consultation process undertaken by the OEB that led to the final amendments. Alectra representatives participated on the TOU Customer Choice Working Group; Alectra also provided written submissions. Alectra has appreciated the OEB’s willingness to consider the challenges and opportunities faced by distributors in implementing customer choice.

Alectra has reviewed the final code amendments issued by the OEB and is confident it will be able to comply with the vast majority of the amendments in time for the Coming into Force date of October 13, 2020. As required by the OEB in its letter of October 2, 2020, Alectra will report the state of its compliance to the OEB by October 19, 2020.

However, in advance of the Coming into Force date, Alectra wishes to advise the OEB of two particular areas that are known where it will be in non-compliance, and herein requests exemption on these particular issues. Consistent with the OEB’s September 8 Notice, Alectra is requesting this exemption as per the OEB’s guidance:

*The OEB intends to monitor distributor implementation of the new rules, as it has done for other major initiatives. Any distributor that believes that compliance by October 13, 2020 will be impossible is encouraged to contact OEB staff at [IndustryRelations@oeb.ca](mailto:IndustryRelations@oeb.ca).*

The two items at issue for Alectra relate to: 1) New builds and 2) Landlord Reversions. In the OEB's Notice of Revised Proposal to Amend the Standard Supply Service Code issued on August 25, 2020, the OEB stated:

*If the builder opens an account for a new build, the account would be considered a new account under the revised proposed section 3.5.8. The distributor would need to give the builder the choice of pricing structures, and to ensure the first bill issued to the builder reflects that choice (or default to TOU if no choice is indicated); the 10-business day rule under section 3.5.4 would not apply. Likewise, when the final customer purchases the new build, that customer's account would be considered a new account. Landlord reversions are also treated as a new account and would therefore also be subject to the revised proposed section 3.5.8.*

This letter describes the nature of issues that Alectra has with these items; alternatives investigated; estimated impacts and outcomes; and a timeline for resolution.

### New Connections

Once a new development or subdivision is energized and ready for service, the builder or developer takes possession of the account until such time as a customer moves into the premises. Generally speaking, during this time period when the developer has custody of the account, there is typically little to no load and minimal consumption at the property. The developer typically has custody of the account for any period of time from just a few days to several months. It has been Alectra's experience with its builders that timing of the connection is aligned to the final closing date for the new owner to take possession of the premises.

- *Current Process*

Alectra's current process for establishing new customer accounts within its billing system is fully automated. A request for service begins by capturing information in an application independent from its CIS that includes all of the information related to construction completion dates and inspections. Once the service is ready for activation, the system automatically creates a Field Activity ("FA") work order to install the meter and assigns the information necessary to activate the account, including the account number, service point, and service agreement. The FA also triggers the smart meter to sync with the MDM/R automatically with TOU pricing as the default.

This fully automated process was adopted to provide builders with easy access to apply for new services and to provide administrative efficiencies, increase accuracy of new services and alignment with the previous provincial direction and importance placed on TOU pricing and the deployment of smart metering infrastructure throughout the province.

Once the account has been established (and energized in the case of new builds) and the meter has been configured in Alectra's Customer Care & Billing ("CC&B") system, billing begins on the date specified by the customer.

In order to amend the process to include a Tiered rate option at the time of meter configuration significant system reengineering and reconfiguration to introduce an alternative rate structure and then to sync the meter with the new rate structure is required. This work involves multiple applications and automated touchpoints, which increases the complexity of the system changes. The work to accomplish this is estimated to take up to six months (i.e., until March 31, 2021) to complete through the design, development, testing, and implementation phases and will require significant work with external vendors.

- *Alternative 1: No change to existing processes*

With current processes in place, the limitation is that a developer would not be able to select Tiered rates as an option until after the meter is synced and the account has been billed once on TOU. Once the account is established and billed, the developer would be able to elect a switch just as any other RPP customer would. While the developer would not be able to affect a switch in time for the first bill, the end-user customer who ultimately moves into the premises, who will actually use electricity for end-use consumption, will be able to elect TOU or Tiered rates, respectively, in advance of their first bill. In other words, the customer would have full access to pricing optionality as intended by the regulation.

In the spirit of the regulation, Alectra will apprise customers of the availability of choice in advance of their account set up along with a description of the limitation to apply the choice to the first bill. In the absence of being able to accommodate Tiered pricing on the first bill, Alectra will offer developers the opportunity for a bill cancel and rebill at their preferred option after the first bill is issued (establishing their account as the Tiered rate option going forward). Further, these developers would also be given the opportunity to make a switch selection in time for the second bill.

- *Alternative 2: Manual Workaround*

The change to incorporate a Tiered rate option would have to occur after the meter has been synced with the MDM/R, but before the first bill is created. This would require a business team to monitor each new service account to manually select a different price option once the meter has been synced with the MDM/R.

Several steps would need to take place in order to accomplish the process described above. First, Customer Service Representatives (“CSRs”) would need to be trained on the new processes, which in itself would take several weeks to accomplish. This would also divert resources from the development and testing of the long-term solution, which would delay the deployment of an enduring solution for an additional 3-6 months (i.e., up to Q3 2021). Reports would need to be created in order to monitor rate option selections from each builder. The effort to monitor the election in relation to the timing of the meter installation may require administering and reviewing accounts over multiple days or months. In addition, once the meter is installed, an additional cross reference of the intake report and the account routing report would have to occur, in order to manually apply the rate optionality prior to issuing the first bill.

The manual work around would require additional resources between both the new connection and billing teams in order to support the activity. Alectra estimates that these additional processes would result in approximately 1,500 people-hours of activity. As stated above, this process would also materially impact the timing for implementation of an enduring solution, requiring even further resources to manage the process for the additional 3-6 months it would take for implementation.

- *Evaluation of Alternatives*

Alectra adds roughly 8,000 new connections annually, with most occurring between spring and fall. On this basis, Alectra anticipates that there may be up to 3,000 new connections between mid-October 2020 until March 31, 2021, the time by which an enduring solution may be implemented.

Alectra believes it would be more prudent and customer friendly to focus on the development of an enduring solution to give full effect of pricing optionality to developers for the following reasons:

- As above, developers typically establish the account for energization purposes and to have the premises ready for occupation, however, with no consumption over the time period. As a result, it is not expected that there will be any financial impact or difference whether the commodity pricing structure is established as TOU or Tiered since there is minimal consumption. Alectra has performed an analysis of typical Builder accounts, which reveals average monthly consumption of 215 kWh, rendering the difference between TOU and Tiered prices to be roughly \$0.17 per bill using current rates.

- Developers will have the ability to switch pricing structures if they so choose in time for a second bill, which further limits any financial difference. In other words, the price difference related to choice, if any, will be limited to just one bill.
- If developers do wish to make the switch to Tiered rates, Alectra can manually cancel and rebill with the rate adjustment for their first bill (even though the anticipated dollar difference would be negligible) when or if requested.
- There is no impact to the final consumer (i.e. the end user). These customers will be able to take full advantage of pricing optionality before their first bill, or anytime thereafter.
- Alectra would seek to recover the costs to implement a manual and interim solution by way of all ratepayers through the deferral account. This is not cost effective since most ratepayers are not affected by this condition and those that are (i.e. developers) will see virtually no financial impact. Even if there is a financial impact (positive or negative) to the developer, Alectra can offer to cancel and rebill for the first month of consumption, as above.
- The risk that the development of an enduring solution is delayed would cause a further strain on resources and costs to be deployed among all other ratepayers for no additional benefit.

For the reasons set out above, Alectra believes that it would be appropriate to focus its efforts at developing a long-term automated solution to incorporate pricing optionality for this small subset of customers. As noted, the expected financial impact to these customers would be negligible. Alectra can also offer customers to have their first bill canceled and rebilled if they choose. Final customers (those who take custody of the new build) would have the advantage of full pricing optionality.

Therefore, Alectra requests an exemption from the requirement to apply a Tiered rate structure for new builds until March 31, 2021.

### Landlord Reversions

Alectra has agreements with some landlords that stipulate account transfer details when a customer (i.e., tenant) moves out of a property. This process allows the property or unit to have uninterrupted and continuous service and avoids the possibility of disconnection for the property or unit ('property' for short).

Alectra notes that in the OEB's Notice of Amendments to the SSSC issued on September 8, 2020, the OEB revised the amendment to section 3.5.8 of the SSSC, as follows:

*For greater certainty, where a landlord makes a blanket election in respect of one or more rental properties that are subject to an agreement between the landlord and the distributor under section 2.8.3A of the Distribution System Code, the distributor is not required to notify the landlord of the option to be charged either tiered prices or time-of-use prices or to provide the landlord an opportunity to make an election each time responsibility for paying for continued service to a rental property covered by the blanket election is assumed by the landlord.*

While this part of section 3.5.8 does not obligate the distributor to request the pricing option selection for each revert that occurs, there is still an obligation to allow the optionality to exist within the landlord agreement in the first place. To this end, section 3.5.8 concludes by stating:

*The distributor shall ensure that the first bill issued to the consumer after the account is opened, or the first bill issued to the consumer after the last bill issued to the consumer under spot market prices under section 3.2.2, reflects the price structure chosen by the consumer, or if none is chosen, reflects time-of-use prices. Sections 3.5.2 to 3.5.7 do not apply in respect of an election under this section 3.5.8.*

- *Current Process*

When a customer (i.e., the tenant) makes an arrangement to stop service for a particular property and a landlord agreement is present, Alectra's billing system automatically reverts the account to the landlord. This automated process contains no interaction with the landlord as the agreement governs the transfer of the account to the landlord. This transfer automatically assigns a TOU rate structure. Global changes cannot be made to all premises associated with a particular landlord unless or until the agreement is updated specifying which properties are associated with the particular agreement.

As this is a fully automated process, the process to accommodate rate choice will require reengineering and reconfiguration to adopt a new format that will allow each landlord reversion (whether covered by blanket agreement or not) to accommodate rate optionality. Alectra anticipates that a new automated solution can be designed, developed, tested and implemented by January 31, 2021.

- *Alternative 1: No change to Existing Processes*

The impact of the existing process is that Alectra cannot accommodate the Tiered pricing structure on the first bills issued in the case of landlord reversions. Under this alternative, landlords would be able to elect a switch only once the account has been reverted and a bill has been issued. Generally with reverts, the landlord takes possession of the account for a short period of time (i.e., less than one bill) and consumption is minimal. Alectra's data shows a typical timeframe of landlord occupancy to be 8.75 days between tenants. Nevertheless, in order to align with the spirit of the regulation, Alectra would ensure that the landlord has the opportunity to request a cancel and rebill after the first bill has been issued in order to effectively attain the pricing structure desired.

Alectra estimates the impact on a per account basis to be roughly \$0.21 per bill on average using current rates.

- *Alternative 2: Implement Manual Processes*

Additional resources could be put into place to resolve the issue manually. This process would entail the following:

- Daily reports would be run to determine for each move request if there is an associated landlord agreement tied to the premises;
- For any such cases the landlord agreement would be reviewed, and the landlord contacted to be made aware of the new rate optionality choice;
- If the landlord chose the Tiered rate structure, a new form would have to be presented to the landlord and received back indicating their selection;
- A manual process would be required to intervene in the automated process to change the pricing structure.

Alectra estimates that the manual effort to complete these tasks would take approximately 1,300 people-hours of effort through to January 31, 2020. Diverting resources into the manual processes would also delay the implantation of an enduring solution by at least several months, causing yet a further strain on resources.

The main risk associated with this alternative is that given the level of manual effort to intervene in the process, and the time needed to reach out to landlords and/or update landlord agreements, there are likely to be delays to the process. Alectra expects that any delays will cause frustration and confusion among customers (i.e. the landlords). In addition, as with any manual process, the probability of human error will increase.



Typically, the reversion of the account will not stay with the landlord for an extended period of time. In many cases it may only be a period of days. As a result, the manual process to accomplish the reversion may in fact take longer to accomplish than moving the account to a new tenant. In all cases, the new tenant will be offered the rate optionality choice.

- *Evaluation of Alternatives*

Alectra reverts approximately 17,000 accounts annually. Alectra estimates that there may be between 2,000 – 3,000 reverts that take place between November 1, 2020 to January 31, 2021 timeframe. Alectra believes the prudent path would be to focus efforts on amending the automated processes for landlord reversions rather than manual interventions, for the following reasons:

- Since these reversions typically only last for a short while, and the consumption is minimal, the financial impact is marginal.
- Landlords can elect a switch after the first bill.
- Alectra can offer a cancel and rebill after the issuance of the first bill to reflect Tiered pricing if the landlord so chooses.
- There is no impact to the final consumer (i.e. the new tenant). These customers will be able to take full advantage of pricing optionality before their first bill, or anytime thereafter.
- The timeline to process a request in advance of the first revert bill may take longer than the time period in which a new tenant takes over, which will likely result in greater customer confusion and frustration.
- The risk of human error increases dramatically through the introduction of extensive manual processes.
- Alectra would seek to recover the costs to implement a manual and interim solution by way of all ratepayers through a deferral account. This is not cost effective since most ratepayers are not affected by this condition and those that are (i.e. landlords) will see virtually no financial impact. Even if there is a financial impact (positive or negative) to the landlord, Alectra can offer to cancel and rebill for the first month of consumption.



For the reasons set out above, Alectra believes that it would be more prudent to focus its efforts at developing a long-term solution to incorporate pricing optionality for this small subset of customers. The expected impact to these customers would be negligible. Alectra can also offer customers to have their first bill canceled and rebilled if they choose. Final customers (i.e. new tenants) would have the advantage of full pricing optionality.

On the basis of the issues described above, Alectra requests an exemption from the requirement to apply a Tiered rate structure to landlord reversions until January 31, 2021.

Alectra regrets that it will not be able to implement all facets of operational changes required to support customer choice by the October 13, 2020 Coming into Force date. That said, Alectra does estimate that the marginal impact of not being able to implement full choice for new customers will be small. In addition, Alectra will work to cancel and rebill where a customer so requests, effectively applying customer choice after a first bill. In all cases, customers will have the opportunity to affect a switch in time for a second bill. As described above, Alectra anticipates that this impact should only occur until roughly January 31, 2021 in the case of landlord reversions and March 31, 2021 in the case of new builds.

Alectra understands the importance of this initiative to provide customers with additional choice. In this regard, it is committed to making the implementation of system configuration changes a priority.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours truly,



Indy J. Butany-DeSouza, MBA  
Vice President, Regulatory Affairs  
Alectra Utilities Corporation