



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

DECISION AND ORDER

EB-2020-0245

ALECTRA UTILITIES CORPORATION

Application for Electricity Distribution Licence Amendment

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

October 27, 2020

DECISION AND ORDER

On October 9, 2020, Alectra Utilities Corporation (Alectra) 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-2016-0360. Alectra's application seeks an exemption to section 3.5.8 of the Standard System Supply Code (SSSC) in each of two circumstances: the opening of an account, by a developer, at a newly built property, and the reversion of an account to a landlord when a property is vacated by the tenant.

Alectra has applied for the exemption related to developers' connections of newly built properties until March 31, 2021, and the exemption related to landlord account reversions until January 31, 2021. These time-limited exemption requests are being sought to allow Alectra time to design, develop, test and implement automated solutions for these two types of account openings.

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

BACKGROUND

On June 1, 2020, the Government of Ontario announced that it intended to introduce customer choice for RPP consumers who pay Time of Use (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."¹ The amendments to O. Reg. 95/05 further stated that this election is subject to any conditions as may be specified by the OEB.²

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. The SSSC amendments came into effect on October 13, 2020.

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

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

Alectra provides service in 17 communities to the north and west of Toronto, including in the cities of Brampton, Guelph, Hamilton, Mississauga and St. Catharines. In total, it serves more than one million customers, nearly all of which are eligible for the RPP.

APPLICATION

In its application, Alectra states that while it will be able to comply with the vast majority of the SSSC amendments, there are two particular areas where being in compliance with section 3.5.8 of the SSSC would require it to incur significant additional cost and deployment of additional resources.

The Connection of Newly Built Properties

In its exemption request, Alectra explains that when a new development or subdivision is energized, the builder or developer (property developer) takes possession of the electricity account until such time as the customer (i.e. the purchaser of the property) moves into the premises. Alectra further explains that, generally speaking, there would be little to no load and minimal consumption at the property during this period.

Alectra states that, based on the existing automated new account set-up process for property developers, it cannot offer a tiered price billing option to property developers for their first billing period when they take temporary possession of the account. For the second billing period, property developers would still be able to elect a tiered price billing option if they choose to do so, consistent with the choice available to any other RPP customer. In addition, while the property developer would not be able to select a billing option in time for the first bill, the end-user customer who ultimately moves into the premises will be able to choose between the TOU or tiered price billing options in advance of their first bill.

Alectra estimates that up to 3,000 new connections may be impacted by the exemption, if granted, and that the financial impact to these property developers would be negligible – about 17 cents per bill, as a result of low consumption levels in these properties prior to being occupied and transfer to the new owners. Alectra suggested that it can offer property developers to have their first bill canceled and rebilled if they choose.

If required to address this issue prior to the development of an automated solution, Alectra states that it would need to implement a manual workaround that would require additional resources to support the manual processes that could delay the deployment

of an enduring solution for an additional 3-6 months. Alectra estimates that these manual processes would require approximately 1,500 person-hours to monitor each new service account and manually select and apply a different price option, to create the reports, and to administer and review accounts. In addition, Alectra's customer service representatives would need to be trained on the new processes, which would take several weeks to accomplish and would divert resources from implementing a permanent automated solution, which is expected to be accomplished by March 31, 2021. Alectra, therefore, requests an exemption from the requirement to provide a choice between TOU and tiered pricing for new builds until March 31, 2021.

Landlord Reversions

Alectra states that it currently uses a fully automated process that reverts the account to the landlord when the tenant stops the service, and a TOU rate structure is automatically assigned to the landlord account. As it is currently configured, the process does not allow any changes to be made to all premises associated with a particular landlord unless or until the agreement with landlord is updated. Similar to the situation with property developers, the issue with landlords only impacts the first bill and landlords will have the option to switch to tiered pricing for the second billing period. Moreover, new tenants would not be impacted by this change and would still have the ability to choose between tiered and TOU pricing before their first bill.

In order to accommodate TOU or tiered rate choice, Alectra has to reconfigure the system to 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.

Alectra estimates that between 2,000 and 3,000 accounts may revert to a landlord between November 1, 2020 to January 31, 2021 and that financial impact to these landlords of remaining on TOU for the first bill would be negligible – about 21 cents per bill – largely because the typical timeframe for which a landlord holds the account between tenants is an average of less than nine days. Alectra also suggested that it can offer landlords to have their first bill canceled and rebilled if they choose.

Although Alectra states in its application that it can implement a manual process to resolve this issue prior to the development of an automated solution, the process would require approximately 1,300 person-hours and would entail daily reports, manual process of selection forms received from landlords, and intervention in the automated

process to change the pricing structure. In addition, the manual workaround would incur substantial cost and would potentially delay the implementation of the new automated process.

FINDINGS

After considering the application and evaluating the options outlined by Alectra, the OEB finds that the application for a temporary exemption from section 3.5.8 the SSSC as it relates to new accounts for property developers and landlord reversions should be granted. Based on the information provided by Alectra, the OEB notes that (i) only a very small proportion of customer accounts – an estimate of up to 6,000 out of approximately 1 million customers eligible for RPP -- would be affected by this focused exemption, (ii) the impact is time limited (ie. only for several months), and (iii) there is likely to be a negligible financial impact on both landlords and property developers.

In contrast, the implementation of the manual process to immediately address these issues would both delay implementation of an automated solution for these two types of new account openings and result in significant costs, which Alectra may seek to recover from its customers.³

In the OEB's view, it would not be a prudent use of resources for Alectra to incur these significant costs and to delay implementation of the permanent automated processes in order to immediately provide pricing optionality for this small subset of customers who would only see minimal financial impact.

The OEB has considered Alectra's proposed option to cancel and rebill the customers after the issuance of the first bill to reflect tiered pricing. The OEB believes that such an option is neither necessary nor appropriate in these circumstances. Section 3.5.4 of the SSSC is clear that elections to switch between pricing options are to take effect on a prospective basis. Moreover, in this circumstance, the financial impact on landlords or property developers remaining on TOU pricing for up to one month is expected to be minimal and likely far less than the costs of cancelling and reissuing bills to these customers.

³ 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.

IT IS ORDERED THAT:

1. Alectra Utilities Corporation's Electricity Distribution Licence ED-2016-0360, specifically Schedule 3 "List of Code Exemptions", is amended to include an exemption from section 3.5.8 of the Standard Supply Service Code where:
 - a) a new development or subdivision is energized and the builder/developer takes possession of a new account pending a future transfer to an owner who will ultimately move into the premises. This exemption expires on March 31, 2021;
 - b) a landlord takes over responsibility for the payment of charges for the premises after a tenant closes an account. This exemption expires on January 31, 2021.

DATED at Toronto, October 27, 2020

ONTARIO ENERGY BOARD

Original Signed By

Brian Hewson
Vice President, Consumer Protection & Industry Performance