

Ontario Energy
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Compliance Bulletin 200802

February 19, 2008

To: All Licensed Electricity Distributors
Re: Net Metering

This Bulletin is intended to provide guidance to licensed electricity distributors with respect to the billing of net metered generators in accordance with Ontario Regulation 541/05 – *Net Metering*.

It has come to the attention of the Compliance Office that some licensed electricity distributors may not be billing customers that are net metered generators in accordance with the requirements of Ontario Regulation 541/05 – *Net Metering* (“Regulation 541/05”) made under the *Ontario Energy Board Act, 1998*. Specifically, it appears that some electricity distributors may be calculating the credit for electricity returned to the distributor based only on the commodity charges without including amounts for other “energy-billed” charges (charges that are billed on the basis of the customer’s consumption, usually on a “per kWh” basis, including those that are passed through by the distributor).

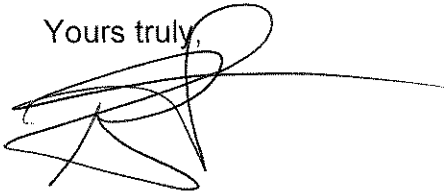
Section 8 of Regulation 541/05 sets out how a distributor is to calculate the amount of the bill of a net metered generator customer. In accordance with that section, the credit for electricity returned to the distributor during a billing period (item “D” in the formula) is the “total monetary value of the eligible electricity returned during the billing period..., calculated on the same basis as the customer’s consumption of, but not demand for, electricity, including charges for the commodity of electricity...”. Accordingly, Regulation 541/05 requires licensed electricity distributors to include in the calculation of the credit for electricity returned to the distributor the monetary value of the commodity charges and of all other “energy-billed” charges that apply to the customer in the normal course based on the customer’s rate class. Failure to calculate the credit in this manner would, in my view, be non-compliant with Regulation 541/05 and, in turn, with section 6.7.3 of the Distribution System Code.

I expect each licensed electricity distributor to promptly review its net metering settlement policies, practices and algorithms to ensure that the billing of net metered

generator customers is being done in accordance with Regulation 541/05. Where this review reveals that calculation of the credit may have been done in a manner that is not compliant with Regulation 541/05, I also expect the distributor to promptly identify all affected customers and the amount by which each has been over-billed as a result of the non-compliant calculation of the credit. The distributor should then promptly contact each affected customer to make appropriate arrangements to correct the billing error in accordance with section 7.7 of the Retail Settlement Code.

Please direct any questions you may have on this matter to the Market Participant hotline at 416-440-7604 or by e-mail at market.operations@oeb.gov.on.ca.

Yours truly,

A handwritten signature in black ink, appearing to be 'Brian Hewson', written over a horizontal line.

Brian Hewson
Chief Compliance Officer

No statutory power of decision has been delegated to the Chief Compliance Officer, and the views expressed in this Compliance Bulletin are not binding on the Board. The Chief Compliance Officer may seek enforcement action by the Board under Part VII.1 of the *Ontario Energy Board Act, 1998* in relation to non compliance.