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BULLETIN

BY EMAIL AND WEB POSTING

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**TO: All Licensed Electricity Distributors
All Licensed Electricity Retailers
All Other Interested Parties**

RE: Changes to the Presentation of Costs Associated with Losses on Invoices for Low-Volume Electricity Consumers with Retailer Contracts

This Bulletin provides guidance in relation to changes to the presentation of costs associated with losses on invoices that are issued to low-volume electricity consumers with retailer contracts.

1. Background

This Bulletin describes changes to the presentation of costs associated with losses on invoices that are issued to low-volume electricity consumers with retailer contracts. A low-volume consumer is a consumer who annually uses less than 150,000 kWh of electricity. The changes relate to the following two regulations: [Ontario Regulation 275/04--Information on Invoices to Low-Volume Consumers of Electricity \(made under the Ontario Energy Board Act, 1998\)](#) (the Bill Presentation Regulation); and [Ontario Regulation 429/04--Adjustments Under Section 25.33\) of the Act \(made under the Electricity Act, 1998\)](#) (the Global Adjustment Regulation).

2. Bill Presentation Regulation

Changes to the Bill Presentation Regulation in relation to distributors came into force on July 1, 2013. Those changes required distributors to show the costs associated with losses differently for billing purposes than they were previously. These changes were set out in a [Bulletin](#) issued June 27, 2013. Invoices issued to low-volume consumers with a retailer contract were not subject to the new rules.

As of July 1, 2015, all invoices issued to low-volume consumers of electricity whether they are customers of a distributor or a retailer will be subject to the same rules.

Namely,

- (a) charges related to losses incurred in the distribution of electricity are to be included under the “Delivery” sub-heading of the bill, unless they are already included in regulatory charges;
- (b) a revised “Glossary of Terms” must be used that incorporates changes to the descriptions of the “Electricity” and “Delivery” sub-headings to reflect the foregoing; and
- (c) invoices no longer separately indicate the consumer’s consumption of electricity after the application of the adjustment factor.

As noted in the June 2013 Bulletin, the changes to the Bill Presentation Regulation address only where and how information is presented on the invoice. The changes therefore have no impact on the amount of a consumer’s total bill.

Further, in relation to low-volume consumers with a retailer contract, the changes have no impact on the provisions of the OEB's Retail Settlement Code that relate to distributor-consolidated billing. A distributor that is billing and collecting from consumers on behalf of retailers shall continue to issue a bill to the consumer with the portion of the consumer’s total bill attributable to competitive electricity costs, including losses, based on the contract terms between the consumer and the retailer. A distributor shall continue to communicate settlement statements to retailers through the Electronic Business Transactions (EBT) System based on metered consumption and the Board-approved loss adjustment.

3. Changes to EBT

The EBT Working Group has agreed on the manner and form of the information communicated between distributors and retailers through the EBT System to implement the changes to the Bill Presentation Regulation for an invoice issued on and after July 1, 2015 to low-volume consumers with a retailer contract. Briefly, the retailer will calculate the cost of the losses associated with the consumption provided by the distributor in the Usage Transaction, and in turn provide the cost of the losses to the distributor in the Charge Description field in the Account Charge element of the Invoice Bill-Ready Transaction. These changes are more fully documented in [Global Issue 824](#).

4. Global Adjustment Regulation Related to Low-Volume Electricity Consumers with Retailer Contracts

Changes to the Global Adjustment Regulation found in amending regulation [Ontario Regulation 311/13](#) require the distributor to calculate and apply adjustments to the invoices of low-volume consumers with retailer contracts differently than they are currently calculated. On and after July 1, 2015, the volume of electricity used to calculate the adjustment shown on the invoice will exclude the volume for total losses. The distributor is required to make a separate adjustment for the volume of total losses as defined in the OEB's Retail Settlement Code, and add the amount of the separate adjustment to the sum of all amounts used to calculate the total cost of delivery charges listed in the Bill Presentation Regulation.

As of July 1, 2015, all invoices issued to low-volume consumers with a retailer contract must:

- (a) have a sub-heading entitled "Global Adjustment" between the sub-headings for "Electricity" and "Delivery" referred to in the Bill Presentation Regulation;
- (b) under the "Global Adjustment" sub-heading, clearly indicate the amount of the credit or charge, the volume of electricity exclusive of the volume of losses used to calculate the credit or charge, and the rate used to calculate the credit or charge;
- (c) under the "Delivery" sub-heading, include the separate adjustment for the associated volume of losses with the total cost of the delivery charges indicated; and
- (d) include the term "Global Adjustment" in the glossary of terms.

5. Practical Effect of Changes to Both Regulations

The practical effect of the changes in the Bill Presentation Regulation and Global Adjustment Regulation is that the commodity charges are calculated and shown on the invoice (under “Electricity”) using metered consumption rather than loss-adjusted consumption, the global adjustment is calculated and shown on the invoice (under “Global Adjustment”) using the volume of electricity exclusive of losses, and the associated loss costs for the commodity and global adjustment are added to and included as part of the overall “Delivery” charges.

The views expressed in this Bulletin are those of Board staff and are not binding on the Board.

Any enquiries regarding this Bulletin should be directed to the Board’s Industry Relations email address at industryrelations@ontarioenergyboard.ca