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**BY EMAIL AND WEB POSTING**

**February 5, 2015**

## **NOTICE OF PROPOSAL**

### **PROPOSED AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE**

**BOARD FILE NO.: EB-2014-0198**

**To: All Electricity and Natural Gas Distributors  
All Participants in Consultation Process EB-2014-0198  
All Other Interested Parties**

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The Ontario Energy Board (the "Board") is giving notice under section 70.2 of the *Ontario Energy Board Act, 1998* of proposed amendments to the Distribution System Code (the "DSC") in relation to billing frequency, the use of estimated billing, and billing accuracy.

#### **I. Background**

##### **A. Billing Frequency and Estimated Billing**

On June 27, 2014, the Board issued a letter announcing the commencement of a policy review of electricity and natural gas distributors' residential customer billing practices and performance with a focus on ensuring that consumers have timely and accurate billing to assist them in better understanding their energy use and controlling their costs.

On September 18, 2014 the Board issued a [Draft Report of the Board on Electricity and Natural Gas Distributors' Residential Customer Billing Practices and Performance](#) (the "draft Report") with analysis of the survey results. The draft Report also posed a number of questions related to monthly billing and estimated billing for stakeholder comment. The draft Report provided an analysis of the billing practices, including billing frequency and the use of estimated billing, by natural gas and electricity distributors. In the draft

Report, the Board took the view that it did not need to mandate further billing policies for natural gas distributors at this time given that all customers are billed monthly and, in the absence of smart meters, it was reasonable to expect that gas distributors would need to estimate more meter reads than electricity distributors.

With respect to electricity distributors, the draft Report stated the Board's intention for all electricity distributors to transition to monthly billing by January 1, 2016 to help better inform consumers about their energy use and allow them to adjust consumption and control their costs.

The draft Report also noted that with smart meters deployed to virtually all residential customers, the Board's expectation was that all customers receive bills with actual consumption data, with limited exceptions. The Board, therefore, intended to develop an estimated billing policy for electricity distributors.

A number of questions in these areas were posed in the draft Report for stakeholder comment. The Board received 17 written comments on the draft Report from 15 distributors and two ratepayer groups. Those comments are available on the Board's [website](#).

The comments received have assisted the Board in its consideration of the proposed amendments to the DSC. Given that the Board is proposing these amendments to the DSC which, once completed, will codify the rules regarding these issues, there will be no final report of the Board in relation to this policy review.

## **B. Billing Accuracy**

In the summer of 2014, the Board established a working group to identify and define a uniform measure for billing accuracy and a target for distributors to meet in relation to billing accuracy. In its [letter](#) of July 17, 2014, the Board accepted the working group's recommendations for the billing accuracy measure and stated that it would amend the DSC to include a billing accuracy measure and target for licensed electricity distributors. The Board will make those amendments as part of this process.

## **II. Proposed Amendments to the DSC**

### **A. Introduction**

The Board is proposing to amend the DSC to codify rules relating to frequency of billing, estimated billing, and billing accuracy. A summary of the proposed amendments to the DSC is set out below. The full text of the proposed amendments is set out in Attachment A to this Notice.

### **B. Billing Frequency**

In the draft Report, the Board indicated that all non-seasonal residential electricity customers in Ontario should be billed on a monthly basis by January 1, 2016.

Based on the comments received, the Board has decided to extend the timeline for the transition to mandatory monthly billing for all electricity distributors for non-seasonal residential customers to December 31, 2016.

The Board has also decided to extend this rule to the general service less than 50 kW rate class. The deadline for issuing monthly bills to this rate class will also be December 31, 2016.

Section 2.6.1A will be added to the DSC to require all distributors to issue monthly bills to non-seasonal residential customers and general service under 50 kW customers. Distributors will not be required to provide monthly billing to seasonal customers.

The Board believes that this is the most effective way to ensure that customers have timely information to gain a better understanding of their electricity consumption so that they can better manage their electricity usage and control their costs.

### **C. Estimated Billing**

To ensure there is transparency on billing estimate practices, the Board is proposing amendments to section 2.4.6 of the DSC to make distributors add descriptions of their estimated billing practices to their Conditions of Service.

With the deployment of smart meters to virtually all residential customers, the Board's expectation is that all customers receive bills based on actual consumption data, with limited exceptions. It is therefore proposed that the DSC be amended to state that bills issued to residential and general service under 50 kW customers with smart meters or interval meters be based on actual meter readings.

To account for exceptional circumstances but ensure customers are receiving bills based on actual meter reads the majority of the time, the Board is proposing that distributors may issue a bill based on estimated consumption no more than once every twelve months for residential and general service under 50 kW customers with smart meters or interval meters. Unlike the monthly billing policy, this policy also applies to seasonal residential customers with smart meters or interval meters.

Section 2.10 is proposed to be added to the DSC to deal with the above issues.

Lastly, a proposed new section will be added as section 4.2.7 to the DSC. This section will state that distributors shall not be allowed to disconnect a residential or general service under 50 kW customer with a smart meter or an interval meter based solely on an estimated bill.

#### **D. Billing Accuracy**

The Board is proposing to add section 7.11 to the DSC to include the billing accuracy measure with the target level for the performance measure (which will be 98% as stated in the Board's July 17, 2014 letter). The Board will also add a definition for "accurate bill" into section 7.1 of the DSC.

The Board will amend section 2.1.19(b) of the Electricity Reporting and Record Keeping Requirements to cross-reference section 7.11 of the DSC. Those amendments will be sent out under separate cover once the DSC amendments are finalized.

#### **E. Anticipated Costs and Benefits**

Distributor policies regarding matters such as billing frequency and estimated billing can have a significant impact on customers. The Board therefore sees merit in establishing a standard level of service for all distributors.

The Board notes that 19 distributors bill residential customers on a bi-monthly basis. The Board acknowledges that with the transition to monthly billing, there is the potential for incremental costs to be incurred by distributors due to bill production and mailing and possible system or processes changes. The Board expects that these costs may be mitigated by improved cash flows for distributors as a result of monthly billing, efforts to expand the use of e-billing and potential reductions to customer arrears that can lead to reduction in collection costs and bad debts.

Monthly billing will also provide an opportunity for distributors to have more frequent communication with their customers. Sending a bill on a monthly basis may improve customer relations by reducing inquires or complaints related to high bills since the total bill amount will be for one month rather than two. Monthly billing can also allow customers to more effectively respond to the drivers that increase their energy costs and allow them to better anticipate and manage payments and respond to pricing signals.

Regarding estimated billing and billing accuracy, the Board notes that a large majority of distributors currently estimate bills only in very limited circumstances and would be able to meet the estimated billing rule and the billing accuracy target without incurring material additional costs. The Board is of the view that accurate bills based on actual metered data can help encourage energy literacy and make it easier for customers to identify the drivers that influence energy use to enable more immediate action to adjust their use and reduce their electricity bills.

### **III. Coming Into Force**

The Board is proposing that the proposed amendments regarding estimated billing and billing accuracy come into force on the date they are published on the Board's website after having been made by the Board.

The Board is proposing that the proposed amendment regarding monthly billing (proposed section 2.6.1A) comes into force on December 31, 2016.

### **IV. Cost Awards**

The Board will be granting cost awards, to a maximum of 8 hours, to eligible persons approved in the EB-2014-0198 consultation.

**V. Invitation to Comment**

All interested parties are invited to submit written comments on the proposed amendments to the DSC as set out in Attachment A by **February 19, 2015**. Filing instructions are set out in Attachment B.

All written comments received by the Board in response to this Notice, will be available for public viewing on the Board's web site at [www.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca) and at the office of the Board during normal business hours.

If you have any questions regarding the proposed amendments to the DSC and the Electricity RRR described in this Notice, please contact Vince Mazzone at [vince.mazzone@ontarioenergyboard.ca](mailto:vince.mazzone@ontarioenergyboard.ca) or at 416-544-5159. The Board's toll free number is 1-888-632-6273.

**DATED** at Toronto, February 5, 2015

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary

Attachments: Attachment A—Proposed Amendments to the DSC  
Attachment B—Filing Instructions

## Attachment A

### Proposed Amendments to the Distribution System Code

**Note:** The text of the proposed amendments is set out in italics below, for ease of identification only.

1. Section 1.7 of the DSC is amended to add the following at the end of the section:

*Section 2.6.1A comes into force on December 31, 2016.*

2. Section 2.4.6 of the Distribution System Code is amended by adding the following at the end of the list of items:

- *The business practices the distributor uses to estimate bills where no metered consumption is available.*

3. Section 2.6 of the Distribution System Code is amended by adding the following immediately after section 2.6.1:

*2.6.1A A distributor shall issue a bill to each non-seasonal residential customer and each general service < 50kW customer on a monthly basis.*

4. Section 2.10 will be added to the DSC immediately after section 2.9:

#### **2.10 Estimated Billing**

*2.10.1 Where a smart meter or interval meter has been installed, a distributor shall issue a bill to a residential or general service < 50 kW customer based on an actual meter read.*

*2.10.2 Despite 2.10.1, to account for exceptional circumstances, a distributor may issue a bill to a residential or general service < 50kW customer with a smart meter or interval meter based on estimated consumption once every 12 months.*

5. Section 4.2 of the Distribution System Code is amended by adding the following immediately after section 4.2.6:

*4.2.7 A distributor shall not disconnect a residential or general service < 50 kW customer with a smart meter or interval meter based solely on an estimated bill.*

6. Section 7.1 of the Distribution System Code is amended by adding the following definition immediately before the definition of "answered":

*"accurate bill" means a bill that contains correct customer information, correct meter readings, and correct rates that result in an accurately calculated bill.*

7. Section 7 of the Distribution System Code is amended by adding the following section immediately after section 7.10.2:

**7.11 Billing Accuracy**

- 7.11.1 *A distributor must issue an accurate bill to each of its customers.*
- 7.11.2 *This service quality requirement must be met at least 98 percent of the time on a yearly basis.*
- 7.11.3 *A distributor should not include customer accounts that are unmetered (e.g. street lighting and unmetered scattered loads) when calculating the percentage of accurate bills.*
- 7.11.4 *The percentage of bills accurately issued shall be calculated by subtracting the number of inaccurate bills issued for the year from the total number of bills issued for the year and dividing that number by the total number of bills issued for the year.*
- 7.11.5 *The total number of bills issued for the year includes original and reissued bills.*
- 7.11.6 *A bill is considered inaccurate if:*
- (a) *the bill does not meet the definition of an accurate bill set out in section 7.1;*
  - (b) *the bill has been issued to the customer and subsequently cancelled due to a billing error; or*
  - (c) *there has been a billing adjustment in a subsequent bill as a result of a previous billing error.*



## Attachment B

### Filing Instructions

Three (3) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto Ontario M4P 1E4

The Board requests that interested parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at [www.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca), and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at [boardsec@ontarioenergyboard.ca](mailto:boardsec@ontarioenergyboard.ca).

Those that do not have internet access should provide a CD containing their filing in PDF format.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2014-0198** and include your name, address, telephone number and, where available, your e-mail address and fax number.

If the written comment is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the written comment available for viewing at the Board's offices or placing the written comment on the Board's website, the Board will remove any personal (i.e., not business) contact information from the written comment (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the written comment will be available for viewing at the Board's offices and will be placed on the Board's website.