

Ontario

# Ontario Energy Board

## RETAIL SETTLEMENT CODE

Revised on November 1, 2021 ~~January 1, 2017~~

# Retail Settlement Code

## Table of Contents

<b>1</b>	<b>GENERAL AND ADMINISTRATIVE PROVISIONS.....</b>	<b>5</b>
1.1	PURPOSE OF THE CODE .....	5
1.2	DEFINITIONS .....	5
1.3	INTERPRETATION.....	11
1.4	TO WHOM THIS CODE APPLIES .....	12
1.5	HIERARCHY OF CODES .....	12
1.6	AMENDMENTS TO THIS CODE.....	12
1.7	COMING INTO FORCE .....	12
1.8	REQUIREMENTS FOR BOARD APPROVALS.....	13
1.9	SPECIAL PROVISIONS FOR RPP CONSUMERS AND NEWSSS CODE .....	13
<b>2</b>	<b>SUMMARY OF SETTLEMENT OBLIGATIONS .....</b>	<b>16</b>
2.1	DETERMINE WHOLESALE SETTLEMENT COSTS .....	16
2.2	DETERMINE DISTRIBUTION CHARGES .....	16
2.3	IMPLEMENT SERVICE TRANSACTION REQUESTS INVOLVING RETAILERS.....	16
2.4	MAINTAIN CONSUMER RECORDS .....	17
2.5	PROVIDE ACCESS TO CURRENT METER AND PRICE DATA .....	17
2.6	PROVIDE ACCESS TO HISTORICAL CONSUMER-SPECIFIC INFORMATION .....	17
2.7	ESTABLISH SERVICE ARRANGEMENTS WITH COMPETITIVE RETAILERS .....	17
<b>3</b>	<b>DETERMINING SETTLEMENT COSTS FOR COMPETITIVE ELECTRICITY SERVICES.....</b>	<b>18</b>
3.1	COMPETITIVE ELECTRICITY COSTS .....	18
3.2	DISTRIBUTION LOSSES AND UNACCOUNTED FOR ENERGY .....	18
3.3	METHODOLOGY FOR DETERMINING SETTLEMENT COSTS FOR COMPETITIVE ELECTRICITY SERVICES	24
3.3.1	<i>Consumers With Interval Meters .....</i>	<i>24</i>
3.3.2	<i>Consumers With Non-Interval Meters .....</i>	<i>25</i>
3.3.3	<i>Consumers With Smart Meters .....</i>	<i>26</i>
3.4	DETERMINING THE NET SYSTEM LOAD SHAPE .....	26
3.5	VARIATIONS DUE TO DIFFERENCES IN METER READING PRACTICES AND BILLING CYCLES .....	29
3.5.1	<i>Settlement Based on Actual Meter Reads.....</i>	<i>29</i>
3.5.2	<i>Settlement Based on Cycle Billing .....</i>	<i>29</i>
3.5.3	<i>Settlement Based on Estimated Usage .....</i>	<i>30</i>
3.6	CONSUMERS WITH TIME-OF-USE METERS.....	31
3.7	CONSUMERS WITH DEMAND METERS .....	32
3.8	CONSUMERS WITH CONTROLLED LOADS .....	32

Retail Settlement Code

3.9 CONSUMERS WITH PREPAID METERS ..... 32

3.10 UNMETERED LOADS ..... 33

**4 DETERMINING SETTLEMENT COSTS FOR NON-COMPETITIVE ELECTRICITY SERVICE ..... 34**

4.1 SERVICES PROVIDED THROUGH THE IMO OR A HOST DISTRIBUTOR ..... 34

4.2 DISTRIBUTION SERVICES ..... 34

**5 SETTLEMENT TIME LINE ..... 36**

5.1 TIMING OF INFORMATION FROM THE IMO ..... 36

5.2 TIMING AND AVAILABILITY OF VALID METER INFORMATION ..... 36

5.3 TIMING OF SETTLEMENT INVOICES TO RETAILERS ..... 37

5.4 PAYMENT BY DISTRIBUTORS TO RETAILERS ..... 37

**6 RETAIL SETTLEMENT VARIANCE ACCOUNT ..... 38**

**7 SETTLEMENT AND BILLING OPTIONS ..... 39**

7.1 RETAILER-CONSOLIDATED BILLING ..... 39

7.1.1 *Information Flow From Distributor to Retailer* ..... 39

7.1.2 *Consumer Non-Payment Risk* ..... 41

7.1.3 *Distributor/Consumer Communication* ..... 41

7.2 DISTRIBUTOR-CONSOLIDATED BILLING ..... 42

7.2.1 *Information Flow From Distributor to Retailer* ..... 42

7.2.2 *Information Flow from Retailer to Distributor* ..... 43

7.2.3 *Retailer Information on the Bill* ..... 43

7.2.4 *Distributor/Consumer Communication* ..... 44

7.3 SPLIT BILLING ..... 44

7.3.1 *Information Flow from Distributor to Retailer* ..... 45

7.3.2 *Consumer Non-Payment Risk* ..... 45

7.3.3 *Distributor/Consumer Communication* ..... 45

7.4 BILLING TO STANDARD SUPPLY SERVICE CONSUMERS ..... 46

7.4.1 *SSS Billing and Settlement Processing Are Not the Same* ..... 46

7.4.2 *Settlement Invoicing to SSS Providers* ..... 46

7.4.3 *Consumer Non-Payment Risk Mitigation* ..... 46

7.5 DISCONNECTION ..... 46

7.6 RECONNECTION ..... 47

7.7 BILLING ERRORS ..... 47

7.7.1 ..... 47

7.7.2 ..... 48

## Retail Settlement Code

7.7.3.....	48
7.7.4.....	48
7.7.5.....	49
7.7.6.....	49
7.7.7.....	50
7.7.8.....	50
7.7.9.....	50
7.7.10.....	51
7.7.11.....	51
<b>8 SECURITY ARRANGEMENTS BETWEEN DISTRIBUTORS AND RETAILERS .....</b>	<b>52</b>
8.1 ESTIMATING THE MAGNITUDE OF EXPOSURE .....	52
8.1.1 <i>Retailer-Consolidated Billing</i> .....	52
8.1.2 <i>Split Billing</i> .....	54
8.1.3 <i>Distributor-Consolidated Billing</i> .....	54
8.2 UPDATING SECURITY ESTIMATES .....	55
8.3 TYPE OF SECURITY .....	56
8.4 DEFAULT PROCESS .....	57
<b>9 SETTLEMENT DISPUTE PROCEDURES .....</b>	<b>58</b>
<b>10 SERVICE TRANSACTION REQUESTS.....</b>	<b>59</b>
10.1 SERVICE TRANSACTION REQUESTS COVERED BY THE RETAIL SETTLEMENT CODE .....	59
10.2 CONSUMER AUTHORISATION.....	60
10.3 SERVICE TRANSACTION REQUEST INFORMATION REQUIREMENTS.....	60
10.4 INITIAL SCREENING OF SERVICE TRANSACTION REQUESTS .....	62
10.5 RULES AND PROCEDURES FOR PROCESSING SERVICE TRANSACTIONS INVOLVING A CHANGE IN ELECTRICITY SERVICE PROVIDER.....	64
10.5.1 <i>Meter Reads</i> .....	66
10.5.2 <i>Mandatory Notices</i> .....	68
10.5.3 <i>Processing a Change From SSS to a Competitive Retailer</i> .....	68
10.5.4 <i>Processing a Change From One Competitive Retailer to Another</i> .....	69
10.5.4 <i>A Notification of Transfer to Low Volume Consumer</i> .....	70
10.5.5 <i>Processing a Change From a Competitive Retailer to SSS</i> .....	70
10.5.6 <i>Transitional Arrangements</i> .....	71
10.6 RULES AND PROCEDURES FOR PROCESSING SERVICE TRANSACTIONS REQUESTS THAT DO NOT INVOLVE A CHANGE IN ELECTRICITY PROVIDER.....	71

## Retail Settlement Code

10.6.1	Processing a Request for Disconnection or Relocation When a Retailer Provides Service.....	72
10.6.2	Processing a Change in Billing or Metering Service.....	72
<u>10.6.3</u>	<u>Processing a Request for Historical Consumer Information .....</u>	<u>73</u>
<del>10.6.3</del> <u>10.6.4</u>	<del>.....</del> <u>Application for Energy Data Made Available in Accordance With NAESB ESPI Standard...74</u>	<del>.....</del> <u>Non-</u>
<b>11</b>	<b>ACCESS TO CONSUMER INFORMATION .....</b>	<b>75</b>
11.1	CUSTOMER ACCESS TO VALID METER INFORMATION .....	75
11.1.1	.....	75
11.1.2	.....	76
11.2	CUSTOMER ACCESS TO UNVERIFIED METER DATA.....	76
11.2.1	.....	76
11.2.2	.....	76
11.3	PROVIDING HISTORICAL INFORMATION TO DESIGNATED PARTIES.....	77
<b>12</b>	<b>RETAILER/DISTRIBUTOR RELATIONSHIP .....</b>	<b>79</b>
<b>13</b>	<b>RETAIL MARKET READINESS .....</b>	<b>80</b>
13.1	SELF-CERTIFICATION STATEMENT #1.....	80
13.2	SELF-CERTIFICATION STATEMENT #2.....	81
13.3	SELF-CERTIFICATION STATEMENTS .....	81
13.4	THE SELF-CERTIFICATION QUESTIONNAIRE.....	83
13.5	EXEMPTIONS .....	83
13.6	OCTOBER FILINGS .....	84
<b>14</b>	<b>PRE-MARKET OPENING ENROLMENT PROCESS .....</b>	<b>86</b>
14.1	GENERAL.....	86
14.2	DATA SCRUBBING .....	86
14.3	MULTIPLE CONTRACT RESOLUTION .....	88
14.4	CONTRACTS NOT INVALIDATED .....	89
14.5	SUBMITTING STRs .....	90
14.6	APPLICABILITY OF CHAPTER 10.....	91
<b>APPENDIX A</b>	<b>.....</b>	<b>92</b>

## 1 GENERAL AND ADMINISTRATIVE PROVISIONS

### 1.1 Purpose of the Code

This Code sets the minimum obligations that a distributor and retailer must meet in determining the financial settlement costs of electricity retailers and consumers and in facilitating service transaction requests where a competitive retailer provides service to a consumer. These obligations arise through sections 26 through 31, inclusive, of the *Electricity Act, 1998* and the conditions of distributions' licences and retailers' licences.

### 1.2 Definitions

"Act" means the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B.

"affiliate" with respect to a corporation, has the same meaning as in the *Business Corporations Act*.

"Affiliate Relationships Code" means the code, approved by the Board and in effect at the relevant time, which among other things, establishes the standards and conditions for the interaction among electricity distributors or transmitters and their respective affiliates.

"ancillary services" means services necessary to maintain the reliability of the IMO-controlled grid; including frequency control, voltage control, reactive power and operating reserve services.

"Board" means the Ontario Energy Board.

"building" means a building, portion of a building, structure or facility.

"competitive electricity costs" are those costs billed through the IMO or paid by the distributor to embedded retail generators or neighbouring distributors that cover competitive electricity services. Such costs will apply to electricity supply whether such supply is provided via SSS or a competitive retailer.

"competitive electricity services" means those services provided through the IMO, embedded retail generators or neighbouring distributors that are deemed by the Board to be competitive as set out in Appendix A.

"competitive retailer" is a person who retails electricity to consumers who do not take SSS.

## Retail Settlement Code

“consumer” means a person who uses, for the person’s own consumption, electricity that the person did not generate.

“customer” means a person that has contracted for or intends to contract for connection of a building or an embedded generation facility. This includes developers of residential or commercial subdivisions.

“cycle billing” means the practice of billing a block of consumers whose meters are read according to a common meter-reading cycle as if all meters were read on the same day, even though meter-reading practices result in some meters being read within a few days, plus or minus, of the target read date.

“distribute” with respect to electricity, means to convey electricity at voltages of less than 50 kilovolts.

“distribution services” means services related to the distribution of electricity and the services the Board has required distributors to carry out, for which a charge or rate has been approved by the Board under section 78 of the Act.

“distribution system” means a system for distributing electricity at voltages less than 50 kilovolts and includes any structures, equipment or other things used for that purpose.

“Distribution System Code” (“DSC”) means the code, approved by the Board and in effect at the relevant time, which, among other things, establishes the obligations of distributors with respect to the services and terms of service to be offered to consumers and retailers and provides minimum technical operating standards for distribution systems.

“distribution system losses” are energy losses resulting from the interaction of intrinsic characteristics of the distribution network, such as electrical resistance with network voltages and current flows.

“distribution system loss factor” means a factor(s) by which metered loads must be multiplied such that when summed equal the total measured load at the supply point(s) to the distribution system.

“distributor” means a person who owns or operates a distribution system.

“Electricity Act” means the *Electricity Act, 1998*, S.O. 1998, c.15, Schedule A.

“Electronic Business Transaction System” or “EBT System” means the authorised computer-based transaction mechanism for transmitting common format data among market participants.

“eligible low-income customer” has the same meaning as in the Distribution System Code.

## Retail Settlement Code

“embedded distributor” means a distributor who is not a wholesale market participant and that is provided electricity by a host distributor.

“embedded generation facility” means a generation facility which is not directly connected to the IESO-controlled grid but instead is connected to a distribution system, and has the extended meaning given to it in section 1.9 of the Distribution System Code;

“embedded retail generator” means a customer that:

- (a) is not a wholesale market participant or a net metered generator (as defined in section 6.7.1 of the Distribution System Code);
- (b) owns or operates an embedded generation facility, other than an emergency backup generation facility; and
- (c) sells output from the embedded generation facility to the Ontario Power Authority under contract or to a distributor;

“embedded wholesale consumer” is a consumer who is a wholesale market participant and whose facility is not directly connected to the IMO-controlled grid but is connected to a distribution system.

“embedded wholesale generator” is a generator who is a wholesale market participant and whose generation facility is connected to the distribution system.

“generate” with respect to electricity, means to produce electricity or provide ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system.

“generation facility” means a facility for generating electricity or providing ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system and includes any structures, equipment or other things used for that purpose.

“generator” means a person who owns or operates a generation facility.

“host distributor” means the registered wholesale market participant distributor who provides electricity to an embedded distributor.

“IMO” means the Independent Electricity System Operator established under the Electricity Act.

“IMO Controlled Grid” means the transmission systems with respect to which, pursuant to agreements, the IMO has the authority to direct operations.



## Retail Settlement Code

“interval meter” means a meter that measures and records electricity use on an hourly or sub-hourly basis.

“load transfer” means a MIST-metered, network supply point of one distributor that is supplied through the distribution system of another distributor and where this supply is not considered a wholesale supply point.

“lock-box arrangement” means an arrangement where a financial institution (typically a bank or some other financial institution) is designated by the parties to accept payment from consumers on behalf of the parties and to distribute the collected revenue to the parties according to prescribed rules.

“low volume consumer” means a consumer who annually uses less than 150,000 kilowatt hours of electricity or such other amount as may be prescribed for the purposes of section 2 of the *Energy Consumer Protection Act, 2010*.

“Market Rules” means the rules made under section 32 of the Electricity Act.

“meter installation” means the meter and, if so equipped, the instrument transformers, wiring, test links, fuses, lamps, loss of potential alarms, meters, data recorders, telecommunication equipment and spin-off data facilities installed to measure power past a meter point, provide remote access to the metered data and monitor the condition of the installed equipment.

“metering evolution period end date” means, in relation to a distributor, the date determined for that purpose by the Board;

“MIST meter” means an interval meter from which data is obtained and validated within a designated settlement timeframe. MIST refers to “Metering Inside the Settlement Timeframe.”

“MOST meter” means an interval meter from which data is only available outside of the designated settlement timeframe. MOST refers to “Metering Outside the Settlement Timeframe.”

“non-competitive electricity costs” means costs for services from the IMO that are not deemed by the Board to be competitive electricity services plus costs for distribution services, other than SSS.

“non-competitive electricity services” means those services received from the IMO that are not deemed to be competitive electricity services, plus distribution services, other than SSS.

“non-interval meter” means a device that measures and records electrical usage cumulatively over the meter reading period.

“power factor” means a variable equal to the ratio of kW and kVa demand.

## Retail Settlement Code

“prepaid meter” means a meter that allows a consumer to purchase a credit for a certain amount of electricity at a fixed price from a distributor or retailer by having the amount posted to the meter at the consumer’s location. When the purchased amount of electricity has been used, the meter will automatically interrupt electricity supply to the location.

“primary metered customer” means a customer whose meter point is located on the primary side of a distribution transformer.

“rate” means any rate, charge or other consideration and includes a penalty for late payment.

“Rate Handbook” means the document approved by the Board that outlines the regulatory mechanisms that will be applied in the setting of distributor rates.

“registered facility” means a facility registered with the IMO that is capable of supplying physical services and/or capacity reserve.

“registered wholesale meter” means a meter that the IMO has registered in accordance with the Market Rules for the purpose of wholesale settlements “retail” with respect to electricity means:

- (a) to sell or offer to sell electricity to a consumer,
- (b) to act as agent or broker for a retailer with respect to the sale or offering for sale of electricity, or
- (c) to act or offer to act as an agent or broker for a consumer with respect to the sale or offering for sale of electricity.

“Retail Settlement Code” or “Code” means this code approved by the Board and in effect at the relevant time, which, among other things, establishes a distributor’s obligations and responsibilities associated with financial settlement among retailers and consumers and provides for tracking and facilitating consumer transfers among competitive retailers.

“Retail Settlement Variance Account” or “RSVA” means the variance account referred to in this Code.

“retailer” means a person who retails electricity.

“secondary metered customer” means a customer whose meter point is located on the secondary side of a distribution transformer.

“Service Agreement” means the agreement that sets out the relationship between a licensed retailer and a distributor, in accordance with the provisions of Chapter 12.

“service area” with respect to a distributor, means the area in which the distributor is authorised by its licence to distribute electricity.

## Retail Settlement Code

“service transaction request” or (“STR”) means a written authorisation, unless otherwise provided for in the Code, that initiates a change from current service provision to alternative service provision.

“smart meter” means a meter that is part of an advanced metering infrastructure that meets the functional specification referenced in the Criteria and Requirements for Meters and Metering Equipment, Systems and Technology Regulation, O. Reg. 425/06;

“Standard Supply Service” (“SSS”) means the service approved by the Board and in effect at the relevant time, which, among other things, establishes the minimum conditions that a distributor must meet in carrying out its obligations to sell electricity under section 29 of the Electricity Act.

“supply facility losses” are the energy losses that occur as a result of the difference between the point of delivery of energy from the transmission system and the metered delivery point for a distributor.

“supply facility loss factor” means the factor(s) by which delivery point metered loads must be multiplied such that when summed equal the total measured load at the delivery point(s) to the distribution system .

“time-of-use meter” means a device that measures and records electrical usage during pre-specified periods of the day cumulatively over a meter reading period.

“total losses” means the sum of all energy losses including distribution system losses, supply facility losses and unaccounted for energy.

“transmission system” means a system for transmitting electricity and includes any structures, equipment or other things used for that purpose.

“transmitter” means a person who owns or operates a transmission system.

“unaccounted for energy” means all energy losses that cannot be attributed to distribution system losses or supply facility losses. These losses include measurement error, errors in estimates of distribution system losses or supply facility losses and unmetered loads, energy theft and non-attributable billing errors.

“unmetered loads” means electricity consumption that is not metered and is billed based on estimated usage.

“wholesale consumer” means a person that purchases electricity or ancillary services in the IMO-administered markets or directly from a generator, other than an embedded retail generator.

“wholesale market participant distributor” or “WMPD” means a distributor who is a wholesale market participant, including a distributor who is provided electricity by a neighbouring distributor through a registered wholesale meter.

## Retail Settlement Code

“wholesale market participant” means a person that sells or purchases electricity or ancillary services through the IMO-administered markets.

“wholesale settlement costs” mean costs for both competitive and non-competitive electricity services billed to a distributor by the IMO or a host distributor, or provided by an embedded retail generator or by a neighbouring distributor.

“wholesale supplier” means a person who sells electricity or ancillary services through the IMO-administered markets or directly to another person, other than a consumer.

“written authorisation” includes authorisation given by electronic mail or any other similar technology, but does not include authorisation given verbally.

### 1.3 Interpretation

#### 1.3.1

Unless otherwise defined in this Code, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act as the case may be. Headings are for convenience only and shall not affect the interpretation of this Code. Words importing the singular include the plural and vice versa. A reference to a document or a provision of a document includes any amendment or supplement to or any replacement of that document or that provision of that document. An event that is required under this Code to occur on or by a stipulated day which is not a business day may occur on, or by, the next business day.

#### 1.3.2

**[Revoked by amendment, effective October 8, 2015.]**

#### 1.3.3

**[Revoked by amendment, effective October 8, 2015.]**

## Retail Settlement Code

### **1.4 To Whom This Code Applies**

This Code applies to all electricity distributors licensed by the Board under Part V of the Act. This Code also applies to electricity retailers licensed by the Board under Part V. These entities are obligated to comply with the Code as a condition of their licences.

### **1.5 Hierarchy of Codes**

The order of hierarchy for this Code in relation to other codes, subject to any specific conditions of any licence that apply to a distributor or a retailer, is as follows:

1. Affiliate Relationships Code
2. Distribution System Code
3. Retail Settlement Code
4. Standard Supply Service Code

### **1.6 Amendments to This Code**

This Code may only be amended in accordance with the procedures set out in the licence issued to a distributor or a retailer.

### **1.7 Coming into Force**

This Code and any amendments to this Code shall come into force on the date that the Board publishes the Code or an amendment to the Code by placing it on the Board's website, except where it is expressly stated otherwise and except for the following provisions that shall come into effect on the date that subsection 26(1) of the Electricity Act comes into force: Chapters 3 through 8; and sections 10.6.1 and 10.6.2. Further, no STR related to a change in competitive electricity service provider shall take effect until subsection 26(1) of the Electricity Act has come into force. The amendments to sections 1.2 (definition of "customer") and 7.7 come into force on April 1, 2011. The further revisions to section 7.7.5 come into force on April 1, 2011.

## Retail Settlement Code

The amendments to sections 1.2 (definitions of “eligible low-income consumer, “Emergency Financial Assistance” and “Social Service Agency or Government Agency”), 1.3.1, 1.3.2, 1.3.3, 7.7.4.1 and 7.7.4.2 come into force on October 1, 2011.

Sections 7.2.3 and 10.5.4A, and the amendments to sections 10.5.2 and 10.5.3 made by the Board on December 1, 2016, come into force on January 1, 2017.

### **1.8 Requirements for Board Approvals**

Any matter under this Code requiring a determination of the Board may be determined by the Board without a hearing or through an oral, written or electronic hearing, at the Board’s discretion.

### **1.9 Special Provisions for RPP Consumers and New SSS Code**

#### **1.9.1**

The following definitions apply for the purposes of this section 1.9:

- (a) “competitive retailer” means a person who retails electricity to consumers, but does not include a person who retails electricity to consumers who take SSS other than transitional consumers;
- (b) “RPP consumer” means a consumer that pays the regulated price;
- (c) “regulated price” means the commodity price for electricity referred to in section 3.3 or 3.4 of the SSS Code;
- (d) “SSS Code” means the code issued by the Board and in effect at the relevant time which, among other things, establishes the manner in which a distributor must meet its obligation to sell electricity under section 29 of the Electricity Act; and
- (e) “transitional consumer” means a consumer:
  - i. who entered into or renewed a contract with a retailer on or before December 9, 2002 with respect to which a service transaction request is or has been implemented to enable the consumer to purchase electricity from a competitive retailer;

## Retail Settlement Code

- ii. whose contract referred to in paragraph (i) is in effect but has not been renewed since December 9, 2002;
- iii. who is, in accordance with regulations made under the Act, eligible to pay the regulated price; and
- iv. who is not an electing spot consumer (as defined in the SSS Code).

### 1.9.2

Notwithstanding any other provision of this Code, the commodity price per kilowatt hour for electricity payable by an RPP consumer shall be determined by a distributor, or by a competitive retailer in the case of a transitional consumer that is being billed using retailer-consolidated billing, in accordance with the SSS Code. All provisions of this Retail Settlement Code that apply to an RPP consumer shall be interpreted accordingly.

### 1.9.3

The following sections of the SSS Code apply to a competitive retailer that is billing a transitional consumer using retailer-consolidated billing:

- (a) sections 1.7.2 to 1.7.5;
- (b) section 2.6.1;
- (c) sections 3.3.5 and 3.3.6;
- (d) section 3.4.3; and
- (e) section 3.7.

A competitive retailer shall comply with the obligations contained in those sections (if they are expressed in mandatory terms) to the same extent as if they were contained in this Code and referred to a competitive retailer rather than to a distributor.

### 1.9.4

### Retail Settlement Code

Nothing in this Code shall be interpreted as allowing a distributor to provide standard supply service (as defined in the SSS Code) through a third party unless the distributor is authorized to do so by or under the SSS Code.

#### **1.9.5**

This section 1.9 shall come into force on the first term commencement date (as defined in the SSS Code).



## **2 SUMMARY OF SETTLEMENT OBLIGATIONS**

All licensed distributors that are required to adhere to this Code as a condition of their licence shall provide the services summarised in sections 2.1 through 2.7 according to the detailed rules and procedures outlined in Chapters 3 through 12. These services shall be provided to all consumers located within a distributor's service area and to all retailers serving such consumers. All services described in this Code must be provided without discrimination or preference to each retailer, generator or consumer who requests such services.

### **2.1 Determine Wholesale Settlement Costs**

A distributor shall determine the wholesale settlement costs for consumers, including consumers served under SSS, connected to the distributor's distribution system. Wholesale settlement costs shall be determined in accordance with Chapters 3 and 4. A distributor is not obligated to determine the settlement costs relating to competitive electricity services or non-competitive electricity services for which another wholesale market participant is obligated to pay to the IMO.

### **2.2 Determine Distribution Charges**

A distributor shall determine the charge for distribution services associated with electricity delivery in accordance with Chapter 4 for all consumers, including wholesale market participants, connected to the distributor's distribution system.

### **2.3 Implement Service Transaction Requests Involving Retailers**

A distributor shall accept and process STRs according to the rules and procedures described in Chapter 10. This Code prescribes rules associated with STRs when a consumer's electricity supply is already provided by a competitive retailer or when this STRs will be provided by a competitive retailer once the STR has been processed. Specific services covered by this Code are listed in section 10.1.

## Retail Settlement Code

### **2.4 Maintain Consumer Records**

A distributor shall maintain records for all consumers for which it determines settlement costs.

### **2.5 Provide Access to Current Meter and Price Data**

A distributor shall make available to a consumer, or to a competitive retailer designated by a consumer, validated meter usage information according to the standards and schedule delineated in sections 5.2 and 11.1. If requested to do so by a retailer, a distributor also shall make available to the retailer the hourly price data used to calculate competitive electricity costs for the billing period over which a consumer is billed (e.g., as calculated in equation 3.3.1(b)), hourly price information from the IMO, or the host distributor as the case may be, and net system load data for each calendar day.

### **2.6 Provide Access to Historical Consumer-Specific Information**

A distributor shall maintain and be able to provide historical consumer-specific information to a consumer, or to any party designated by the consumer, regardless of whether the consumer is served under SSS or by a competitive retailer. Information that must be maintained and provided as directed by a consumer is delineated in section 11.3 and includes information on electricity use, regulated rates under which a consumer is served, meter characteristics and payment information.

### **2.7 Establish Service Arrangements With Competitive Retailers**

A distributor shall enter into a Service Agreement with any licensed retailer who wishes to provide electricity services to consumers connected to the distributor's distribution system and to utilise retail settlement services offered by the distributor.

### **3 DETERMINING SETTLEMENT COSTS FOR COMPETITIVE ELECTRICITY SERVICES**

A distributor shall determine the cost of competitive electricity services purchased by a consumer for which, in accordance with section 2.1, it has settlement responsibility, according to the procedures described in sections 3.1 through 3.10.

#### **3.1 Competitive Electricity Costs**

The Market Rules provide that wholesale market participant distributors will be charged by the IMO for electricity delivered to the distributor at prices determined in the IMO-administered wholesale market. The IMO will also charge distributors for ancillary services, transmission services, IMO administrative services and other services required to operate the IMO-administered wholesale market and direct the operations and maintain the reliability of the IMO-controlled grid. The subset of IMO-billed services deemed by the Board to be competitive electricity services are identified in Appendix A.

An embedded distributor shall be billed by a host distributor based on charges determined by the host distributor in accordance with sections 3.2 and 3.3. The host distributor shall provide all data to an embedded distributor according to the schedule and methods described in section 5.1.

#### **3.2 Distribution Losses and Unaccounted for Energy**

When determining retail settlement costs, a distributor shall adjust measured consumption at a consumer's meter for total losses. The sum of total losses for a distribution system equals the difference between wholesale energy delivered to a distributor (including supply from embedded retail generators and load transfers) and the total energy measured at all retail and wholesale consumers' meters connected to the distribution system.

A distributor shall calculate the sum of distribution system losses and unaccounted for energy using the following equation 3.2(a):

Retail Settlement Code

Equation 3.2(a)

$$L_{d_x} + UFE_{d_x} = E_{d_x}^{in} - [(1 - PAF)E_{d_x}^{pm} + E_{d_x}^{sm} + E_{d_x}^{um}]$$

- Where
- $L_{d_x}$  = Distribution losses for distributor  $d_x$
  - $UFE_{d_x}$  = Unaccounted for energy for distributor  $d_x$
  - $E_{d_x}^{in}$  = total electricity supplied to distributor  $d_x$  measured at all registered wholesale meters connected to a WMPD's distribution system or at all bulk supply meters through which an embedded distributor is supplied, plus electricity supplied by embedded wholesale generators (adjusted for distribution transformation losses), plus all supply provided by embedded retail generators connected to the distributor's system (adjusted for distribution transformation losses), plus all supply provided through load transfers
  - $E_{d_x}^{pm}$  = total load for all primary-metered consumers in distributor  $d_x$ 's service area measured at the consumer's meter, including primary-metered load transfers
  - $E_{d_x}^{sm}$  = total load for all secondary-metered consumers in distributor  $d_x$ 's service area measured at the consumer's meter, including secondary-metered load transfers
  - $PAF$  = Primary adjustment factor, which equals either 1 percent or a distributor-specific value approved by the Board
  - $E_{d_x}^{um}$  = Estimated consumption for unmetered load billed by distributor  $d_x$

This calculation includes distribution system losses associated with the distribution transformation from primary to utilisation voltage. Alternatively, a distributor may calculate losses up to the primary transformation level, if the result is mathematically equivalent to equation 3.2(a).

The distribution loss factor (DLF) is equal to the value by which the sum of end-use metered loads must be multiplied to equal the total energy supplied to distributor  $d_x$ . A distributor shall calculate the DLF for secondary-metered customers using equation 3.2(b).

Retail Settlement Code

Equation 3.2(b)

$$DLF_{d_x}^{sm} = 1 + \left[ \frac{(L_{d_x} + UFE_{d_x})}{(1 - PAF)E_{d_x}^{pm} + E_{d_x}^{sm} + E_{d_x}^{sum}} \right]$$

Where  $DLF_{d_x}^{sm}$  = the distribution loss factor for secondary-metered consumers

A distributor shall calculate the distribution loss factor for primary-metered consumers using equation 3.2(c).

Equation 3.2(c)

$$DLF_{d_x}^{pm} = DLF_{d_x}^{sm} \cdot (1 - PAF)$$

Where  $DLF_{d_x}^{pm}$  = the distribution loss factor for primary-metered consumers

For secondary-metered consumers who own their own transformation equipment or who have additional stages of transformation prior to loads being metered (e.g., some individual metered apartments), a site-specific loss factor (SSL) may be more accurate than that assumed in PAF. A distributor, upon receiving approval from the Board, may calculate the DLF adjusted for site-specific losses, using equation 3.2(d).

Equation 3.2(d)

$$DLF_{d_x}^{SSL} = DLF_{d_x}^{sm} \cdot \left[ \frac{(1 - PAF)}{(1 - SSL)} \right]$$

## Retail Settlement Code

Where  $DLF_{d_i}^{SSL}$  = the site-specific adjusted distribution loss factor

A distributor shall calculate its weighted average supply facility loss factor by summing energy delivered at each of the supply facility points plus associated supply facility losses, including all supplies from the transmission system, supplies from all embedded generators and supplies from host distributors which sum shall be divided by the total energy delivered at all of the supply facility delivery points. Each of these supplies shall be adjusted for the appropriate loss factor representing the energy losses between the meter point and the defined point of sale. A distributor shall purchase energy from an embedded retail generator within its service area where such embedded retail generator has indicated that it intends to generate electricity for delivery and sale directly to the distributor, provided that the embedded retail generator has obtained such licences from the Board as may be required. The price at which such energy sales shall be settled will be the competitive electricity price as described in Appendix "A" to the Code. Notwithstanding any other provision of this Code, where an embedded retail generator has a contract with the Ontario Power Authority under which the Ontario Power Authority is purchasing output from the embedded generation facility, a distributor shall settle all applicable payments or charges associated with the contract, and shall do so in accordance with the pricing provisions of the contract and with such rules as may be determined by the Board. A distributor shall calculate the supply facility loss factor using equation 3.2(e).

Notwithstanding any other provision of this Code, where an embedded retail generator that has a contract issued under the feed-in-tariff program referred to in section 25.35 of the Electricity Act is connected on the customer side of a connection point (as set out in section 1.9 of the Distribution System Code), the charges for competitive electricity costs payable by the associated load customer shall be calculated based on the total amount of electricity consumed at the load customer's premises, whether withdrawn

### Retail Settlement Code

from the distribution system or supplied by the embedded retail generator. This rule applies regardless of the electrical configuration of the load and generation meters.

Equation 3.2(e)

$$SFLF_{dx} = \frac{\sum_{PRWM} (E^s + SSL^s)_{dx_{PRWM}} + \sum_{RWM} ((E^y + SSL^y) \cdot TLF)_{dx_y}}{\sum E_{PRWM}^s + \sum E_{RWM}^y} + \frac{\sum E_{REG}}{\sum E_{REG} + \sum E_{WMG} + \sum E_{LT}^{dy}}$$

Where:  $SFLF_{dx}$  = the supply facilities loss factor for distributor  $d_x$  where supply facilities include all points of energy delivery to distributor  $d_x$ .

$E_{PRWM}$  = hourly energy measured at all primary registered wholesale meters for directly connected distributor  $d_x$  as provided by the IMO minus any load delivered to wholesale customers within  $d_x$ 's territory.

$E_{REG}$  = hourly energy supplied by retail embedded generators to distributor  $d_x$  adjusted for each generator's losses that occur as a result of the difference between the location of the generator's meter and the assigned supply facility delivery point. The distributor's loss adjustment shall treat retail generator's in an equivalent manner to the loss adjustments for wholesale generators. All retail embedded generators that are supplying energy into distributor  $d_x$ 's distribution system shall be settled using the price set out in Appendix "A" for the purposes of calculating the competitive electricity costs of consumers.

$E_{WMG}$  = hourly energy supplied by all embedded wholesale market generators in distributor  $d_x$  service areas as measured by the IMO adjusted for each generator's site-specific connection facility loss factor.

$SL_{dx}^s$  = a distributor's allocation of site-specific facilities losses at supply point  $s$  as provided by the IMO

$TLF_{dy}$  = the total loss factor of host distributor  $d_y$ .

### Retail Settlement Code

- $E_{LT}$  = Hourly energy supplied to distributor  $dx$  under a load transfer arrangement with distributor  $dy$  where the amount is measured by an interval meter
- $E_{RWM}$  = hourly energy supplied to distributor  $dx$  by a host distributor

The weighted average supply facility loss factor shall be multiplied by the applicable DLF calculated in accordance with equations 3.2 (b) and (c) to equal the total loss factor for the distributor to be applied to a consumer's energy consumption for the purposes of calculating competitive energy costs. The intent of the total loss factor is to ensure an appropriate allocation of both distribution system losses and supply facility losses to all loads within the distributor's service area. A distributor shall calculate its Total Loss Factor using equation 3.2(f).

Equation 3.2(f)

$$TLF_{dx} = SFLF_{dx} \bullet DLF_{dx}$$

Where:  $TLF_{dx}$  = the total loss factor for distributor  $dx$

A distributor shall calculate an annual average loss factor for the determination of site-specific supply facility losses. A distributor shall calculate a SFPLF on an annual basis using estimated data and shall record the differences between the annual average estimate supply facility loss factor and the actual monthly billed loss factor from the IMO and/or host distributor(s) in the RSVA. A distributor shall record the difference between the DLF and its actual distribution system losses in the RSVA. For the purposes of calculating either the DLF or SFLF a distributor may use historical data or estimated data, subject to such estimated data being reasonable.

Unless stated otherwise in the Rate Handbook, the DLF is not intended to be calculated as a rolling, five-year average but rather as a value held constant in between rate



## Retail Settlement Code

proceedings or over some other period of time specified in the Rate Handbook. The appropriate total loss factor shall be applied to all consumers, whether wholesale or retail and regardless of meter type. If a distributor wishes to estimate losses separately from UFE, the distributor must obtain approval from the Board.

### 3.3 Methodology for Determining Settlement Costs for Competitive Electricity Services

The methodology a distributor shall use to determine settlement costs for competitive electricity services differs depending on whether the consumer has an interval meter or a non-interval meter and whether the distributor is a WMPD or an embedded distributor.

#### 3.3.1 Consumers With Interval Meters

Both WMPD and embedded distributors shall determine settlement costs for consumers with interval meters in a manner mathematically equivalent to equation 3.3.1(a) for both remotely and manually read interval meters. For settlement purposes, interval-metered load transfers and supply to embedded distributors shall be treated by the host distributor as if they were an end-use customer.

#### Equation 3.3.1(a)

Calculation of Settlement Costs for Interval-Metered Customers

$$CEC_B^r = \left[ \sum_{h=1}^B P_h^{d_r} \cdot E_h^r \right] \cdot TLF_{d_x}$$

- Where
- $CEC_B^r$  = Competitive electricity costs for interval-metered consumer  $r$  for billing period  $B$  (\$)
  - $E_h^r$  = energy use in hour  $h$  measured by an interval meter at consumer  $r$ 's location (kWh/h)
  - $P_h^{d_x}$  = hourly electricity price for distributor  $d_x$  (\$/kWh/h) determined in accordance with Appendix A.

Retail Settlement Code

$TLF_{d_x}$  = total loss factor for distributor  $d_x$ , as defined in equations 3.2(b) or 3.2(c), depending upon whether a consumer is primary or secondary metered multiplied by the delivery point loss factor for distributor  $d_x$  calculated in accordance with equation 3.2(e).

$B$  = the number of hours in billing period  $B$  for consumer  $r$

### 3.3.2 Consumers With Non-Interval Meters

Both WMPD and embedded distributors shall determine settlement costs for consumers with non-interval meters in a manner mathematically equivalent to equation 3.3.2(a).

Equation 3.3.2(a)

Calculation of Settlement Costs for Non-Interval-Metered Customers

$$CEC_B^t = \left[ \sum_{h=1}^B P_h^{d_x} \cdot NSLS_h^A \right] \cdot TLF_{d_x} \cdot E_B^t$$

Where all terms not previously defined are defined as follows:

$CEC_B^t$  = Competitive electricity service costs for kilowatt-hour-metered consumer  $t$  served by distributor  $d_x$  for billing period  $B$

$E_B^t$  = Cumulative energy use by consumer  $t$  in billing period  $B$

$NSLS_h^A$  = the share of the cumulative net system load in billing period  $B$  attributable to hour  $h$  based on the load shape in settlement area  $A$ , of which  $d_x$  is a part, as calculated in accordance with equations 3.4(A) through 3.4(c).

A distributor shall use the procedures described in section 3.4 to determine the net system load shape share.

## Retail Settlement Code

### 3.3.3 Consumers With Smart Meters

Until the metering evolution period end date, a distributor shall determine settlement costs for consumers with smart meters in accordance with section 3.3.2.

### 3.4 Determining the Net System Load Shape

As indicated in sections 3.3.1 and 3.3.2, determining settlement costs for competitive electricity services requires weighting hourly wholesale prices by hourly usage for individual consumers. Until the metering evolution period end date, a smart meter shall be treated as a non-interval meter for the purposes of this section. For an interval-metered consumer, hourly usage data are obtained from the consumer's meter. For a non-interval-metered consumer, hourly weights must be estimated. A distributor shall use the net system load shape (NSLS) to compute hourly shares of consumption for non-interval-metered consumers. The NSLS for a given period equals the hourly loads for all hours in that period.

A distributor shall calculate the net system load for a single hour in a manner mathematically equivalent to equation 3.4(a). The energy values for unmetered loads and MIST metered loads used in equation 3.4(a) shall be adjusted to reflect the appropriate total loss factors.

Equation 3.4(a)

Hourly Net System Load Calculation for A Single Distributor

$$NSL_h^{d_x} = \left[ \sum_{s=1}^{d_x} \left( E_{d_x}^s + \sum_{k=1}^{d_x} E_{d_x}^{s,k} - \sum_{d_y=1}^{d_x} \sum_{l=1}^{d_x} E_{d_x, d_y}^{s,l} \right) + \sum_{d_y=1}^{d_x} \sum_{s=1}^{d_y} \sum_{l=1}^{d_y} E_{d_y, d_x}^{s,l} \right] - \sum_{r=1}^{R_{d_x}} E_{d_x}^{r,im} - \sum_{usl=1}^{USL} E_{d_x}^{usl}$$

Formatted: French (Canada)

Formatted: French (Canada)

Formatted: French (Canada)

## Retail Settlement Code

- Where:
- $E_{d_x}^{r,im}$  = the energy use per hour for consumer  $r$  measured by an interval meter ( $im$ ) that is read within the settlement time frame (i.e., a MIST meter) adjusted for the appropriate total loss factor.
  - $R_{d_x}$  = the number of interval-metered customers with MIST type meters
  - $E_{d_x}^{usl}$  = the energy use per hour by an unmetered street lighting customer,  $usl$ , based on a “deemed profile” approved by the Board adjusted for the appropriate total loss factor.
  - $USL$  = the number of unmetered street lighting customers
  - $E_{d_x,d_y}^{s,l}$  = the hourly electricity supplied by distributor  $d_x$  to distributor  $d_y$  through load transfer point  $l$  which is located on the portion of  $d_x$ 's distribution system that is supplied from the IMO-administered market through supply point  $s$  adjusted for the appropriate total loss factor.
  - $E_{d_y,d_x}^{s,l}$  = the hourly electricity supplied by distributor  $d_y$  to distributor  $d_x$  through load transfer point  $l$  which is located on the portion of  $d_y$ 's distribution system that is supplied from the IMO-administered market through supply point  $s$  adjusted for the appropriate total loss factor
  - $L_{d_x,d_y}^s$  = the number of load transfers from distributor  $d_x$  to distributor  $d_y$  through load transfer point  $l$  which is located on the portion of  $d_x$ 's distribution system that is supplied from the IMO-administered market through supply point  $s$
  - $L_{d_y,d_x}^s$  = the number of load transfers from distributor  $d_y$  to distributor  $d_x$  through load transfer point  $l$  which is located on the portion of  $d_y$ 's distribution system that is supplied from the IMO-administered market through supply point  $s$
  - $D_y$  = the number of distributors with whom distributor  $d_x$  has a load transfer arrangement, either for supply into or out of  $d_x$
  - $S_{d_y}$  = the number of supply points through which distributor  $d_y$  receives electricity from the IMO-administered wholesale market

Two or more distributors holding separate distribution licences may use a common NSLS as long as the annual average price of competitive electricity service based on the common NSLS differs by less than 1 percent from the annual average price that would result from using the net system load shape representing each individual distributor's service area. In assessing the difference between the common NSLS price

## Retail Settlement Code

and the individual NSLS price, a distributor shall calculate the load-weighted average wholesale price for the most recent year for which relevant data are available using the net system load shape for its service area and the combined net system load shape for the multiple distributors with which it is considering combining. Before adopting a shared NSLS, the distributors shall notify the Board. A distributor shall include the two calculations relating to the differences in average prices as part of its notification to the Board. If the difference in average prices exceeds 1 percent, a distributor shall obtain approval from the Board before using a common net system load shape across multiple distributors. In the event of a material change to a distributor's service area (e.g. an amalgamation), the distributor shall confirm that the annual average price of competitive electricity service based on the common load shape continues to differ by less than 1 percent from the annual average price that would result from using the net system load shape representing each individual distributor's service area after the change in service area.

When two or more distributors are permitted to use a common load shape, in accordance with the provisions of the previous paragraph, the distributors shall use equation 3.4(b) for determining the net system load for a single hour. A distributor that does not combine with other distributors shall use equation 3.4(a) to estimate hourly load.

### Equation 3.4(b)

Hourly Net System Load Calculation for an Aggregate Group of Distributors

$$NSL_h^A = \sum_{d_x=1}^{d_x^A} NSL_h^{d_x}$$

Where  $NSL_h^A$  = the net system load in hour  $h$  for settlement area  $A$ , which is a compilation of several licensed distribution areas  
 $d_x^A$  = the number of licensed distributors,  $d_x$ , in settlement area  $A$

## Retail Settlement Code

For any selected billing period, a distributor shall use equation 3.4(c) to calculate the hourly NSLS weight for each hour that shall be used in equation 3.4(a).

### Equation 3.4(c)

Calculation for Hourly Load Shares for a Billing Period

$$NSLS_h^A = NSL_h^A \div \sum_{h=1}^B NSL_h^A$$

Where  $NSLS_h^A$  = the hourly net system load shape weighted for each hour of a billing period.

## 3.5 Variations Due to Differences in Meter Reading Practices and Billing Cycles

The average price paid for competitive electricity services will vary across billing periods due to the hourly variation in prices, NSLS and usage. This variation requires minor differences in the manner in which settlement costs for competitive electricity supply are calculated, depending on whether costs are based on actual or estimated electricity usage.

### 3.5.1 Settlement Based on Actual Meter Reads

A distributor shall calculate settlement costs based on actual metered usage amounts, determined from actual meter reads, at both the start and end of a billing period according to equation 3.3.2(a) (or any mathematically equivalent approach). When performing this calculation, a distributor shall assume that the starting and ending meter reads for the period occurred at 12:00:01 a.m. on the day of the actual meter read.

### 3.5.2 Settlement Based on Cycle Billing

Distributors who use cycle billing may, when calculating the load-weighted average price for a billing period, treat all consumers whose meters are read according to the same meter reading cycle as if all of their meters were read on the same day, as long

## Retail Settlement Code

as the difference between the actual read date and assumed read date is four days or less.

### 3.5.3 Settlement Based on Estimated Usage

There are two common situations in which distributors issue bills based on estimated rather than actual metered usage:

1. A distributor regularly bills consumers on a cycle that differs from the consumer's meter reading cycle.
2. A distributor is unable to read a meter during the normal meter reading cycle.

A distributor may determine settlement costs when usage is based on an estimated usage followed by an actual meter read by calculating a bill using the NSLS weighted average price for the entire period between actual meter reads and then deducting any amount previously billed based on estimated usage amounts. This calculation is shown in equations 3.5.3(a) and (b) below. Alternatively, a distributor may determine settlement costs by calculating costs incurred since the date of the prior estimated value based on the net system load shape weighted average price for the period between the date the estimate was made and the date the meter was read. This calculation is shown in equations 3.5.3(c) and (d) below.

#### Equation 3.5.3

Option 1—Preferred

$$(a) CEC_{t,t+1} = (EMR_{t+1} - AMR_t) \cdot AP_{t,t+1}$$

$$(b) CEC_{t+1,t+2} = (AMR_{t+2} - AMR_t) \cdot AP_{t,t+2} - CEC_{t,t+1}$$

## Retail Settlement Code

### Option 2

$$(c) CEC_{t,t+1} = (EMR_{t+1} - AMR_t) \cdot AP_{t,t+1}$$

$$(d) CEC_{t+1,t+2} = (AMR_{t+2} - EMR_{t+1}) \cdot AP_{t+1,t+2}$$

Where  $CEC_{t,t+1}$  = costs for competitive electricity services covering the billing period from date  $t$  to date  $t+1$

$AP_{t,t+1}$  = net-system-load-weighted average price during the billing period from date  $t$  to date  $t+1$

$AMR_t$  = usage based on an actual meter read on date  $t$

$EMR_{t+1}$  = estimated usage on date  $t+1$

When determining settlement costs based on estimated usage, a distributor shall make available, upon request from a retailer or consumer, a description of the estimation method used.

### 3.6 Consumers With Time-of-Use Meters

A distributor shall determine competitive electricity service costs for time-of-use-metered consumers in the same manner as for other non-interval metered consumers according to the provisions of section 3.3.2. Upon request by a retailer or consumer, a distributor shall make a good faith effort to develop the capability to calculate settlement costs for consumers with time of use meters according to equation 3.6(a) and shall recover the incremental cost of providing such services from the requesting party in accordance with a rate approved by the Board under section 78 of the Act.



Retail Settlement Code

Equation 3.6(a)

$$\begin{aligned}
 CEC_B^t = & \left[ \sum_{h=1}^{T_n^B} P_h^{d_x} \cdot NSLS_h^A \cdot E_B^{t,T_n} \right. \\
 & + \sum_{h=T_n^B}^{T_n^B} P_h^{d_x} \cdot NSLS_h^A \cdot E_B^{t,T_n} \\
 & \vdots \\
 & \left. + \sum_{h=T_{n-1}^B}^{T_n^B} P_h^{d_x} \cdot NSLS_h^A \cdot E_B^{t,T_n} \right] \cdot TLF_{d_x}
 \end{aligned}$$

Where  $E_B^{t,T_n}$  = the cumulative energy used in billing period  $B$  for the time-of-use block ending in hour  $T_n$

$\sum_{h=T_{n-1}^B}^{T_n^B}$  = the summation across all hours in billing period  $B$  for the time-of-use block ending in hour  $T_n$

### 3.7 Consumers With Demand Meters

A distributor shall determine competitive electricity costs for demand metered consumers in the same manner as for other non-interval metered consumers, according to the provisions of section 3.3.2

### 3.8 Consumers With Controlled Loads

A distributor shall determine settlement costs for loads that are constrained through either centralised or decentralised load control procedures in the same manner as if the loads were uncontrolled.

### 3.9 Consumers With Prepaid Meters

A distributor shall determine competitive electricity costs for prepaid meters in the same manner as for other non-interval metered consumers, according to the provisions of section 3.3.2.

## Retail Settlement Code

### 3.10 Unmetered Loads

With the exception of street-lighting loads on public roadways, a distributor shall determine settlement costs for unmetered loads based on distributor specified, cumulative usage estimates for the relevant billing period and the net system load weighted average electricity price for the relevant billing period. Cumulative usage estimates for all unmetered loads shall be adjusted by the total loss factor of the distributor. For street-lighting loads, a distributor shall determine settlement costs using a load weighted average price for the billing period based on a load profile approved by the Board. The street lighting load shall be uplifted for total losses.

## **4 DETERMINING SETTLEMENT COSTS FOR NON-COMPETITIVE ELECTRICITY SERVICE**

### **4.1 Services Provided Through the IMO or a Host Distributor**

In addition to charges for competitive electricity services computed based on prices in the IMO-administered wholesale market, invoices from the IMO to distributors will, in accordance with the Market Rules, include charges for ancillary services, transmission services, IMO administrative costs and other services required to support the wholesale market. All charges from the IMO other than competitive electricity services shall be considered non-competitive electricity costs. Both WMPD and embedded distributors shall settle non-competitive wholesale service costs based on rates approved by the Board under section 78 of the Act. A distributor shall adjust a consumer's usage by the applicable total loss factor for the purpose of determining the consumer's non-competitive electricity costs. A distributor shall record, in its RSVA, the difference between the amount billed by the IMO to the distributor for non-competitive electricity services and the amount billed by the distributor to consumers, retailers and embedded distributors, in aggregate, for the same set of services.

Notwithstanding any other provision of this Code, where an embedded retail generator that has a contract issued under the feed-in-tariff program referred to in section 25.35 of the Electricity Act is connected on the customer side of a connection point (as set out in section 1.9 of the Distribution System Code), the charges for non-competitive electricity costs payable by the associated load customer shall be calculated based on the total amount of electricity consumed at the load customer's premises, whether withdrawn from the distribution system or supplied by the embedded retail generator. This rule applies regardless of the electrical configuration of the load and generation meters.

### **4.2 Distribution Services**

Each distributor shall charge for the cost of distribution services associated with electricity delivery in accordance with distribution rates approved by the Board under

### Retail Settlement Code

section 78 of the Act. Charges for distribution services shall apply to all consumers connected to a distributor's system, regardless of whether the consumer is served under SSS or by a competitive retailer.

Notwithstanding any other provision of this Code, where an embedded retail generator that has a contract issued under the feed-in-tariff program referred to in section 25.35 of the Electricity Act is connected on the customer side of a connection point (as set out in section 1.9 of the Distribution System Code), the charges for distribution services payable by the associated load customer shall be calculated based on the total amount of electricity consumed at the load customer's premises, whether withdrawn from the distribution system or supplied by the embedded retail generator. This rule applies regardless of the electrical configuration of the load and generation meters.

## **5 SETTLEMENT TIME LINE**

### **5.1 Timing of Information from the IMO**

The determination of settlement costs for a consumer or retailer depends on the receipt of hourly price and usage data from the IMO by a WMPD and from the host utility in the case of an embedded distributor. In accordance with the Market Rules, hourly price and usage data for the trading day are provided by the IMO on a preliminary basis 10 business days after the trading day and on a final basis 20 business days after a trading day. A WMPD may not hold up settlement invoicing while awaiting the delivery of final data from the IMO required for a complete billing cycle. All settlement calculations shall be based on preliminary data. A distributor shall issue settlement invoices to retailers as soon as practical following receipt of preliminary price and usage data provided by the IMO or by the host distributor for the last trading day in the billing period covered by the settlement invoice. A distributor shall record in the RSVA any variances in settlement costs resulting from differences in preliminary and final data.

A host distributor must provide an embedded distributor with access to hourly data for all variables contained in equation 3.3.1(d) via the EBT System or via an alternative method agreed to between the host and embedded distributors.

### **5.2 Timing and Availability of Valid Meter Information**

A distributor shall read all MIST meters at least once during a weekly period. The distributor shall complete the validation, editing and estimation (VEE) process for 100 percent of the hourly interval data obtained from MIST meters for the prior week according to procedures described in the Distribution System Code, and shall deliver the data to the EBT System by noon on the fourth business day after the meter reading day.

A distributor shall read all MOST meters, and non-interval meters according to a meter-reading cycle established by the distributor. The distributor shall complete the VEE process for 100 percent of the meter-usage data according to procedures described in

### Retail Settlement Code

the Distribution System Code, and shall deliver the data to the EBT System by noon on the fourth business day after the scheduled meter reading day.

The distributor shall make available the information described in section 11.1 to retailers according to the schedule outlined above.

#### **5.3 Timing of Settlement Invoices to Retailers**

A distributor shall issue settlement statements to retailers according to the same meter reading and billing cycles as if the consumers served by the retailer were served under SSS. A distributor shall not impose billing or payment cycles on a different retailer than those imposed on the consumers served by the retailer unless the retailer agrees to such terms or unless the differences are due solely to differences in timing resulting from the ability to bill consumers more rapidly under fixed-price standard supply than to compute settlement costs for retailers.

#### **5.4 Payment by Distributors to Retailers**

Under distributor-consolidated billing (see section 7.2) a distributor shall collect revenue from consumers on behalf of a retailer. A distributor shall pay relevant amounts to a retailer on the same date that payment is due to the distributor from a consumer.

Retail Settlement Code

**6 RETAIL SETTLEMENT VARIANCE ACCOUNT**

A distributor shall establish a RSVA for the purpose of recording variances between the amount owed to the IMO by a WMPD or to a host distributor by an embedded distributor and the amount collected from consumers and retailers, that are created by the settlement process required under the Code. The manner and timing of disposition of the balances in the RSVA shall be determined by the Board.

## **7 SETTLEMENT AND BILLING OPTIONS**

A distributor shall have the ability to accommodate three billing options:

1. Retailer-consolidated billing;
2. Distributor-consolidated billing; and,
3. Split billing.

The selection of a billing option shall be determined by the consumer and the retailer.

The retailer shall notify the distributor of the desired option in accordance with the procedures described in Chapter 10.

### **7.1 Retailer-Consolidated Billing**

The provisions that relate to retailer consolidated billing are set out in sections 7.1 to 7.1.3. If a consumer is being billed by way of retailer consolidated billing, the distributor shall bill the designated retailer for all competitive and non-competitive electricity costs incurred on behalf of the consumer, calculated in accordance with the provisions outlined in Chapters 3 and 4. A distributor shall not directly bill a consumer who is to be billed under retailer-consolidated billing except for certain customer-specific, irregularly recurring, miscellaneous, non-energy charges that have been itemized in a list provided to a retailer by a distributor. Charges described in section 9.3 of the Electricity Distribution Rate Handbook, with the exception of charges described in section 9.3.15, shall be billed by the retailer.

#### **7.1.1 Information Flow From Distributor to Retailer**

A distributor shall deliver settlement invoices to retailers using the EBT System. Unless other arrangements are agreed to in the Service Agreement established between the parties, a distributor shall itemise the costs attributable to each individual consumer served by a retailer. Costs for each consumer shall, at a minimum, be unbundled in the following manner, as appropriate:



### Retail Settlement Code

1. Competitive electricity service costs;
2. Non-competitive electricity service costs;
3. Distribution charges itemised in terms of the billing determinants used to calculate it (e.g. a fixed charge, usage charge and/or demand charge);
4. Competition transition charge, if applicable;
5. Rural rate protection charges or credits, if applicable;
6. Market power mitigation credit;
7. All applicable taxes itemized in accordance with the applicable legislation; and
8. Avoided cost credits (e.g. for metering or billing services not provided by the distributor).

A distributor shall also provide a retailer with the following information at the same time as the distributor delivers the settlement invoice to the retailer:

9. Individual consumer usage for the billing period for all consumers;
10. Individual consumer peak demand for the billing period for all demand-metered consumers;
11. The net-system-load-weighted average price used to calculate commodity costs for each individual consumer;
12. Summary of the net amount owed to the distributor by the retailer for the entire invoice; and
13. Payment due date.

A distributor shall also bill retailers periodically for transaction fees and other administrative costs incurred by the distributor on behalf of the retailer. Some of these costs will be consumer-specific (e.g. customer transfer costs, final meter read costs, etc.) while others may apply only to the retailer in aggregate (e.g. account set-up charges). Consumer-specific costs shall be itemised by consumer account number and by type of service. A distributor may invoice these charges according to a different

## Retail Settlement Code

schedule (e.g. monthly) rather than according to the schedule associated with settlement for services that are billed based on usage and, therefore, depend upon a distributor's meter-reading and billing cycle.

In all cases, the specific payment and billing schedule for settlement processing with retailers shall be clearly delineated in the Service Agreement that is required between distributors and retailers.

### **7.1.2 Consumer Non-Payment Risk**

Under retailer-consolidated billing, the retailer is solely responsible for consumer non-payment risk. Any retailer providing services to consumers under retailer-consolidated billing shall pay the consumer's distributor for all of the competitive and non-competitive service costs incurred by the consumer regardless of whether or not the retailer is paid by the consumer. In the event that a retailer is not paid by a consumer served under this billing option, the retailer may submit an STR to a distributor to return the consumer to SSS. A distributor shall process this request in the same manner and according to the same schedule as any other STR according to the rules and procedures outlined in Chapter 10. A retailer shall be responsible to the distributor for all costs that the non-paying consumer incurs before the transfer process has been completed. A distributor may collect payment from the retailer even if the non-paying consumer is disconnected or no longer receives services from the retailer. A retailer may not order a distributor to disconnect a consumer for non-payment of a retailer's bill.

### **7.1.3 Distributor/Consumer Communication**

For consumers served under retailer-consolidated billing, a distributor shall refer all billing inquiries to the consumer's retailer, including inquiries about distribution costs on the consumer's bill. A distributor shall directly address any consumer inquiries about meter accuracy, distribution rates and safety and reliability. Inquiries about usage, including how usage might be modified to lower bills, may be addressed either by the distributor or referred to the consumer's retailer.

## Retail Settlement Code

### **7.2 Distributor-Consolidated Billing**

The provisions that relate to distributor-consolidated billing are set out in sections 7.2 through 7.2.4. If a consumer is billed by way of distributor-consolidated billing, the distributor shall issue a bill to the consumer that includes the full cost of delivered electricity with the portion of the bill attributable to competitive electricity costs based on the contract terms between the consumer and their retailer. Under this option the distributor shall bill and collect from consumers on behalf of retailers. The charge for such billing services shall be approved by the Board under section 78 of the Act.

Two forms of distributor consolidated billing are possible; bill-ready and rate-ready. Under bill-ready billing, the portion of the bill covering competitive electricity services for each consumer is calculated by a retailer and the information is transmitted to the distributor for inclusion on the consumer's bill. Under rate-ready billing, a distributor calculates the portion of the bill covering competitive services based on the price and terms provided by the retailer. In both cases, a distributor is responsible for calculating the portion of the bill covering non-competitive services. Also in both cases, the distributor must determine settlement costs attributable to the competitive electricity service portion of the bill according to the provisions outlined in Chapter 3. The distributor shall bill or credit the retailer for the difference in settlement costs calculated according to the provisions in Chapter 3 and according to the retailer's contract terms with the consumer.

A distributor shall provide bill-ready billing as a mandatory service upon request by a retailer. A distributor may provide rate-ready billing as an optional service and, upon request from a retailer, shall make a good faith effort to provide rate-ready billing.

#### **7.2.1 Information Flow From Distributor to Retailer**

A distributor shall issue settlement statements to retailers covering the difference between the cost of competitive electricity services calculated according to the provisions in Chapter 3 and the amount billed to consumers on behalf of the retailer. Settlement statements shall include charges for any settlement services provided by the

## Retail Settlement Code

distributor to a retailer at rates approved by the Board under section 78 of the Act. A distributor shall issue settlement statements on each business day in accordance with the meter-reading and billing cycle associated with the consumers being billed and the availability of necessary information from the IMO or from the host distributor. Settlement statements shall be communicated according to the EBT System.

### **7.2.2 Information Flow from Retailer to Distributor**

Under bill-ready, distributor-consolidated billing, the distributor shall be capable of accepting at least one separate bill amount from a retailer for each individual consumer for each billing cycle. All metered and unmetered service points with respect to a particular account shall be aggregated by a retailer when providing a distributor with bill amounts. The amount shall be posted separately on the consolidated bill, along with a brief description of the services to which the amount pertains. The description provided by the retailer must fit within a single line on the bill using the distributor's standard bill format.

Retailers shall provide distributors with bill amounts for each of the retailer's customers connected to the distributor's distribution system in a timely manner so that billing to the consumer is not delayed. A data delivery schedule shall be set out in the Service Agreement. All bill information provided by a retailer to a distributor must be communicated according to the EBT System.

### **7.2.3 Retailer Information on the Bill**

Beginning on July 1, 2017, and despite any Service Agreement, a distributor shall, in respect of a low volume consumer that is served by a retailer, include, on the part of each bill submitted to the low volume consumer that relates to the commodity price, the phrase "YOU ARE BUYING YOUR ELECTRICITY FROM", followed by the retailer's name in capital letters. The distributor shall also include on the bill, immediately following the retailer's name, either (a) the retailer's toll-free telephone number and website address as provided by the retailer; or (b) an asterisk or other symbol of

## Retail Settlement Code

equivalent effect to indicate that the distributor has included the retailer's toll-free number and the retailer's website address elsewhere on the bill. A distributor may also include the retailer's e-mail address as provided by the retailer, in which case the e-mail address shall appear immediately following the retailer's website address.

Despite any Service Agreement, a retailer shall provide each applicable distributor with its name, toll-free telephone number, website address and e-mail address for the purposes of the above.

### **7.2.4 Distributor/Consumer Communication**

A distributor shall address consumer inquiries concerning distribution service, meter accuracy and bill calculation errors. A distributor shall refer all inquiries pertaining to retailer pricing or contract terms to the relevant retailer. Inquiries about usage, including how usage might be modified to lower bills, may be addressed either by the distributor or referred to the relevant retailer.

### **7.3 Split Billing**

The provisions that relate to split billing are set out in sections 7.3 to 7.3.3. If a consumer is billed by way of split billing, the distributor shall issue one bill to the consumer that covers all non-competitive electricity costs, less any administrative costs that are paid by the retailer. The consumer's retailer is responsible for the issuance of the other bill that covers the cost of competitive electricity services based on the price and other contractual terms agreed to by the consumer and the retailer. The requirement for distributors to provide a split billing option as set out in this section 7.3 shall be implemented on a date to be determined by the Board.

Under split billing, a distributor shall issue settlement statements to the consumer's retailer that charge for the competitive electricity costs calculated as described in Chapter 3, as well as any other relevant settlement costs or credits according to rates approved by the Board.

## Retail Settlement Code

### **7.3.1 Information Flow from Distributor to Retailer**

A distributor shall issue settlement statements to retailers covering the cost of competitive electricity services and other relevant costs and credits calculated as described in Chapters 3 and 4. A distributor shall issue settlement statements on each business day according to the meter reading and billing cycle associated with the consumers being billed. Settlement statements shall be communicated according to the EBT System.

### **7.3.2 Consumer Non-Payment Risk**

A distributor and a retailer shall each be responsible for consumer non-payment risk for the bills that each issues to consumers. Any retailer providing services to consumers under split billing shall pay the consumer's distributor for all competitive electricity costs incurred by the consumer regardless of whether or not the retailer is paid by the consumer. In the event that a retailer is not paid by a consumer served under this billing option, the retailer may submit an STR to the distributor to return the consumer to SSS. A distributor shall process this request in the same manner and according to the same schedule as any other STR. A retailer shall be responsible to the distributor for all costs that the non-paying consumer incurs before the transfer process has been completed. A retailer may not order a distributor to disconnect a consumer for non-payment of a retailer's bill.

Note: The second paragraph of section 7.3.2 revoked by amendment, effective August 3, 2004.

### **7.3.3 Distributor/Consumer Communication**

A distributor shall address all consumer inquiries concerning distribution service, meter accuracy, usage amounts and calculation errors. A distributor shall refer all inquiries pertaining to retailer pricing or contract terms to the relevant retailer.

## Retail Settlement Code

### **7.4 Billing to Standard Supply Service Consumers**

Sections 7.4 through 7.4.3 describe the relevant provisions with respect to SSS settlements and billing.

#### **7.4.1 SSS Billing and Settlement Processing Are Not the Same**

SSS will be billed according to a rate established by the Board under section 78 of the Act. Regardless of the SSS rate, settlement cost calculations with respect to SSS customers shall be done according to the provisions of Chapters 3 and 4.

#### **7.4.2 Settlement Invoicing to SSS Providers**

A distributor shall calculate a settlement invoice for all SSS customers and charge the amount to the distributor's Purchased Power Variance Account if the distributor is providing SSS directly. If SSS is provided by a third party, the settlement invoice shall be sent by the distributor to the retailer providing SSS.

#### **7.4.3 Consumer Non-Payment Risk Mitigation**

Note: Section 7.4.3 revoked by amendment, effective August 3, 2004.

### **7.5 Disconnection**

A distributor may disconnect a property from the distributor's distribution system if any amounts payable by a consumer to the distributor for non-competitive electricity costs are overdue.

A distributor may disconnect a property from the distributor's distribution system if any amounts payable by a consumer for competitive electricity services costs provided under SSS are overdue.

A distributor shall not disconnect a property from the distributor's distribution system at the direction of a retailer or if an amount payable by a consumer to a retailer is overdue.

## Retail Settlement Code

The provider of competitive electricity services to a consumer does not change solely as a result of a consumer being disconnected in accordance with this section.

Where a distributor disconnects a property in which a consumer is served by a retailer, the distributor shall promptly notify the retailer.

### **7.6 Reconnection**

A distributor may refuse to reconnect a consumer as long as the consumer remains in arrears on payment for competitive electricity services provided under SSS or for non-competitive electricity services. A distributor's right to refuse re-connection may be exercised regardless of whether a consumer requests service under SSS or from a retailer. Where a distributor reconnects a property in which a consumer is served by a retailer, the distributor shall promptly notify the retailer.

### **7.7 Billing Errors**

The following rules apply to billing errors in respect of which Measurement Canada has not become involved in the dispute:

#### **7.7.1**

Where a distributor has over billed a customer or retailer by an amount that is equal or exceeds the customer's or retailer's average monthly billing amount, determined in accordance with section 7.7.5, the distributor shall, within 10 days of determination of the error, notify the customer or retailer of the over billing and advise that the customer or retailer may elect to have the full amount credited to their account or repaid in full by cheque, within 11 days of requesting payment by cheque. Where the customer or retailer has not requested payment by cheque within 10 days of notification of the error by the distributor, the distributor may credit the full amount to the account.



## Retail Settlement Code

### 7.7.2

Where a distributor has over billed a customer or retailer by an amount that is less than the customer's or retailer's average monthly billing amount, determined in accordance with section 7.7.5, the distributor shall credit the account in the next regularly scheduled bill issued to the customer or retailer.

### 7.7.3

If there are outstanding arrears on the customer's or retailer's account, the distributor is not required to repay the over-billed amount but may apply it to the arrears on the customer's or retailer's account and credit or repay to the customer or retailer the remaining balance.

### 7.7.4

Where a distributor has under billed a customer who is not responsible for the error, the distributor shall allow the customer to pay the under-billed amount in equal instalments over a period at least equal to the duration of the billing error, up to a maximum of 2 years.

#### 7.7.4.1

Where a distributor issues a bill to a customer for an under-billed amount, the distributor shall notify the customer that, if the customer is an eligible low-income customer, he or she has the option of paying the under-billed amount as follows:

- i) in accordance with section 7.7.4; or
- ii) over a period of 10 months where the under-billed amount is less than twice the customer's average monthly billing and over a period of 20 months where the under-billed amount equals or exceeds twice the customer's average monthly billing.

## Retail Settlement Code

### **7.7.4.2**

For the purposes of section 7.7.4.1, the distributor may notify the customer by way of bill insert, bill message, letter or outgoing telephone message.

### **7.7.5**

For the purposes of sections 7.7.1, 7.7.2 and 7.7.4.1, the customer's or retailer's average monthly billing amount shall be calculated by taking the aggregate of the total electricity charges billed to the customer or retailer in the most recent 12 months, including adjustment for the impact of any known billing error(s), and dividing that value by 12. If the customer has been receiving service from a distributor for less than 12 months, the customer's average monthly billing amount shall be based on a reasonable estimate made by the distributor. For the purposes of this section, "electricity charges" has the same meaning as in section 2.6.6.3 of the Distribution System Code, subject to any adjustments necessary to take into account other electricity-related charges billed to non-residential customers.

### **7.7.6**

Where a distributor has under billed a customer or retailer who is responsible for the error, whether by way of tampering, willful damage, unauthorized energy use or other unlawful actions, the distributor may require payment of the full under-billed amount by means of a corresponding charge on the next regularly scheduled bill issued to the customer or retailer or on a separate bill to be issued to the customer or retailer responsible for the error. Where disconnection has occurred, the distributor may require payment of such bill prior to the reconnection of service upon request by the customer responsible for the tampering, willful damage, unauthorized energy use or other unlawful actions that caused the under billing.

## Retail Settlement Code

### **7.7.7**

Where the distributor has under billed a customer or retailer, the maximum period of under billing for which the distributor is entitled to be paid is 2 years. Where the distributor has over billed a customer or retailer, the maximum period of over billing for which the customer or retailer is entitled to be repaid is 2 years.

### **7.7.8**

A distributor may charge interest on under-billed amounts only where the customer or retailer was responsible for the error, whether by way of tampering, willful damage, unauthorized energy use or other unlawful actions. Such interest shall be equal to the prime rate charged by the distributor's bank.

### **7.7.9**

A distributor that has over billed a customer or retailer and the billing error is not the result of a distributor's standard documented billing practices, shall pay interest on the amount credited or repaid to the customer or retailer equal to the prime rate charged by the distributor's bank.

## Retail Settlement Code

### 7.7.10

The entity billing a customer, whether it is a distributor or retailer, is responsible for advising the customer of any meter error and of his, her or its rights and obligations under the *Electricity and Gas Inspection Act (Canada)*. The billing party is also responsible for subsequently settling actual payment differences with the customer as described above.

### 7.7.11

The provisions of section 7.7 do not apply where the distributor has over billed or under billed a customer or retailer but issues a corrected bill within 16 days of the issue date of the original erroneous bill.

## **8 SECURITY ARRANGEMENTS BETWEEN DISTRIBUTORS AND RETAILERS**

A distributor shall enter into security arrangements with each retailer to protect against the risk of payment default by the retailer. The terms of these arrangements, including the magnitude and type of security required and the planned frequency and timing for updating the security arrangements as market share and other determining factors change, shall be set out in the Service Agreement. The amount and type of security required may vary based on estimates of the magnitude of exposure, determined according to the provisions of section 8.1 below, and the creditworthiness of the retailer.

### **8.1 Estimating the Magnitude of Exposure**

The magnitude of exposure that a distributor faces will vary with factors such as: the number of consumers served by a retailer, the average consumption of consumers served by the retailer: the length of the billing cycle (e.g. 30 days, 60 days, etc.); and the type of billing in place (e.g. retailer-consolidated or distributor-consolidated or split billing). A distributor shall apply the rules described in sections 8.1.1 through 8.1.3 when determining the maximum amount of security that can be required from a retailer. A distributor may choose to require security for a lesser amount than is determined based on these rules.

#### **8.1.1 Retailer-Consolidated Billing**

A distributor shall use the following processes to determine the maximum allowable amount of security that may be imposed on a retailer who bills consumers using the retailer-consolidated billing option.

##### Option One

Step 1: Estimate the total bill (e.g. all charges for competitive and non-competitive electricity services settled through the distributor) for a billing period for an average consumer for each class of consumer in which at least one of the class

### Retail Settlement Code

members is served by the retailer (with the competitive and non-competitive electricity costs determined according to the rules in Chapters 3 and 4). For the purpose of this estimation, the estimated usage for an average consumer in each class shall be the total reasonably estimated usage for the class in the calendar month during the calendar year in which total consumption of electricity in Ontario was the greatest divided by the number of members of the class within the distributor's service area. For the purpose of this estimation, the price estimates used in calculating competitive electricity costs shall be the same as the most recent estimated market prices in the real-time energy market established by the IMO for the purposes of determining maximum net exposures and prudential support obligations for market participants other than distributors, low-volume consumers and designated consumers.

Step 2: Multiply the number of consumers in each class served by the retailer by the estimated total bill calculated in accordance with Step 1 and add the totals for each class together.

Step 3: If a distributor bills a retailer monthly, multiply the amount determined in Step 2 by 2.5. If a distributor bills bimonthly, multiply the amount in Step 2 by 1.75. If a distributor bills quarterly, multiply the amount in Step 2 by 1.5. The resulting value is the maximum amount of security that a distributor may impose on a retailer.

#### Option Two

Step 1: Estimate the total bill (e.g. all charges for competitive and non-competitive electricity services settled through the distributor) for a billing period for each consumer served by the retailer. The estimate shall be based on the highest usage, for a single billing period, for the consumer in the previous twelve months. For the purpose of this estimation, the price estimates used in calculating competitive electricity costs shall be the same as the most recent estimated market prices in the real-time energy market established by the IMO

## Retail Settlement Code

for the purposes of determining maximum net exposures and prudential support obligations (the “competitive energy price”).

Step 2: Aggregate the amounts calculated in accordance with Step 1 for all individual consumers served by the retailer.

Step 3: If a distributor bills a retailer monthly, multiply the amount determined in Step 2 by 2.5. If a distributor bills bimonthly, multiply the amount in Step 2 by 1.75. If a distributor bills quarterly, multiply the amount in Step 2 by 1.5. The resulting value is the maximum amount of security that a distributor may impose on a retailer.

### 8.1.2 Split Billing

For the split-billing option, a distributor shall use one of the three-step process outlined in section 8.1.1 to determine the maximum allowable amount of security, except that the magnitude shall be based only on that portion of the bill covering competitive electricity costs, and not on the entire bill for delivered electricity.

### 8.1.3 Distributor-Consolidated Billing

The following provisions relate to the calculation of the maximum allowable security for distributor consolidated billing.

If a retailer provides specific price information with respect to its contracts with its customers or provides a weighted average price for each class of consumer within the distributor’s service area that it serves, the distributor shall use this information in setting the maximum allowable amount of security required from the retailer. For the purpose of calculating the weighted average price, the estimated usage shall be based on an average consumer in each class which shall be calculated by dividing the total reasonably estimated usage for the class in the calendar month during the calendar year in which total electricity consumption is expected to be greatest by the number of members of the class within the distributor’s service area. Where a retailer has

## Retail Settlement Code

provided specific price information or a weighted average price, the distributor shall use one of the three-step process outlined in section 8.1.1 to determine the maximum allowable security, except that the estimate shall be based on the difference between the price estimates which would be used in Step 1 of either option and the forecast amount to be charged to the consumer based on the price information from the retailer.

Where a retailer chooses to not provide specific price information or a weighted average price as described above, the distributor shall calculate the maximum amount of security based on the same amount as if the split bill option was in effected as described in section 8.1.2.

### **8.2 Updating Security Estimates**

A distributor shall periodically update the forecast of aggregate usage based on current estimates of the number and type of consumers served by a retailer. A distributor may update the estimate as frequently as it wishes, but shall update the estimate at least once every three months using the procedures described in sections 8.1.1 through 8.1.3 and the most recent values for number of consumers served by a retailer. If the maximum allowable amount of security has increased by more than 10 percent over the amount currently in place and a distributor wishes to increase the security requirement, a retailer shall meet the new requirement within 20 business days. Where the maximum allowable amount of security has fallen below the amount currently in place by more than 10 percent, the distributor may continue to require the retailer to provide as security no more than the greater of:

- (a) the most recent calculation of the maximum allowable amount of security; and
- (b) the amount not in excess of the previously calculated maximum allowable amount of security which has been invoiced by the distributor and which is due and owing or will become due and owing within the next forty business days from the date that the maximum allowable amount of security was recalculated.



## Retail Settlement Code

Where the retailer is entitled to reduce the amount of security provided, the distributor shall notify the retailer immediately.

Where the form of security in place between a retailer and a distributor is a cash deposit held by the distributor, the distributor shall, if requested by the retailer, return the excess amount to the retailer within 20 business days of the date on which the new estimate was determined.

### **8.3 Type of Security**

A distributor may require a retailer to post security for any amount equal to or less than the maximum amount of security calculated according to the provisions described in section 8.1. A distributor shall accept, at the discretion of a retailer, any of the following types of security or any combination thereof: an irrevocable letter of credit, surety bond, cash deposit or a lock-box arrangement. Where the retailer wishes to use a lock-box arrangement, the distributor and the retailer shall agree on the financial institution that is to be used.

If a retailer provides security in the form of a cash deposit, a distributor shall pay interest on the deposit. The interest rate payable shall be the lesser of the rate that a distributor earns from any security deposits provided by consumers and the prime rate charged by the distributor's bank. A retailer may require that cash deposits be held in specified low-risk interest-bearing accounts; however the distributor shall have exclusive access to the funds posted for security.

A distributor may, at its discretion, accept bond ratings or other credit ratings from retailers in lieu of the other types of security described above. In applying this discretion, a distributor shall not discriminate among retailers with comparable risk profiles.

## Retail Settlement Code

### 8.4 Default Process

In the event of settlement payment default by a retailer, a distributor shall not access the funds available through the relevant security agreement before a period of five business days has elapsed from the date the settlement payment was due. The day after a settlement payment was due, a distributor shall immediately notify a retailer that payment was not received and work with the retailer to remedy the situation. After 10 business days, if the account remains unpaid and the parties have not agreed on a remedy, the distributor may notify the retailer's consumers that they will become SSS consumers according to a schedule determined by the distributor unless such consumers elect to receive supply from another retailer. If the distributor receives an STR that identifies an alternative retailer prior to switching a consumer to SSS, the distributor shall process the STR and switch the consumer to the new retailer rather than back to SSS.

During a default period, a distributor shall not retain any revenues collected by the distributor on behalf of the retailer as security unless the magnitude of security accessible to the distributor is insufficient to cover the amount of the default.

A distributor may charge a retailer and a retailer may charge a distributor interest on any overdue settlement payments at a rate equal to the prime rate charge by the bank of the party which is owed money plus 2 per cent per annum.

A distributor may charge a retailer for the cost of final meter reads and other allowable transaction costs associated with transferring consumers back to SSS based on the applicable rates approved by the Board under section 78 of the Act.

## **9 SETTLEMENT DISPUTE PROCEDURES**

Any disputes between retailers, embedded retail generators or consumers and distributors concerning the implementation of a distributor's responsibilities under this Code shall be settled according to the dispute mechanism specified by the Board in a distributor's licence. Disputes concerning the settlement amount billed or owed by a distributor to a retailer or an embedded retail generator do not relieve either party from their obligations to make payment in full at the time payment is due. Any deviations between the amount paid at the time due and the amount determined through the dispute resolution process shall be subject to payment of interest. The interest rate shall equal the prime rate charged by the distributor's bank.

## 10 SERVICE TRANSACTION REQUESTS

A distributor shall accept and process STRs according to the provisions set out in this Chapter.

### 10.1 Service Transaction Requests Covered by the Retail Settlement Code

This Code addresses the following types of service transaction requests:

- A change from electricity supplied to a consumer through SSS to electricity supplied by a competitive retailer;
- A change in a consumer's supplier of electricity from one competitive retailer to another;
- A change from electricity supplied to a consumer by a competitive retailer to electricity supplied through SSS;
- A change in a consumer's metering or billing options for consumers currently served by a retailer;
- A change in consumer location (either within a distributor's service area or a move to another distributor's service area); and
- A request to deliver consumer-specific information (as defined in section 11.3) to a consumer or to one or more retailers.
- Any request for a change or modification in service that is not included in the above list is governed by other codes or by a distributor's normal business practices.

## Retail Settlement Code

### **10.2 Consumer Authorisation**

With the exceptions noted in the remainder of this paragraph, all STRs listed in section 10.1 must be based on a consumer's written authorisation. There are three STRs where a consumer's written authorisation is unnecessary. The first is a request to deliver historical, consumer-specific information to a consumer's service or billing address, which may be implemented based on verbal authorisation. A request to release consumer-specific information to a retailer or to any address other than the service or billing address must be made in writing. The second is a request by a retailer to transfer a consumer to SSS, which shall be implemented according to the procedures described in section 10.5.4. The third concerns the exercise of a distributor's right to transfer a consumer back to SSS in the event of payment default by a retailer as described in section 8.4.

A retailer who submits STR on behalf of a consumer is not required to submit to a distributor a physical or electronic copy of the consumer's written authorisation in order for the STR to be processed. However, when the retailer obtains the written authorisation from a consumer to modify service arrangements, a retailer shall also obtain written authorisation to act as the consumer's agent for the purpose of advising a distributor that the person wishes to obtain the service being requested. When a retailer submits an STR to a distributor, the retailer shall state explicitly that written authorisation has been obtained from the consumer for both the indicated transaction and for the authority of the retailer to act as the consumer's agent in submitting the STR. A retailer shall retain records to validate these claims and shall submit a copy of the authorisation to the distributor if requested by the distributor to do so. A distributor shall retain records of all STRs received from retailers or consumers.

### **10.3 Service Transaction Request Information Requirements**

A distributor shall be capable of processing the following information as part of the STR process:

#### Retail Settlement Code

- The consumer's name;
- Service address for which the change in service is requested;
- An indication of whether or not a retailer will accept all accounts operating under the same name at a single address if multiple accounts are found and if the service request does not identify all account numbers at the address;
- Consumer postal code;
- Distributor account number(s);
- Meter identification number;
- The requesting retailer's consumer account number;
- The requesting retailer's account number with the distributor;
- The earliest date after which transfer of the account is acceptable to the retailer and/or consumer or the specific date on which the transfer is requested;
- The preferred method for finalising the account (e.g., next scheduled read date, special read, last actual read if allowed and whether a card, phone-in or estimated read is agreeable to all relevant parties). In the absence of such information, a distributor shall check its retailer account set-up file to determine whether or not there is a default position regarding how to handle final reads;
- Identification of the desired meter services (e.g., replace the existing meter, change to an interval meter, specific optional meter services, etc.), including the date upon which any change in service is desired;
- Identification of the intended billing option;
- Identification of any consumer-specific information desired (e.g., usage history, meter information, credit information); and

## Retail Settlement Code

- For a change in customer location, whether or not the customer wishes to retain the same retailer, including an SSS provider.

### 10.4 Initial Screening of Service Transaction Requests

A distributor shall process STRs in the order in which they are received. A distributor shall complete the initial screening process described in this subsection within five business days of receipt of the STR from a retailer or consumer.

A distributor shall accept an STR from certain parties and through specific communication channels depending upon the type of transaction in accordance with the following rules:

1. A request to transfer a consumer from SSS to a competitive retailer, or from one retailer to another, shall be submitted by the retailer who will serve the consumer if the transaction is completed (referred to here as the new retailer). If a request is submitted either by a consumer or the current retailer, a distributor shall notify the new retailer to determine if the request is valid.
2. A request to transfer a consumer from supply by a competitive retailer to SSS may be submitted by a consumer or the consumer's current retailer.
3. A request to change service location may be submitted by either the consumer or the consumer's current retailer.
4. A request to change billing options or meter services when a consumer is currently served by a competitive retailer may only be submitted by the current retailer. If the request is submitted by the consumer, a distributor may, at its option, either notify the consumer to have its retailer submit the request or notify the retailer that a request has been received from its customer and inquire as to the position of the retailer with respect to the STR.

### Retail Settlement Code

Once a distributor has received an STR from the appropriate party, the distributor shall continue processing the request if the STR has a valid entry for the retailer's account number and has valid entries for the following information : consumer's account number with the distributor, and one of the following : the consumer's name or the, consumer's postal code (the validation terms). If an account number has not been assigned to a consumer the distributor shall not process the STR unless valid information for the two remaining validation terms is provided. In the absence of meeting this requirement, the distributor shall reject the STR and notify the requesting party that the request cannot be processed. A distributor shall treat the initial request as if it were never received. If a new STR is submitted subsequently by the same party, the new STR will be processed in the appropriate order vis-à-vis other STRs based on the date of the subsequent submission.

If an STR has valid entries for the validation terms identified in the previous paragraph, a distributor shall attempt to identify the consumer to whom the request applies by matching the submitted information with information contained in the distributor's customer information system. If the validation terms identified in the previous paragraph match the corresponding information contained in a distributor's customer database, the distributor shall tag the STR as "pending." An STR will remain pending until the transfer request has been completed, has been withdrawn by the requesting party or by the consumer in response to various notifications and processing steps identified below, or has been terminated by the distributor for valid reasons identified below. If the validation terms do not match the corresponding information in the distributor's customer database, a distributor shall notify the requesting party and identify the invalid information. An STR shall not receive pending status until there is a valid match between the information it contains and the corresponding information contained in the distributor's information system.

Once an STR has been tagged as pending, a distributor shall determine whether or not the remaining information required to implement the request is complete. If the information is incomplete, the distributor shall notify the retailer or consumer about the



## Retail Settlement Code

specific deficiencies contained in the request and will await a reply. This process of checking, notification and rechecking information will continue until the distributor has all of the necessary information to move to subsequent stages of the transfer process.

Initial submission of an STR by a retailer, and all standard communication associated with the process outlined above, must be done using the EBT System. A distributor shall allow consumers to transmit STRs via the postal system, facsimile transmission or electronically via the Internet if the distributor has such capability. Communication from a distributor to a consumer may be handled through any mutually agreeable method, including postal service, telephone, facsimile transmission or some other electronic means.

### **10.5 Rules and Procedures for Processing Service Transactions Involving a Change in Electricity Service Provider**

Of the six types of STRs identified in section 10.1, the first three involve a change in competitive electricity service provider. Sections 10.5 through 10.5.6 describe the procedures for STRs that involve a change in competitive electricity service provider.

There are five generic activities involved in processing an STR:

1. Assessing the nature of a request and determining what actions are required to complete the transaction;
2. Completing a final meter read;
3. Under specific circumstances, notifying selected parties of the status of the transaction;
4. Updating databases concerning the new service provider relationships; and
5. Posting the relevant charges to retailer and or consumer accounts to cover transaction-related costs and issuing a final settlement bill.

## Retail Settlement Code

Some procedures in these five areas are common across all transactions involving a change in service provider while others are specific to the transaction type. Common procedures are addressed below and in sections 10.5.1 and 10.5.2. Sections 10.5.3 through 10.5.5 contain the rules and procedures that pertain to a specific transaction type. Nothing in sections 10.5 to 10.5.5 should be interpreted as in any way interfering with the contractual rights or obligations of retailers or consumers or the remedies available to retailers or consumers to enforce those contractual rights or obligations.

In determining whether to process an STR involving a change in a consumer's electricity supply arrangements, a distributor may consider whether or not a retailer has sufficient security in place to indemnify the distributor against retailer default risk, taking into consideration the factors outlined in Chapter 8.

In determining whether to process an STR involving a change in a consumer's electricity supply arrangements, a distributor may also consider whether or not a consumer is in arrears on payment to the distributor. A distributor may refuse to process an STR if a consumer is currently in arrears on payment to the distributor. Should a distributor choose to process the STR in spite of the consumer being in arrears or if a distributor discovers new arrears after an STR has been processed, the distributor retains the right to pursue collection of the amount in arrears even if the customer is currently served by a retailer.

Upon completion of an STR, a distributor shall modify its information databases to reflect the current status of service relationships. Accurate and current information shall be maintained concerning who the electricity service provider is and what billing option is in place.

A distributor shall post relevant charges for service transaction activities to a retailer's or a consumer's account and issue the final settlement bill to consumers and/or retailers. The Board will approve rates for transaction activities such as special meter reads and the administrative cost of transfer processing.

## Retail Settlement Code

Subject to the rules and procedures outlined in this Code and payment of relevant transaction fees approved by the Board, there is no limitation on the frequency with which consumers can change electricity suppliers.

### **10.5.1 Meter Reads**

Subject to sections 10.5.1 and 10.5.3 to 10.5.5, a service transfer from one retailer to another, including a transfer from or to an SSS provider, shall only take effect on the date of an actual meter read. Despite the requested service transfer set out in an STR, a distributor may specify in its Service Agreement with a competitive retailer a number of days prior to any next scheduled meter read where, if a distributor receives an STR requesting a change in service provider less than the number of days specified in the Service Agreement before the next scheduled meter read, the distributor is not obligated to change service provider until the scheduled meter read following the next scheduled meter read. The number of days specified in the Service Agreement shall not exceed twenty business days before the next scheduled meter read. The requesting party may request the distributor to schedule a special meter read.

Where a service transfer is scheduled to take effect on the date of the next scheduled meter read date, a distributor shall notify the requesting party of the scheduled date unless the requesting party has advised the distributor that notification is unnecessary. If the requesting party is a consumer, the distributor shall also notify the retailer of the scheduled date. When notified of the scheduled date, the requesting party may request a special meter read.

If a transfer is to occur on the next scheduled meter read date and the meter read is not successful, within five business days following the missed read, a distributor shall undertake a special meter read at no charge to the requesting party unless past meter reading records indicate that the likelihood of a successful meter read is low. A distributor shall also notify the requesting party that the meter read, and therefore the supply transfer, was not successful and inform the requesting party of the steps that will be taken to remedy the situation. In the event that a special meter read is unlikely to be

## Retail Settlement Code

successful or is attempted and fails, a distributor shall, depending on which option it has chosen in its Service Agreement with a competitive retailer, process the transfer using an estimated read, use estimates provided by customers in lieu of an estimated read, or negotiate a different course of action. Where a distributor chooses more than one of the options set out above in its Service Agreement, the competitive retailer may, where the circumstance described above arises, choose whichever one of the options available from the distributor that it wishes. If a transfer request involves a special meter read scheduled for a specific date, a distributor shall undertake the meter read on the requested date or notify the requesting party why this is not possible. A special meter read will be paid for by the requesting party based on a rate approved by the Board under section 78 of the Act. If a special meter read is unsuccessful, a distributor shall immediately notify the requesting party and agree upon a process for completing or terminating the transfer. If a transfer is terminated because of a failure to complete a special meter read, the requesting party shall not be charged for the failed meter read attempt.

If a transfer request is for a change from SSS to competitive supply, it may be done based on a historical, actual meter read as long as the distributor has not issued an estimated bill to the consumer since the date of the last actual read.

Where all affected parties agree, a service transfer may take effect on a date other than the date of a future actual meter read. The final bill may be based on one of the methods set out below which all affected parties have agreed to in writing:

1. historical actual meter read;
2. card or phone-in customer read;
3. estimated read.

For the purposes of these options the parties include the current retailer, the consumer and the distributor. For the purposes of a transfer from one competitive retailer to a competitive new retailer, the affected parties shall also include the new retailer.

## Retail Settlement Code

### **10.5.2 Mandatory Notices**

A distributor shall issue notices to various parties as part of the process of implementing STRs. Notices have three purposes:

1. To inform current service providers or a consumer that a request to change service arrangements has been received or processed;
2. To inform various market participants what actions they must take before a transfer will be implemented (e.g., if they are in arrears or if security arrangements are inadequate); and
3. To keep various market participants apprised of the timing and status of the transfer process.

Mandatory notices vary with the type of transaction and are delineated in subsections **10.5.3** through 10.5.6.

### **10.5.3 Processing a Change From SSS to a Competitive Retailer**

An STR requesting the transfer of a consumer from SSS to a competitive retailer shall be submitted by the retailer who will become the new supplier if the STR is implemented. Upon receipt of the STR, a distributor shall check to see if electricity supply is currently being provided by a competitive retailer or if a request to transfer to another retailer is currently pending. If the consumer is currently served under SSS and no transfer is pending, the distributor shall proceed to process the transfer. Where an STR is received (the second STR) and a consumer is presently served by SSS yet an STR is pending, the second STR shall be rejected by the distributor with a notice that there was a pending STR for the consumer.

Subject to section 10.5.4A, a distributor has no specific notification requirements associated with a transfer from SSS to a competitive retailer, other than those related to meter reads as specified in section 10.5.1, unless the consumer turns out to be served

## Retail Settlement Code

by a competitive retailer, rather than being an SSS consumer, or unless there is also a pending request.

### **10.5.4 Processing a Change From One Competitive Retailer to Another**

An STR involving a transfer from one competitive retailer to another shall be submitted by the retailer to whom the consumer will be transferred if the process is completed. A distributor shall notify the current retailer that a transfer request has been received and wait twenty business days before continuing transfer processing. If no response is received from the current retailer, the request will be processed. If, at the end of the twenty business day period, the distributor has not received written authorisation from any party to cease processing, the transfer request shall be completed. If the new retailer, the consumer or the current retailer (acting upon specific written authorisation from the consumer to terminate the transfer) notifies the distributor, by way of written authorisation that the transfer request should be terminated, the distributor shall cease processing the transfer. Whichever party submits the termination request, the distributor shall notify the other two parties that processing of the transfer has terminated.

In the event that an STR for a consumer (the second STR) is received by a distributor and there exists for the same consumer, a pending STR (the initial STR), the distributor shall notify the retailer that filed the second pending STR that it has been rejected as there is already a pending STR waiting for the supplier change to proceed.

A service transfer date shall coincide with the date of the final meter read based on the option designated in the STR or the default option agreed to between a distributor and retailer. Final meter read options allowed for in this scenario include all options identified in section 10.5.1. However, the historical meter read option can only be used if all three parties, the two retailers and the consumer, agree in writing. If a transfer is to be based on an estimated value or on a consumer read, all four parties, the distributor, both retailers and the consumer, must agree in writing to the terms of the arrangement.

## Retail Settlement Code

### **10.5.4 A Notification of Transfer to Low Volume Consumer**

Beginning on July 1, 2017, where a distributor processes an STR for a change in supply in respect of a low volume consumer under section 10.5.3 or 10.5.4, the distributor shall notify the low volume consumer of the transfer in writing using the form of notice approved by the Board. The notice shall be sent within 5 business days of the date on which processing of the STR has been completed. The notice must be sent to the low volume consumer separate from any other communication from the distributor, including the bill. Subject to any arrangements to the contrary that a distributor may have with a low volume consumer in relation to communications, the notice may be sent to the low volume consumer by courier, mail, facsimile or e-mail.

### **10.5.5 Processing a Change From a Competitive Retailer to SSS**

An STR involving a transfer from a competitive retailer to SSS may be submitted either by the current retailer or the consumer.

If the STR is submitted by the current retailer, a distributor shall notify the consumer that a transfer is taking place and the scheduled transfer date but the consumer may not unilaterally terminate this request.

If the STR is submitted by a consumer, a distributor shall notify the current retailer and delay processing ten business days unless the current retailer responds that no delay is necessary. If, during the ten-day waiting period, a distributor is notified, by way of written authorisation, by the consumer or the current retailer (acting upon specific written authorisation from the consumer to terminate the transfer) that processing should be terminated, the distributor shall cease transfer processing. A distributor shall notify the retailer and the consumer that the transfer will not be completed.

Where all affected parties agree, a service transfer may take effect on a date other than the date of an actual meter read. The final bill may be based on one of the methods set out in section 10.5.1.

## Retail Settlement Code

For the purposes of section 10.5.5, the affected parties are the retailer, the consumer and the distributor.

### **10.5.6 Transitional Arrangements**

Prior to the EBT System becoming operational, a distributor shall accept STRs related to a change in competitive electricity service provider by any of the following means of communication: an electronic file transmitted by way of an e-mail, a diskette or the Internet. Where a distributor is unable to accept electronic files, it shall accept paper copies of such STRs received through Canada Post, courier, or by facsimile. Such STRs shall be in a form and contain information as set out in Appendix B, or an equivalent form designed by the distributor. A distributor shall not require information beyond that set out in Chapter 10.

Prior to the EBT System becoming operational, a distributor shall be required to process STRs related to changes in competitive electricity service provider in an expeditious manner, and at a minimum shall record the date and time that individual STRs are received by the distributor.

### **10.6 Rules and Procedures for Processing Service Transactions Requests That Do Not Involve a Change in Electricity Provider**

There are transaction types governed by this Code that do not necessarily involve a change in electricity service provider:

1. A move by a consumer to another location either inside or outside a distributor's licensed service territory,
2. A change in metering or billing service; and
3. A request for historical customer-specific information.

Rules and procedures governing these transactions are covered in the next three subsections.



#### **10.6.1 Processing a Request for Disconnection or Relocation When a Retailer Provides Service**

An STR involving a consumer relocation when electricity is currently supplied by a competitive retailer may be submitted either by the consumer or the retailer. Time permitting, if the consumer submits the transfer request, the distributor shall notify the retailer that the consumer is terminating service at one location and, if relevant, re-instituting service at another location. The retailer will inform the distributor whether the contract between the retailer and consumer shall be terminated or shall continue at the new location. A distributor shall not delay processing a consumer's request to relocate pending a reply from a retailer or if the consumer's request does not allow sufficient time to notify and receive a reply from a retailer. In this event, a distributor shall assume that service at the new location will be with the same retailer and under the same terms as were in effect at the previous location, unless informed differently by the consumer.

The only allowable final meter reading option associated with a disconnection or relocation is a special meter read coinciding with the termination date. If a consumer is moving from one location to another within a distributor's service territory and the consumer is not on retailer-consolidated billing, the distributor shall bill the consumer according to the normal practices and schedule. If a consumer is moving out of a distributor's service territory, a distributor may issue a bill immediately upon completion of the final meter read even if all of the price information required to normally compute such a bill is not available. In this event, a distributor shall use the price forecast for the relevant billing period approved by the Board for use in SSS billing.

#### **10.6.2 Processing a Change in Billing or Metering Service**

If a retailer, or a consumer being served by a retailer, wish to change their billing or metering option a request for such a change shall be submitted by the retailer. If the request is submitted by the consumer, the distributor may, at its option, either notify the consumer to have their retailer submit the request or notify the retailer that a request has been received from their customer and inquire as to whether or not the request

## Retail Settlement Code

should be honoured. A request for a change in meter service must be submitted a minimum of ten business days prior to the desired date of the meter service change.

If a change in metering service involves a change in the settlement method (e.g., from NSLS-based settlement to settlement based on interval metering or vice versa), the distributor shall issue a final settlement bill based on a meter read at the time of the change in meter service. If a change in meter service does not involve a change in the settlement method (e.g., a change from standard kilowatt-hour metering to time-of-use or prepaid metering), the distributor is not required to issue a final settlement bill corresponding to the date of the new meter installation.

A request to change from one billing option to another shall coincide with an actual meter read unless otherwise agreed to between the distributor and retailer.

If a change in billing option results in a change in the maximum allowable amount of security required to be posted by a retailer or in the risk mitigation procedures (e.g., customer deposits) used by a distributor to manage consumer non-payment risk, the distributor may choose not to implement the billing option change until the new risk mitigation requirements have been addressed by the relevant party.

### **10.6.3 Processing a Request for Historical Consumer Information**

Consumers have the right upon request to have historical usage information, information about their meter configuration and payment information sent to their service address or to any designated retailer or third party. The specific information that distributors must provide is described in section 11.3.

A request to release consumer information may be submitted either by a consumer or a retailer. A retailer's request must be based on written authorisation from the consumer. A retailer need not transmit a physical or electronic copy of the written authorisation from the consumer in order for a distributor to process the request unless specifically requested to do so by the distributor. A request to deliver information to a consumer's service or billing address may be submitted orally. A request to send information to any

## Retail Settlement Code

other location must be submitted according to the same rules that apply to a request to transfer electricity service provider, as described in section 10.2. A consumer's authorisation to release usage information will be construed to also authorise release of meter data as defined in section 11.3. Release of payment information must be based on separate authorisation.

All consumer-specific information must be provided to the designated party by a distributor in a common format to be developed in accordance with the EBT System.

Requests to transfer consumer-specific information via the EBT System shall be completed by the distributor within five business days of receiving the request. Prior to the implementation of the EBT System, a distributor shall complete such requests in an expeditious manner. The distributor shall complete all other information requests within ten business days of receiving the request.

Provision of consumer-specific information to retailers shall be done at no charge until the EBT System is operational. Provision of consumer-specific information to retailers and consumers through the EBT System shall be done at no charge. Once the EBT system is operational, requests to deliver data directly to retailers and consumers if not delivered electronically through the EBT System shall be honoured twice a year at no direct charge to a retailer or consumer. Additional requests shall also be honoured by a distributor but a distributor may, at its discretion, charge a reasonable fee for such additional requests. A request is considered to be data delivered to a single address. Thus, a single request to send information to three locations is considered three requests.

### **10.6.4 Non-Application for Energy Data Made Available in Accordance With NAESB ESPI Standard**

Section 10.6.3 does not apply to energy data that is made available by a distributor under section 25.35.8 of the Electricity Act and Ontario Regulation 633/21.

## 11 ACCESS TO CONSUMER INFORMATION

This chapter describes the rights of consumers and retailers to access current and historical valid meter information (i.e., verified meter usage data) and unverified meter data (i.e., raw meter usage data) and related information. This chapter also describes the obligations of distributors in providing access to such information. For greater certainty, this chapter does not apply to energy data that is made available by a distributor under section 25.35.8 of the Electricity Act and Ontario Regulation 633/21.

Until the metering evolution period end date, a distributor shall for all purposes under sections 11.1 to 11.3 inclusive treat a smart meter as a non-interval meter.

### 11.1 Customer Access to Valid Meter Information

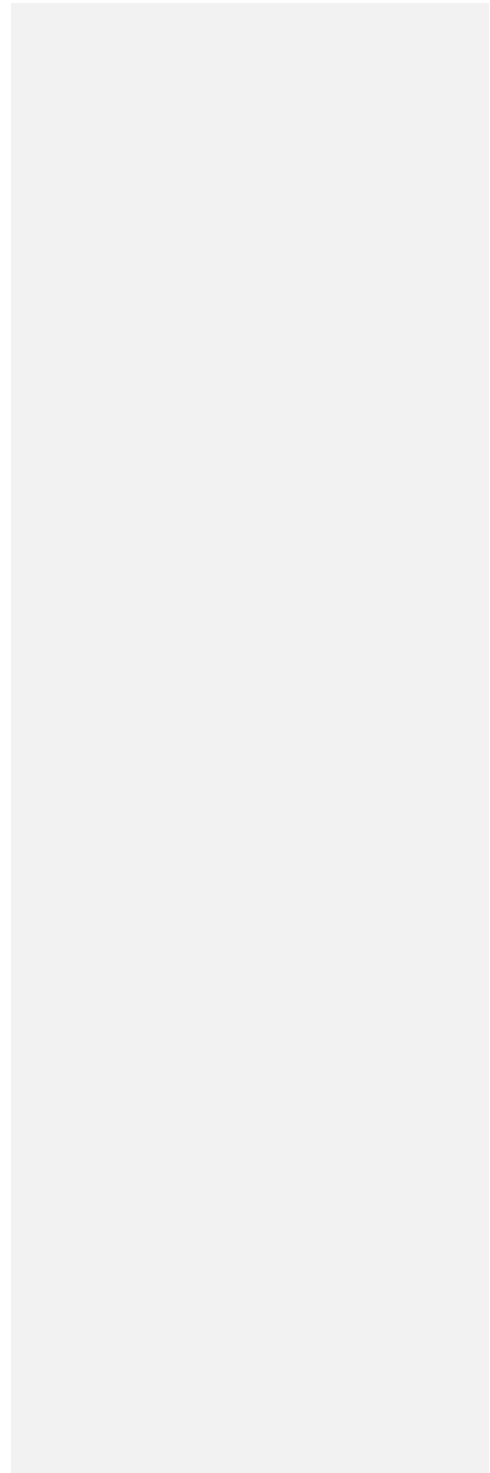
#### 11.1.1

A distributor shall make the following information available to a consumer within the distributor's service area:

- (a) the distributor's meter number for the meter or meters located at the consumer's service address
- (b) the consumer's service address;
- (c) the distributor's account number;
- (d) the date of the most recent meter reading;
- (e) the date of the previous meter reading;
- (f) multiplied kilowatt-hours recorded at the time of the most recent meter reading;
- (g) multiplied kilowatt-hours recorded a the time of the previous meter reading;
- (h) multiplied kW for the billing period (if demand metered);
- (i) multiplied kVA for the billing period (if available);

Retail Settlement Code

- (j) valid usage (kWh/h) for each hour during the billing period for interval-metered customers;



## Retail Settlement Code

- (k) an indicator of the read type (e.g., distributor read, consumer read, distributor estimate, etc.); and
- (l) average distribution loss factor for the billing period.

### 11.1.2

Upon written authorization from a consumer located within the distributor's service area, a distributor shall make the information listed in section 11.1.1 available to a retailer that provides electricity to that consumer. A distributor shall make the information listed in section 11.1.1 available to retailers through the EBT System in accordance with section 5.2.

## 11.2 Customer Access to Unverified Meter Data

### 11.2.1

A consumer has the right to access his or her meter in order to obtain unverified meter data, or to assign this right to others, in accordance with any relevant technical specifications and codes.

### 11.2.2

If a consumer desires regular access to his or her meter in order to obtain unverified meter data, a distributor shall provide access under the following conditions:

- (a) a consumer shall pay the reasonable cost of any software, hardware or other services required for a consumer to obtain direct access to unverified meter data (which may include costs for the installation of a secondary meter access system);
- (b) the timing of consumer access to the meter is negotiable with the distributor; however, a distributor has priority when selecting access windows for the purpose of reading the meter;
- (c) if a distributor's access to the meter is hindered or a consumer's access to the meter corrupts unverified meter data, a distributor may suspend a consumer's right to access until any outstanding problems are resolved;

## Retail Settlement Code

- (d) a consumer shall bear any cost incurred by a distributor to correct problems caused by a consumer's direct access to the meter; and
- (e) if a consumer assigns his or her right to direct meter access to a third party, the consumer shall remain responsible for the action of the assigned party.

### 11.3 Providing Historical Information to Designated Parties

Upon written authorisation by a consumer, in accordance with the provisions in section 10.6.3, a distributor shall provide to the consumer or to one or more retailers, usage data, meter data and payment information as defined below. For non-interval-metered consumers, historical usage data are comprised of:

- Distributor's customer account number;
- Consumer's service address;
- Consumer's billing address;
- Identification of the current regulated rates that apply to the consumer (e.g., standard supply rate, distribution service rate, etc.);
- Multiplied kilowatt-hours used in each billing period;
- Multiplied kilowatt-hours used in each TOU consumption period for each billing period, if the consumer has a TOU meter;
- Multiplied kW for each billing period (if demand metered);
- Multiplied kVa for each billing period (if relevant);
- Date of actual or estimated meter read for each billing period;
- An indicator of the read type (e.g., distributor read, consumer read, distributor estimate);
- The next scheduled meter read date (or read-cycle date);
- The next scheduled bill date; and
- Distribution loss factor for the billing period.

## Retail Settlement Code

For interval-metered consumers, usage data are comprised of the above items except that usage will be reported on an hourly basis for each billing period.

Meter data is comprised of the following:

- Distributor meter number;
- Meter manufacturer;
- Manufacturer's model number;
- Manufacturer's serial number;
- Meter owner (if other than distributor);
- Last seal date; and
- All meter multipliers necessary to calculate a bill, including, but not limited to, relevant PT and CT ratios.

A consumer's payment information is comprised of the following:

- An indication of whether or not the consumer is currently in arrears and, if so, for how long;
- Data on the number of cheques received from a consumer that had to be returned for insufficient funds over a specific period of time designated by the distributor; and
- Data on the number of times the consumer has been disconnected for non-payment over a specific period of time designated by the distributor.

For any of the above information that varies by billing period, a distributor shall provide data for 24 billing periods if the distributor's standard business practice is to keep this many billing periods easily accessible (e.g., "online"). If more than 24 billing periods are available, a distributor may release information for more periods at its discretion. If fewer than 24 billing periods are readily accessible, a distributor shall provide data for no less than one calendar year's worth of information, unless the consumer has been connected to the current distributor's system for less than one year.



## **12 RETAILER/DISTRIBUTOR RELATIONSHIP**

A distributor shall enter into a Service Agreement with each retailer licensed by the Board who wishes to provide electricity services to consumers connected to the distributor's distribution system and who wishes to utilise retail settlement services offered by the distributor. The Service Agreement shall be in the form approved by the Board and set out in Appendix C.

During the period prior to approval by the Board of a Service Agreement, a distributor shall register the name of a licensed retailer that wishes to retail electricity within the distributor's service area. The distributor shall inform each retailer that it registers that the retailer is obligated to pay any approved rates for the processing of STRs. On a date to be determined by the Board, distributors shall have entered into a Service Agreement with all registered retailers, in accordance with the provisions of Chapter 12.

## **13 RETAIL MARKET READINESS**

This Chapter sets out the obligations on distributors to certify that they have met particular retail market readiness requirements.

### **13.1 Self-Certification Statement #1**

#### **13.1.1**

A distributor shall, on or before July 6, 2001, complete and test the systems listed below, so that these systems are sufficient, having regard to the volume and frequency of transactions which the distributor is likely to experience given its size, to allow it to be compliant with the relevant provisions of the Code once subsection 26(1) of the Electricity Act comes into force and shall certify that the systems listed below have been completed and tested in accordance with the requirements of this section by filing with the Board, on or before July 6, 2001, a completed Self-Certification Statement in a form approved by the Board ("Statement #1"):

- (a) billing systems;
- (b) enrollment systems;
- (c) metering systems; and
- (d) retail settlement systems.

#### **13.1.2**

For the purposes of section 13.1.1, a distributor is not required to have completed systems integration testing or have updated its billing systems with rates to be in effect when subsection 26(1) of the Electricity Act comes into force.

## Retail Settlement Code

### **13.2 Self-Certification Statement #2**

#### **13.2.1**

A distributor shall, on or before December 14, 2001, complete integration testing of all necessary systems and processes, so that the integrated system is sufficient, having regard to the volume and frequency of transactions which the distributor is likely to experience given its size, to allow it to be compliant with the relevant provisions of the Code once subsection 26(1) of the Electricity Act, 1998 comes into force and shall certify that integrated testing has been completed in accordance with the requirements of this section by filing with the Board, on or before December 14, 2001, a completed Self-Certification Statement in a form approved by the Board ("Statement #2").

#### **13.2.2**

For the purposes of section 13.2.1, a distributor is not required to have updated its billing systems with rates to be in effect when subsection 26(1) of the Electricity Act comes into force.

### **13.3 Self-Certification Statements**

#### **13.3.1**

The Self-Certification Statements shall be signed by the President, Chief Executive Officer or Chair of the Board of Directors of the distributor.

#### **13.3.2**

Where a distributor fails to file a completed Self-Certification Statement by the required date, the distributor is required to file with the Board by the same date as the distributor was required to file the relevant Self-Certification Statement, a letter signed by the President, Chief Executive Officer or Chair of the Board of Directors of the distributor setting out the reasons why the Self-Certification Statement has not been signed and detailing the extent to which necessary systems, in the case of Statement #1, or necessary systems and processes, in the case of Statement #2, have been completed and tested.

## Retail Settlement Code

### **13.3.3**

For the purposes of sections 13.1.1 and 13.2.1, a reference to the Code is to the Code as it exists on the date that the distributor files the respective Self-Certification Statement with the Board.

### **13.3.4**

Where a distributor fails to file a completed Statement #2 by December 14, 2001, the distributor shall file the completed Statement #2 with the Board as soon as the distributor is able to attest to the statement in the Statement #2.

### **13.3.5**

Where a distributor fails to file a completed Statement #2 by December 14, 2001, the distributor shall, until such time as it files a completed Statement #2 in accordance with section 13.3.4, file a statement with the Board by the 14th day of every month following December 2001 detailing the extent to which all necessary systems and processes have been completed and tested and estimating the additional time it will require to complete and test all necessary systems and processes so that the integrated system will be sufficient, having regard to the volume and frequency of transactions which the distributor is likely to experience given its size, to allow it to be compliant with the relevant provisions of the Code once subsection 26(1) of the Electricity Act comes into force.

### **13.3.6**

Compliance with the requirements of section 13.3.2, 13.3.4 or 13.3.5 does not remedy a distributor's non-compliance with section 13.1.1 or 13.2.1.

## Retail Settlement Code

### 13.4 The Self-Certification Questionnaire

The Board shall issue a Self-Certification Questionnaire (the "Questionnaire") containing questions related to market opening. A distributor shall file in two stages a completed Questionnaire in accordance with the instructions provided by the Board. A distributor shall file the Questionnaire with answers to the Stage One questions on or before July 6, 2001. A distributor shall file the fully completed Questionnaire on or before December 14, 2001.

### 13.5 Exemptions

#### 13.5.1

This Chapter does not apply to the following classes of distributors, where the relief applied for in the application referred to below has been granted or the application remains outstanding:

- (a) distributors which have applied under subsection 86(1) of the Act for Board approval of the sale, lease or other disposition of their distribution system to Hydro One Networks Inc.; and
- (b) distributors which are the subject of an application by Hydro One Networks Inc. under subsection 86(2) of the Act.

#### 13.5.2

This Chapter does not apply to the distributors listed below:

1382154 Ontario Limited  
1438188 Ontario Inc.  
1438189 Ontario Inc.  
1438190 Ontario Inc.  
1438191 Ontario Inc.  
1438192 Ontario Inc.

## Retail Settlement Code

1438193 Ontario Inc.

Belleville Electric Corporation

Blue Mountain Hydro Service Company Inc.

Clearview Hydro Electric Commission

Hanover Electric Services Inc.

Kapuskasing Wires Inc.

Minto Hydro Inc

### **13.6 October Filings**

#### **13.6.1**

In accordance with chapter 12, a distributor shall expeditiously process requests to enter into Service Agreements with licensed retailers that have requested a Service Agreement with the distributor. A distributor shall file a report with the Board, by no later than October 1, 2001, on the status of all requests by licensed retailers to enter into Service Agreements. For all requests where a Service Agreement has not been completed a distributor shall provide an explanation of the status of the request.

#### **13.6.2**

Where a distributor intends to be an IMO-administered market participant, it shall have completed the IMO's Uncoupled Operational Dry Run or the IMO's ability testing by no later than September 28, 2001. A distributor shall file written confirmation with the Board that it has completed the IMO's ability testing by no later than October 1, 2001.

#### **13.6.3**

A distributor shall complete all necessary systems and testing to have its EBT Standards compliant communication system operating by no later than October 26, 2001. A distributor shall file written confirmation with the Board that it has completed testing of these systems by no later than October 31, 2001.

## Retail Settlement Code

### **13.6.4**

Where a distributor fails to file in accordance with section 13.6.1, 13.6.2, or 13.6.3., the distributor remains obligated to file the required information with the Board.

### **13.6.5**

Compliance with the requirements of section 13.6.4 does not remedy a distributor's non-compliance with sections 13.6.1, 13.6.2 or 13.6.3.

### **13.7.1**

A distributor shall maintain its integrated billing, enrollment, metering and retail settlement system referred to in section 13.2.1 in such condition that it would, if subsection 26(1) of the Electricity Act was in effect, allow it to be compliant with the relevant provisions of the Code.

### **13.7.2**

Section 13.7.1 comes into force on December 14, 2001.

## **14 PRE-MARKET OPENING ENROLMENT PROCESS**

### **14.1 General**

#### **14.1.1**

For the purposes of this Chapter, the “customer file” means the customer account number with the distributor, customer name and postal code of a consumer.

#### **14.1.2**

All filings and reports made under this Chapter shall be made in accordance with the format approved by the Board.

### **14.2 Data Scrubbing**

#### **14.2.1**

A retailer shall file on or before January 25, 2002 with each distributor the customer account number, customer name and postal code of every consumer in the distributor’s service area with whom it has entered into a contract and which it wishes to serve as of the date subsection 26(1) of the Electricity Act comes into force.

#### **14.2.2**

A distributor shall issue a report on or before February 8, 2002 to a retailer who files in accordance with section 14.2.1 setting out which customer files have been accepted and which customer files have been rejected.

#### **14.2.3**

A distributor shall accept a customer file where:

- (a) the customer account number filed matches the records of the distributor or matches a prior customer account number for a person who is a current



#### Retail Settlement Code

customer of the distributor at the same postal code as when the customer was served under the prior customer account number; and

- (b) one of either the customer name or the postal code matches the information in the records of the distributor.

#### 14.2.4

Where a distributor determines that the customer account number filed matches a prior customer account number for a person who is a current customer of the distributor at the same postal code as when the customer was served under the prior customer account number and the customer file is accepted, the distributor in reporting this acceptance shall provide the retailer with the current account number.

#### 14.2.5

Where a distributor rejects a customer file, the distributor shall report the reason for the rejection by advising the retailer that:

- (a) the customer account number is incorrect;
- (b) the customer account number is correct but the customer name and postal code are incorrect; or
- (c) the account is inactive.

#### 14.2.6

A retailer may on or before February 15, 2002 re-file with the distributor revised information with respect to any customer files which have been rejected.

## Retail Settlement Code

### 14.2.7

A distributor shall issue a report on or before March 1, 2002 to a retailer who files in accordance with section 14.2.6 setting out which customer files have been accepted and which customer files have been rejected.

### 14.2.8

Sections 14.2.3, 14.2.4 and 14.2.5 apply with necessary modifications to a filing made under section 14.2.6.

## 14.3 Multiple Contract Resolution

### 14.3.1

The retailers listed below shall agree to a third party (the "third party") who shall be responsible for reviewing information with respect to contracts to determine circumstances in which more than one contract has been entered into with respect to a single customer account and to decide which of these contracts will be accepted.

Direct Energy Marketing Limited

ECNG Inc.

Enron Canada Corp.

G6 Energy Corp.

Ontario Hydro Energy Corp.

Ontario Power Generation Inc.

Toronto Hydro Energy Services Inc.

### 14.3.2

A retailer shall file with the third party on or before March 5, 2002 the customer account number, customer name, postal code and date that a contract was entered into with respect to every consumer in the distributor's service area with whom it has entered into

## Retail Settlement Code

a contract and which it wishes to serve as of the date subsection 26(1) of the Electricity Act comes into force and with respect to which the relevant contract:

- (a) has been accepted under section 14.2; or
- (b) was entered into on or after December 1, 2001.

### **14.3.3**

The third party shall report to a retailer on or before March 15, 2002 on which contracts have been given priority and which contracts have not been given priority.

### **14.3.4**

Where the third party determines that a consumer has entered into more than one contract, the third party shall give priority to the contract which was entered into first and not give priority to any contracts which were entered into subsequently and where the third party determines that a consumer has entered into only one contract, that contract shall be given priority.

### **14.3.5**

The third party shall obtain payment for its services from all retailers who file with it under section 14.3.2 in the manner and the amount determined in accordance with an agreement between it and the retailers listed in section 14.3.1 on the condition that the methodology for determining what amount each retailer is obligated to pay to the third party shall not distinguish between retailers listed in section 14.3.1 and other retailers who file in accordance with section 14.3.2.

## **14.4 Contracts Not Invalidated**

### **14.4.1**

The rejection of a customer file under section 14.2 or the not giving of priority to a contract under section 14.3 in no way invalidates the contract.

## Retail Settlement Code

### **14.5 Submitting STRs**

#### **14.5.1**

Subject to sections 14.5.2, 14.5.4 and 14.5.6 set out below, no STR may be submitted to a distributor prior to the date which is two weeks after the date that subsection 26(1) of the Electricity Act comes into force.

#### **14.5.2**

Subject to section 14.5.3, a STR for consumer-specific information as described in section 11.3 with respect to a consumer who has entered into a contract with a retailer may be submitted to a distributor between March 4, 2002 and March 15, 2002 inclusive.

#### **14.5.3**

In the period between March 4, 2002 and March 15, 2002 inclusive, a retailer shall not submit STRs on any single business day for more of its contracts in the distributor's service area than the greater of 100 of said contracts and 10% of said contracts.

#### **14.5.4**

Subject to section 14.5.5, where a contract has been given priority under section 14.3, a STR with respect to that contract requesting to transfer a consumer from SSS to a competitive retailer may be submitted to a distributor between March 25, 2002 and April 8, 2002 inclusive.

#### **14.5.5**

In the period between March 25, 2002 and April 8, 2002 inclusive, a retailer shall not submit STRs on any single business day for more of its contracts in the distributor's service area which have been given priority under section 14.3 than the greater of 100 of said contracts and 10% of said contracts.

## Retail Settlement Code

### **14.5.6**

In the two week period after the date that subsection 26(1) of the Electricity Act comes into force, a STR requesting a transfer of a consumer from a competitive retailer to SSS, a STR involving a consumer relocation when electricity is supplied by a competitive retailer or a STR requesting a change in billing or metering service may be submitted to a distributor.

### **14.5.7**

Where a STR is filed contrary to section 14.5, the distributor shall not process the STR and shall promptly return it to the retailer.

## **14.6 Applicability of Chapter 10**

### **14.6.1**

Subject to this Chapter, including the specific provisions set out below, Chapter 10 applies with necessary modifications to the submission of STRs under this Chapter.

### **14.6.2**

The references to five business days in the first paragraph of section 10.4 and the fourth paragraph of section 10.6.3 shall be ten business days for those STRs submitted in accordance with this Chapter.

### **14.6.3**

Despite section 10.5.1, a distributor shall not be required to undertake a special meter read with respect to a STR submitted in accordance with this Chapter.

### **14.6.4**

Despite section 10.5.1, the transfer of a consumer with a MIST meter to a competitive retailer where an STR has been submitted in accordance with section 14.5.4 shall take effect on the date that subsection 26(1) of the Electricity Act comes into force.

## **Appendix A**

### **Competitive Electricity Costs**

Section 3.1 of the Retail Settlement Code indicates that the Board shall establish the sub-set of the IMO-billed services that are deemed to be Competitive Electricity Services for the purposes of calculating settlement costs in accordance with Chapter 3 of the Code.

The hourly price to be used in the determination of any of the calculations shall be the Hourly Ontario Energy Settlement Price published by the IMO for the settlement hour. This price shall be used for the purpose of calculating equations 3.3.1(a) and 3.3.2(a) and for the purpose of calculating settlements with retail embedded generators.