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BY E-MAIL AND WEB POSTING

October 25, 2019

**To: All Licensed Electricity Distributors
All Licensed Unit Sub-Meter Providers
Independent Electricity System Operator
All Other Interested Parties**

Re: Implementing the new changes to the rebate under the *Ontario Rebate for Electricity Consumers Act, 2016*

On November 1, 2019, amendments to the *Ontario Rebate for Electricity Consumers Act, 2016* and the regulations under that Act¹ (as well as related amendments to the bill presentment regulation under the *Ontario Energy Board Act, 1998*²) will come into force. The purpose of this letter is to provide guidance to distributors and unit sub-meter providers (USMPs) on certain aspects of the amendments, and to require those entities to provide an update to the Ontario Energy Board (OEB) on certain implementation matters.

The amount of the rebate is increasing from 8% to 31.8%. The rebate, formerly known as the 8% Provincial Rebate, is being renamed the "Ontario Electricity Rebate" (OER). As is the case now, the credit will be calculated on the basis of the pre-tax "base invoice amount".

The components of the base invoice amount remain the same, as does the application of HST to the total bill. As is also the case now, where an eligible multi-unit complex is served by a USMP, the USMP will be required to flow through a proportionate share of the rebate on the bulk bill to the consumers in the complex; such consumers will also be entitled to the OER on the USMP's own fees and charges.

¹ O. Reg. 363/16 (General) and O. Reg. 364/16 (Invoicing Requirements).

² O. Reg. 275/04 (Information on Invoices to Certain Classes of Consumers of Electricity).

Changes to Eligibility Requirements and New Customer Notice Requirements

The eligibility requirements for the rebate are changing. Consumers with demand of 50 kilowatts or less or annual consumption of 250,000 kilowatt hours or less, farms, and licensed long-term care homes (other than where the electricity account is also in respect of a hospital) remain eligible.

Under the new rules, “multi-unit complexes”³ with demand above 50 kilowatts and annual consumption above 250,000 kilowatt hours will qualify for the rebate if (a) they contain at least two “qualifying units”;⁴ (b) at least 50% of the units within the complex are qualifying units; and (c) the complex provides its distributor with the required notice.⁵

Certain types of multi-unit complexes are specifically excluded from eligibility, such as hospitals, universities, trailer parks and hotels.⁶

As a transitional measure, customers that were receiving the rebate on October 22, 2019 but do not satisfy the revised eligibility requirements will continue to receive the (increased) rebate until October 31, 2020, as long as they provide the required notice to their distributor by January 31, 2020. If they do not provide the notice, they will stop getting the rebate on January 31, 2020.⁷

Multi-unit complexes that were receiving the rebate immediately before November 1, 2019 and meet the revised eligibility requirements will also need to provide the required notice by January 31, 2020 in order to ensure the uninterrupted application of the rebate.⁸

³ A “multi-unit complex” is defined in O. Reg. 363/16 (General) as “a building or related group of buildings containing two or more units”. A “unit” is defined as “(a) a unit as defined in the *Condominium Act, 1998*, (b) a residential unit or a rental unit, as those terms are defined in subsection 2 (1) of the *Residential Tenancies Act, 2006*, (c) a member unit or a non-member unit, as those terms are defined in the *Co-operative Corporations Act*, or (d) premises that is demised premises for the purposes of the *Commercial Tenancies Act*.”

⁴ A “qualifying unit” is defined in O. Reg. 363/16 as a unit that “(a) consists of a self-contained room or set of rooms, (b) contains kitchen and bathroom facilities that are for the sole use of the unit, and (c) is occupied and used as a residence.”

⁵ O. Reg. 363/16, s. 1.1(1)

⁶ O. Reg. 363/16, s. 1.1(2).

⁷ O. Reg. 363/16, s. 1.2.

⁸ O. Reg. 363/16, s. 1.1(4). For multi-unit complexes that were not receiving the rebate immediately before November 1, 2019 but that qualify under the new rules (for example, a new apartment building that is constructed after November 1, 2019), a notice must be filed in order to start receiving the rebate. Such a notice takes effect (a) on the first day of the billing period in which it is given, if it is given at least 11 days before the expiry of that billing period, or (b) on the first day of the billing period following the billing period in which it is given, if it is given less than 11 days before the expiry of that billing period: s. 1.3(5).

Informing Customers of the Notice Requirements

It is critical that customers be made aware of the January 31, 2020 notice deadline. If they miss the deadline, they would lose nine months of “grandfathering” (in the case of customers that received the rebate under the old rules but do not qualify under the revised ones) or would see the interruption of the rebate (in the case of multi-unit complexes that continue to qualify under the new rules).

To that end, the OEB expects all licensed distributors to send a communication, by mail or electronic means as soon as possible and in any event no later than November 30, 2019, to inform their customers with demand greater than 50 kilowatts who currently receive the 8% Provincial Rebate, of the new notice requirements and the implications of missing the January 31, 2020 deadline. Distributors are also expected to take other reasonable efforts to inform these customers and any other known multi-unit complex customers of the changes and notice requirements.

To facilitate the customers’ submission of the notice, the OEB expects distributors to prepare a standard form and make it available to customers as soon as possible, and in any event no later than **November 30, 2019**. For convenience, the OEB has developed a template form (attached as **Appendix A**) that distributors may use. The use of this particular template is not legally required – distributors may revise it as appropriate, provided the notice contains all of the information required by the General Regulation.⁹ In order to minimize the potential for disputes between distributors and their customers over when the notice was actually delivered, distributors are encouraged to accept the notice by e-mail or other electronic means.

Prompt and effective communication with customers is necessary in order to ensure these transitional measures work as intended and to avoid complaints from customers who might otherwise see their rebate disappear after January 31, 2020 because they did not provide the notice.

Showing the Rebate on the Bill

The rebate must be labelled on customer bills as the “Ontario Electricity Rebate”.¹⁰ As a transitional matter, bills issued on or before January 31, 2020 may identify the rebate as the “Provincial Rebate”. For bills that cover a period that includes some days in October 2019 and some days in November 2019, the rebate may be shown on two separate lines, the one for October labelled “8% Provincial Rebate” and the one for November labelled “Provincial Rebate” or “Ontario Electricity Rebate”.¹¹

⁹ O. Reg. 363/16, s. 1.3.

¹⁰ O. Reg. 364/16 (Invoicing Requirements), s. 2(1).

¹¹ O. Reg. 364/16, s. 5.

For bills issued to low volume consumers,¹² a new message is to be added (in a location where conservation or other utility messages are usually placed) that has the phrase “Total Ontario support on this bill”, followed by an amount representing the sum of the following (as applicable to the consumer): the OER, any rate protection under the Rural or Remote Rate Protection program, any Ontario Electricity Support Program (OESP) credit, any Distribution Rate Protection, and any First Nations Delivery Credit. The “Total Ontario support” message is not required if the low volume consumer is only receiving the OER and not any of the other forms of rate protection noted above.¹³ The OESP, and the First Nations Delivery Credit will continue to appear as separate line items on the bill.

The “Total Ontario support” message must be included on bills as soon as practicable after November 1, 2019, but in no event later than February 1, 2020, unless the Minister of Energy, Northern Development and Mines authorizes the use of different wording.¹⁴

OEB Reporting Requirements

To enable the OEB to monitor the implementation of the OER, the OEB is introducing two reporting requirements pursuant to the standard licence condition requiring licensees to provide such information as the OEB may require from time to time.

First, no later than **December 9, 2019**, each licensed distributor must file a letter:

- (a) confirming that the distributor has prepared and made available to customers a notice form that is consistent with section 1.3 of the General Regulation;
- (b) confirming that the distributor has communicated, by mail or electronic means, the notice requirements and the implications of failing to provide a notice, to customers with demand greater than 50 kilowatts who were receiving the rebate before November 1, 2019;
- (c) summarizing the steps taken by the distributor to communicate the notice requirements and the implications of failing to provide a notice to any other potentially affected customers; and
- (d) specifying whether the distributor has commenced issuing bills that have been adapted to comply with the new OER labelling requirements and the new “Total Ontario Support” message.¹⁵

¹² Low volume consumers are those who annually use less than 150,000 kWh of electricity.

¹³ O. Reg. 275/04, s. 8.4. There are also exemptions for customers that are net metered and for those that are on Regulated Price Plan pilot projects.

¹⁴ O. Reg. 275/04, s. 8.4(9) and s. 8.4(4).

¹⁵ Under O. Reg. 364/16 and O. Reg. 275/04, respectively.

Second, no later than **February 7, 2020**, each licensed distributor and each licensed USMP must file a letter confirming that it has commenced issuing bills that have been adapted to comply with the new OER labelling requirements and the new “Total Ontario Support” message. This requirement does not apply to a distributor that already specified, pursuant to item (d) above, that it had commenced issuing adapted bills.

Submission of both of these reports should be sent by e-mail to oeer@oeb.ca. The subject line of the e-mail should state: “OER Implementation: (Licensee Name)”.

Other

The OEB notes that no amendments have been made to paragraph 10(3)(c) of the General Regulation, which stipulates that host distributors must reimburse embedded distributors “before the day specified by the Board”. The OEB confirms that the settlement deadline specified for that purpose in the OEB’s [letter](#) dated February 9, 2017 remains in effect.

The accounting treatment of the OER is expected to be similar to the current accounting treatment of the 8% Provincial Rebate. Distributors are to record amounts credited to eligible customers in new sub-accounts of a clearing Accounts Payable or Accounts Receivable account, as applicable. OER-related transactions will not flow through expenses, revenues or variance accounts. The OEB understands that the Independent Electricity System Operator will also be issuing guidance on settlement under the new OER rules.

The OEB also notes that as a result of legislative amendments, as of November 1, 2019, the “Global Adjustment Modifier” is discontinued.

Any inquiries relating to this letter should be directed to the OEB’s Industry Relations Enquiry e-mail at Industry.Relations@oeb.ca.

Yours truly,

Original Signed By

Brian Hewson
Vice President
Consumer Protection & Industry Performance

Appendix A – attached as a separate document