Bill Modernization

Q1. Isn't the problem the amount on people's bills, not the design?

- The government recognizes that the much-needed investments in our electricity system have led to higher electricity prices. That's why the government developed Ontario's Fair Hydro Plan – to relieve the cost pressures caused by these system improvements.
- On June 1, 2017, the *Fair Hydro Act, 2017* became law.
- Ontario's Fair Hydro Plan reduces electricity bills for all residential customers by an average of 25 per cent and will hold any increases to the rate of inflation for four years. Many small businesses and farms also benefit from the initiative.
- Through the 2017 Long Term Energy Plan (LTEP) consultation process, the government heard that consumers find their current bills confusing and inaccessible.
- The Ministry undertook research and worked with industry and consumers to solicit feedback on consumers' understanding of their current bill and opportunities for improvement. The proposed amendments would provide invoice issuers with increased flexibility to modernize bills that better meet consumer needs.

Q2. What problem or problems were identified that needed to be resolved? How were these problems identified – what research was done?

- Through the LTEP consultation process, the government heard that customers find their current bills confusing and inaccessible.
- Hydro One has been a leader in consumer research on ways to improve bills from the consumer's perspective. Hydro One enlisted the services of a behavioural research firm and engaged with thousands of customers. Hydro One has reported that he resulting new design has received positive feedback from consumers to date.
- Building on Hydro One's research, the Ministry launched the Bill Modernization Action Plan with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills for consumers. The Ministry has engaged with industry and consumers to better understand consumer concerns and preferences with respect to the bill.

Q4. When there was a call to show the costs related to cap and trade on natural gas bills the government said that decision was the OEB's. Now the government is legislating OEB to change hydro bills. Does OEB's independence change according to what is expedient for government?

- Who has authority over bill requirements is different for natural gas and electricity. The OEB has authority over bill requirements for natural gas. The government has the authority to develop requirements for the form and content of electricity bills. Proposed amendments to the regulatory framework for electricity bills are separate from OEB policies regarding billing frequency and accuracy and are limited to on-bill requirements.

Q5. The LTEP mentions modernizing electricity bills. Is this just a ploy to hide information in people's bills or to include pats on the back for the government?

- Through the LTEP consultation process, the government heard that customers find their current bills confusing and inaccessible.

- In LTEP the government committed to give Ontarians the information they have said they want on the bill.

- To find out what customers wanted, the Ministry engaged with industry and consumers.

- The Ministry is proposing regulatory amendments that provide flexibility to enable LDCs and USMPs, if they choose, to modernization their bills and tailor them to their specific customer needs.

Q6. What is the overall cost of the bill modernization?

- The proposed amendments, if approved, would provide Invoice Issuers with increased flexibility over design elements of invoices, but would not require LDCs or USMPs to undertake bill re-design.

- LDCs and USMPs would be free to undertake internal cost benefit analysis with respect to implementing a significant modernization of invoices and determine the appropriate pace and scope of change.

- The exact costs would be different for each Invoice Issuer depending on the current capabilities of their billing systems and the scope of change, if any, to invoice design.

Q7. Did the government hire outside consultants to look at bill modernization? If so, what was the budget for their services?

- Conducting research and polling is the most effective way to gauge consumer awareness and information needs. This research will assist in determining the best, most efficient way to implement and communicate energy literacy programs and other initiatives going forward, including bill modernization. The government hired consultants to assist with consumer research across the province.

- The budget is not to exceed $50,000 + HST.

Q8. Are all customers in Ontario getting modernized bills, or just in some areas?

- To find out what customers wanted, the Ministry engaged with industry and consumers.

- The Ministry is proposing regulatory amendments that provide flexibility to enable LDCs and USMPs, if they choose, to modernization their bills and tailor them to their specific customer needs.

Q9. What regulatory changes is the Ministry proposing?

- The Ministry proposes to amend O. Reg. 275/04 to, if approved, provide LDCs and USMPs with increased flexibility to design bills that are tailored to different customer needs in a timeframe that best suits each individual LDC and USMP.

- In addition, ENERGY is proposing to clean up the regulation to remove provisions and references that are spent or no longer required, such as removing provisions that require electricity bills to include the Debt Retirement Charge (DRC) as a line item on the bill. The DRC is no longer payable for electricity consumed after March 31, 2018.

- If approved, the regulatory amendments would come into effect April 1, 2018.

Q10. Why is the ministry proposing changes to the regulatory framework now?

- The Ministry of Energy has heard from LDCs and Unit Sub-Metering Providers (USMPs) that the current regulatory requirements do not allow them to design a bill that meets the needs of their specific customer-base.

- Energy committed in the 2017 LTEP to modernization electricity bills to make them more understandable and to give consumers the information that they want on the bill.

- Qualitative and quantitative research undertaken by the Ministry to support the LTEP commitment showed that consumers are relatively happy with their current bills, but there are opportunities for improvement.

- Informed by this consumer research, as well as behavioural research undertaken by Hydro One as part of its bill modernization initiative, ENERGY is proposing to amend O. Reg. 275/04 to, if approved, provide Invoice Issuers with increased flexibility to design bills that are tailored to different customer needs in a timeframe that best suits each individual Invoice Issuer.

- ENERGY is also proposing amendments to clean up the regulation as certain provisions and references are now spent.

Q11. Has the Ministry taken into account the bill modernization research in implementing the changes to the regulatory framework?

- Building on Hydro One's research through a behavioural research firm, the Ministry launched the Bill Modernization Action Plan (RAP) with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills for consumers.

- The Ministry engaged with industry and consumers to better understand consumer concerns and preferences with respect to the bill to ensure that any proposed changes to the bill's design will meet consumer's needs. As part of this approach, the Ministry:
    - Engaged with Hydro One and BEWorks to learn more about how consumers react to the information presented on bills.
    - Formed the RAP Local Distribution Companies (LDC) Working Group to seek the best advice from industry on how to develop new invoicing requirements.
    - Undertook qualitative consumer engagement to hear directly from customers on their billing preferences.
    - Hired IPSOS to perform quantitative consumer research.

Q12. Is there a specific deadline for all LDCs to modernize their bills?

- The proposed amendments provide Invoice Issuers with increased flexibility to design bills that are tailored to different customer needs in a timeframe that best suits each individual Invoice Issuer.

- The Ministry has proposed that amendments removing outdated requirements would come into effect April 1, 2018, with an ultimate compliance date of September 30, 2018. This would allow LDCs to implement changes cost effectively.

Q13. Has the Ministry of Energy implemented any of the regulatory amendments at this point?

- In the 2017 LTEP released on October 26, 2017, ENERGY committed to modernization electricity bills to make them more understandable and to give consumers the information that they want on the bill. This regulatory proposal would meet the commitment in the LTEP.

- As a first step ENERGY made regulatory changes, effective January 1, 2018, that require LDCs and USMPs to provide customer-specific Ontario Fair Hydro Plan (OFHP) savings on their invoices by no later than March 31, 2018. This requirement replaces the previous static OFHP on-bill message.

Q14. I got the impression there was a team of psychologists and graphic designers somewhere working on this. How much are bills actually going to change?

- Hydro One engaged a behavioural research firm to conduct behavioural analysis and consumer research with respect to its electricity bills. Hydro One launched its modernized bill in November of 2017.

- Inspired by Hydro One's work with the behavioural research firm, the Ministry launched the Bill Modernization Action Plan (RAP) with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills for consumers.

- The Ministry engaged with industry and consumers to better understand consumer concerns and preferences with respect to the bill to ensure that any proposed changes to the bill's design will meet consumer's needs. As part of this approach, the Ministry:
    - Engaged with Hydro One and BEWorks to learn more about how consumers react to the information presented on bills.
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- Taking this research into account, the Ministry has proposed regulatory amendments that do not require LDCs and USMPs to undertake, if they choose, a comprehensive bill modernization, but provide flexibility to enable them to move forward on bill modernization initiatives tailored to their specific customer needs.

Q16. What has changed since we last reported on this? Why pull back on the modernization commitment in the LTEP?

- Qualitative and quantitative research undertaken by the Ministry to support the LTEP commitment was completed over the winter and suggested that consumers are relatively happy with their current bills and not seeking major change. There are still opportunities for improvement.

- Accordingly, the Ministry decided not to force a full bill modernization across the Province, but instead to provide LDCs and USMPs with the flexibility to make changes to their bills that are best suited to their specific customers.

Q17. How much did LDCs roughly spend to be able to include the FHP dynamic messaging on bills by March 31 (minus those that were granted an exemption)?

- The addition of customer-specific Fair Hydro savings on invoices resulted in compliance costs for electricity vendors and USMPs to alter their billing systems in order to present the OFHP savings on the bill.

- Costs to implement those changes were different for each organization depending on the current capabilities of their billing systems.

Q18. Could we get a list of LDCs ministry is aware of that are moving forward/examining a more extensive modernization?

- Some LDCs have expressed interest in taking a look at their invoices to determine if there is a better way to present the information.
- You will need to speak to individual LDCs and USMP providers to find out about their individual plans with respect to invoice modernization

- The proposed amendments provide Invoice Issuers with increased flexibility to design bills that are tailored to different customer needs on a timeline that best suits each individual Invoice Issuer.