

Ministry of Energy

Fair Hydro Plan Dynamic Messaging
Regulations

Profile at a Glance
Priority: Consequential to Commitment

Public Interest: Moderate

Key Stakeholder Interest: High

New Costs/Burdens: No for Government, Yes for Stakeholders

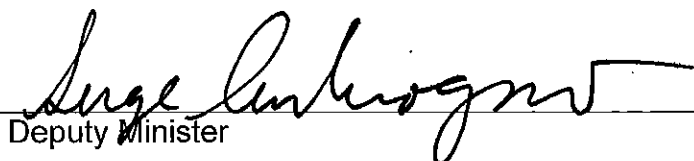
New Savings/Opportunities: No for Stakeholders; No for Government

Proposed Items for Review

1. Amending the Invoicing Regulation (O. Reg. 196/17) made under the *Ontario Fair Hydro Plan Act, 2017*.
2. Amending the Fair Adjustment Under Part II of the Act Regulation (O. Reg. 195/17) made under the *Ontario Fair Hydro Plan Act, 2017*.

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy	N/A	N/A
TB/MBC	N/A	N/A



Deputy Minister

04/12/2017
Date

Minister

Date

s. 1 Proposal and Context

- On June 1, 2017, the *Ontario Fair Hydro Plan Act, 2017* (OFHPA) came into effect, which enabled the implementation of Ontario's Fair Hydro Plan (OFHP) to reduce electricity bills by an average of 25% for residential consumers.
- In the 2017 Long Term Energy Plan (LTEP), released on October 26, 2017, the Ministry of Energy (ENERGY) committed to redesign electricity bills to make them more understandable and to give consumers the information that they want on the bill.
- To better communicate the associated bill impacts of the OFHP to consumers, ENERGY is seeking to amend the Invoicing Regulation (O. Reg. 196/17) and the Fair Adjustment Under Part II of the Act Regulation (O. Reg. 195/17), both made under the OFHPA.
- The proposed amendments would require electricity vendors and unit sub-meter providers (USMPs), as defined in the OFHPA, to include customer-specific dynamic on-bill messaging showing the exact amount that each consumer has saved through the OFHP. These messaging requirements would apply to French invoices as well.
- All customers benefiting from OFHP would see the customer-specific savings on their invoices.

**s. 2 Approach and
Intended Outcomes**

- Since July 1, 2017, electricity vendors and USMPs have been required to include general on-bill messaging about the Ontario Fair Hydro Plan (OFHP) savings. The current on-bill message states "Ontario's Fair Hydro Plan substantially lowers electricity bills for typical residential consumers. This includes the eight per cent rebate introduced in January 2017, and builds on previous initiatives to deliver broad-based relief on all electricity bills."
- ENERGY has heard that the current on-bill message is confusing for consumers and doesn't provide enough information about the savings.
- Accordingly, the proposed amendments would require electricity vendors and USMPs to provide a customer-specific dynamic calculation of savings associated with the OFHP for each billing period invoiced.

- The proposed amendments to O. Reg. 196/17 would prescribe the following language to be included on bills to present the OFHP savings:

*Ontario's Fair Hydro Plan saved you [specified amount] on your bill.
This amount includes the 8% Provincial Rebate.*
- Proposed amendments to O. Reg. 196/17 would also prescribe a methodology for electricity vendors and USMPs to follow to determine the savings attributable to the OFHP (i.e. [specified amount]). The methodology to calculate the aggregate OFHP savings is as follows:
 - Electricity: Savings that account for the difference between the electricity prices as the OEB would have set them, absent OFHP, and the prices set by the OEB under OFHP.
 - Delivery: Savings that account for the difference between the amount attributable to line losses from the differences in the electricity prices, absent OFHP and the prices under OFHP.
 - For customers who receive programs introduced under OFHP, such as distribution rate protection and First Nations Delivery Credit – the savings attributable to those programs would be included in the aggregate total of OFHP savings.
 - Regulatory: Savings that account for the difference in the regulatory charge associated with the removal of the Ontario Electricity Support Program charge and the substantial lowering of the Rural and Remote Rate Protection charge.
 - 8% savings associated with the 8% rebate, would be included in the total of OFHP savings.
 - HST: savings associated with a lower amount of HST payable by the consumer under Part IX of the *Excise Tax Act* (Canada) as relates to a lower total bill associated with OFHP savings.
- To support the ongoing calculation of OFHP savings, ENERGY proposes amendments to O. Reg. 195/17 to require the Ontario Energy Board (OEB) to calculate and publish, on an annual basis, what the electricity prices would have been absent the OFHP. This will allow electricity vendors and USMPs to calculate savings in the cost of electricity associated with the OFHP.
- ENERGY proposes to maintain the provisions in O. Reg 196/17 that allows electricity vendors and USMPs to seek an alternative arrangement from the Minister of Energy (by way of a Minister's letter) if they are unable to comply with the requirements due to technical reasons or operational difficulties.

- Under the proposed amendments to O. Reg. 196/17, electricity vendors and USMPs would not be required to include the customer-specific savings message on invoices issued to customers with net metered accounts or customers that are part of pricing pilot projects, as OFHP savings messaging would be confusing.
 - Invoices for pricing-pilot customers contain specific messaging and information regarding the savings attributable to the pilot project. Including OFHP savings amounts could affect the customer's understanding of the pricing impact associated with participating in the pilot project.
 - Invoices for net-metered customers contain information with respect to the electricity produced as well as consumed. Including OFHP savings amounts could affect the customer's understanding of the impact of net metering on their invoice.
 - The number of customers participating in pricing pilots or net-metering is not significant.

s. 3 Direction and Urgency

- On June 1, 2017, the *Ontario Fair Hydro Plan Act, 2017* (OFHPA) came into effect, which reduces electricity bills by an average of 25% for residential consumers.
- In the 2017 Long Term Energy Plan (LTEP), released on October 26, 2017, the Ministry of Energy (ENERGY) committed to redesign electricity bills to make them more understandable and to give consumers the information that they want on the bill.
- To promote a greater understanding of the associated bill impacts of Ontario's Fair Hydro Plan (OFHP) to consumers, ENERGY is seeking to amend the Invoicing Regulation (O. Reg. 196/17) and the Fair Adjustment Under Part II of the Act Regulation (O. Reg. 195/17), both made under the OFHPA.

**s. 4 Impact Assessment
and Costs**

Ontario Energy Consumers

- The proposed amendments would provide consumers with increased clarity on their electricity bills with respect to how much they are saving as a result of the OFHP.

Government

- There would be no impact to government as a result of the proposed amendments.

Electricity Vendors and USMPs

- The proposed amendments would result in compliance costs for electricity vendors and USMPs to alter their billing systems in order to present the OFHP savings on the bill.
- Cost increases will be different for each organization depending on the current capabilities of their billing systems.

s. 5 Implementation

- Electricity vendors and USMPs would be responsible for implementing the proposed changes. ENERGY proposes that the proposed amendments would come into force on January 1, 2018, but electricity vendors and USMPs would have until March 31, 2018 to comply with the changes.
- ENERGY proposes to maintain the provisions in O. Reg 196/17 that allows electricity vendors and USMPs to seek an alternative arrangement, from the Minister of Energy (by way of a Minister's letter) if they are unable to comply with the requirements due to technical reasons or operational difficulties.

**s. 6 Delivery and
Results Tracking**

- ENERGY intends to bring forward a broader bill-redesign framework in early 2018 to make electricity bills more understandable and to give consumers the information that they want on the bill.

- This proposed initiative would include opportunities to track customer feedback over time. The impact of dynamic OHFP messaging would be included as part of that feedback.

s.7**Stakeholder
Consultations**

Working Group

- ENERGY held a series of Working Group sessions with LDC stakeholders to seek advice from industry on the development of new invoicing requirements. This included a session to discuss the proposal for customer specific dynamic messaging of OFHP savings on the bill.
- Working group sessions were held on August 11, 2017; August 31, 2017 and October 16, 2017.
- ENERGY considered feedback from the Working Group sessions when developing the regulation, including implementation timelines.

Regulatory Registry

- On November 6, 2017, ENERGY posted this proposal on the Regulatory Registry to provide stakeholders with the opportunity to comment.
- The Ministry has received nine sets of comments through the posting.
 - The following LDCs sent individual or joint comments: Whitby Hydro, Toronto Hydro, Hydro Ottawa, Veridian, London Hydro, Alectra.
 - Comments were also received from the Electricity Distributors Association (EDA), the Ontario Energy Association (OEA) and Cornerstone Hydro Electric Concepts Association (CHEC) representing the interests of LDCs
 - Comments were received from the Low-Income Energy Network (LIEN) representing the interests of low-income consumers.
 - Comments were received from Enercare representing the interests of USMPs.
- Compliance timeline was a recurring theme raised by commentators:

- Stakeholders requested that ENERGY establish reasonable compliance timelines, as complex upgrades to billing systems are needed to implement the proposed regulatory amendments;
- The majority of stakeholders requested a compliance date of no earlier than March 31, 2018. Taking stakeholder feedback into account, ENERGY proposes the amendments to O. Reg 196/17 come into force on January 1, 2018, but allow LDCs up to March 31, 2018 to comply with the new dynamic savings requirements.

Ministry of Community and Social Services (MCSS)

- Energy consulted with MCSS with respect to the impact of the OFHP savings on social service eligibility. Clear presentation of the total amount of customer-specific OFHP savings on invoices would provide clarity to field workers; making it easier to calculate eligible assistance.

**s.8 Other Jurisdictions
and Harmonization**

- The proposed changes do not harmonize Ontario rules with other jurisdictions and are not comparable to other Canadian jurisdictions.

s. 9 Communications

- High profile Minister's announcement of the ministry's regulatory amendments and plans to support the redesign for all Ontarians
- Integrated communications strategy – including digital – in development

See Appendix A: Communications Snapshot

**s. 10 Contacts and
Appendices**

Contacts		
	Name	Phone Number
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Cabinet Office Policy	Tim Hindmarch-Watson	5-4618

Appendices

Appendix A: Communications Snapshot
Appendix B: Regulation Comparison Chart
Appendix C: Proposed Regulations