Ontario

MINISTRY OF
ENERGY

Redesign Action Plan (RAP)

Status Update

September 26 2017

Overview of the Redesign Action Plan

- The **Redesign Action Plan (RAP)** was launched with the aim of revising the regulatory framework on invoicing to improve the value of electricity bills to all consumers in Ontario.
- As part of this plan, the Ministry has formed a **RAP Working Group** to seek the best advice from industry on how to develop new invoicing requirements.
- The RAP Working Group consists of a cross-section of Local Distribution Companies (LDCs), industry associations, agencies and unit sub-meter providers (USMPs). See Appendix for a list of RAP Working Group members.
- The RAP Working Group launched on August 1st, with a meeting that included presentations from the Ministry, Hydro One and BEworks on the topic of bill redesign and the importance of developing customer-centric billing practices.
- This working group is meeting between August and October, wherein the Ministry will seek feedback on specific topics including:
    - Key design elements,
    - Technical considerations, and
    - Revised regulatory frameworks.

Objectives of the Redesign Action Plan

- The RAP process has identified the following objectives:

1. **Enhance the customer experience** by:
   - Improving accessibility and reducing frustration
   - Providing more useful information
   - Encouraging the adoption of consumer-oriented invoicing processes (e.g., consumer-tested design, mobile-compatible invoices)
2. **Promote greater understanding** of the contents of bills, and energy literacy, across the province.
3. **Consolidate the regulatory framework** governing invoicing requirements; and
4. **Better communicate government programs** in place to assist ratepayers.

RAP Working Group – Engagement Topics completed to date

- RAP Working Group sessions are intended to be interactive; providing an opportunity for the sector to engage with one another and inform the Ministry's bill redesign process.
- The Ministry plans to hold three working group meetings to address three key components of this bill redesign challenge: design, technical, and regulatory.

Design Discussion

August 11th

- Session was held on August 11th and attended by approximately 14 LDCs/USMPs, as well as sector representatives.
- Examined how the sector can design a bill that is of real value to consumers by taking their needs and preferences into account.

Technical Discussion

August 31st

- Session was held on August 31st. Discussion probed the technical side of billing, including IT and billing system vendor requirements.
- Examined the technical challenges of undertaking a bill redesign through different bill change scenarios.

Overview of the Technical Discussion

Technical Discussion

- The second RAP Working Group session was held on August 31st and focused on identifying technical and logistical implementation considerations associated with billing changes.

- A representative from **Guelph Hydro** provided a presentation about technical challenges it would encounter from a bill redesign, including that they currently only use black & white, require space for multiple billing services and data storage needs for historical bills will increase (pending type of re-design).

Summary of the session:

- LDCs reported a variety of billing/printing arrangements that went from all billing services done in-house to fully-outsourced billing/printing services

- Mandating the use of colour would drive significant cost increases for LDCs who don't have currently.

- Mandating elements that reduce the available real estate on the bill drive costs as bills may need to run into additional pages.

- Mandating "key information" to be presented in the top portion of the bill would necessitate a major re-design of the bill.

- Major redesign can affect many aspects of the billing process – e.g. require new CIS systems, colour printers, envelope stock may need changing for window placement, increased data storage, move to outside vendors rather than in-house.

- Changes to line item names and costs included in the line items that don't significantly impact the design or layout of the bill can be implemented on fairly expedited timelines. Major limitations are character counts.

- A single major redesign is preferable and more cost effective than multiple incremental changes to the bill.

- Current CIS systems do not currently have the logic to support dynamic savings for Fair Hydro. Upgrades would be needed. Generic message creates confusion.

Overview of Billing Survey

Technical Discussion

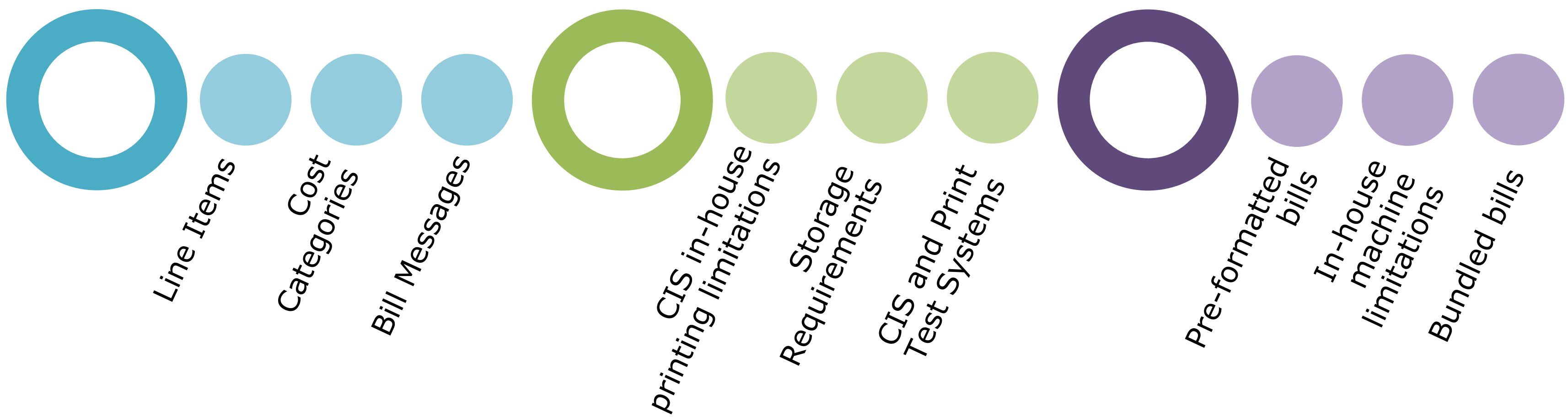
- Ahead of the technical discussion on August 31st, a survey developed by Ministry Staff was sent to all LDCs through the EDA, seeking information on LDC billing logistics as well timing and cost considerations of particular changes to the bill.
- The survey sought feedback on the following topics:
  - Type of Customer Information System (CIS) used
  - Bill design services (in-house or contracted)
  - Bill printing (in-house or contracted)
  - Historical information regarding process, timing and costs to comply with Ministry requests to add new billing lines (e.g. 8% Provincial Rebate) and government messaging (e.g. Fair Hydro messaging)
  - Information regarding the process, challenges, timing and costs to implement a comprehensive bill redesign.

Billing Survey – Considerations and Timelines

Technical Discussion

Considerations

CIS System Changes | Bill Design Changes | Bill Printing Changes



Technical Steps

2-3 months*

1) Understand and assess implications of regulatory requirements.
2) Change CIS system configurations, flat bill codes, etc. as needed.

2-8 months*

1) Design regulation-adherent bill.
2) Send System Change Request to system vendor/ buy new CIS system.
3) Set up dedicated test systems (CIS & Bill print)

3-5 months*

1) Change bill rendering code and 3rd party software.
2) Order new bill stock.
3) Notify Bill Print vendor of changes/ acquire bill vendor/ acquire new printing machines.

- The total estimated time for a complete bill redesign is, on average, 12 months (estimations can overlap)
- Estimated timelines do not include consumer research at the front end or consumer testing, at the back end.

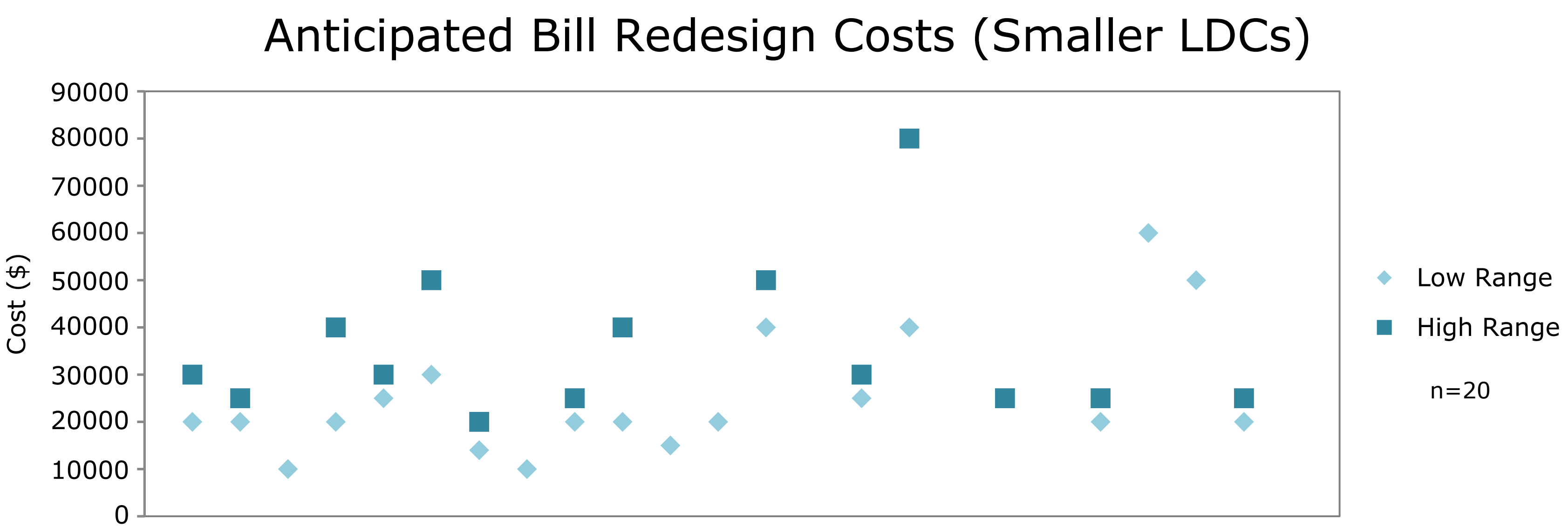
Billing Survey – Cost

Technical Discussion

- LDCs noted that previous messaging requirement changes have averaged $3000 and previous printing changes have averaged $4500.

- Smaller LDCs estimated that a full bill redesign would cost between $10,000 and $80,000 depending on regulatory requirements. The larger LDCs estimated that it would cost, on average, $750,000.

- In addition to these costs, LDCs estimated that a bill redesign could increase their ongoing billing costs by 0.06 cents/page.



Consumer Research

- The Ministry is undertaking consumer research on bill redesign in partnership with the OEB and IPSOS. We will be seeking consumer input through the OEB's Consumer Panel.
- The OEB's Consumer Panel consists of approximately 100 residential customers in four different cities across Ontario to account for regional differences.
  - The OEB works with IPSOS to provide all of the logistics, facilitation and recruitment of panel participants.
  - The Consumer Panel is set to meet in Toronto, London, Sudbury and Kingston on September 19th and 21st.
- The following table outlines research objectives IPSOS will be investigating at the sessions.

Key Information	• What information do consumers want to see on their bill? Placement?
Line Items & Definitions	• What do consumers think of current line item names and definitions? • Opportunities for improvement?
Cost Components	• What do consumers think about the grouping of cost components? • Would breaking out charges that are affected by consumption from those that are fixed be helpful?

- The research findings will inform the development of the regulatory framework.
- Energy is examining opportunities to conduct additional quantitative research to verify the qualitative findings from the Consumer Panel.

Proposed Regulatory Framework

- The Ministry continues to work with LDCs on the bill redesign and will need to work with third parties to better understand what elements of the bill will need to be captured in the regulation.
- LDCs would like to have the freedom to design certain elements of the bill (e.g. font size, style, colour elements etc) while the Ministry regulations could include some informational elements that would be required by all LDCs across the Province to provide some consistency (e.g. This could include requirements for the inclusion and location of key information, line items, messaging etc).
  - Amending regulations would also provide opportunities to remove stale requirements that constrain available space on the bill.
  - Results from consumer research will inform the development of the regulatory requirements.
- LDCs would be given up to a year to comply with the new regulatory framework once the regulatory framework was in place.
  - Compliance timeline is based on input from LDCs on technical and organizational limitations to implementing a full re-design of their bills.
  - The Ministry will work with the OEB and LDCs to encourage LDCSs to incorporate consumer research findings and behavioural design elements when re-designing their bills to comply with updated regulatory framework.
- Following the consumer research phase, the Ministry will create a draft approach to the regulatory framework and seek LDC feedback at the final working group meeting.

Projected Timeline

- As the RAP process advances towards a new regulatory framework in place by January 1, 2018, with a January 2019 compliance date, the following intermediary steps must occur:
  - Consumer research using the OEB's Consumer Panel is set to occur on September 19th and 21th. Whether additional quantitative research is required following these meetings is to be determined.
  - The RAP Working Group consultations will continue, with regulatory discussions targeting October.
  - Preparation of LRC materials and posting to the Regulatory Registry would need to occur in late-October to early-November.

August - September	October – November	December	Q1 2018	2018-2019
RAP Working Group Meetings	**Research & Regulatory Development**	**Feedback & regulatory posting**	**Regulatory Framework**	**Implementation by LDCS**

Appendix

RAP Working Group – Participant List

Alectra Utilities	Lakefront Utilities Inc.
Bluewater Power Distribution Corp.	London Hydro Ltd.
Burlington Hydro Inc.	Newmarket-Tay Power Distribution Ltd.
Cornerstone Hydro Electric Concepts (CHEC)	Niagara Peninsula Energy Inc.
Electricity Distributors Association (EDA)	Northern Ontario Wires
Enercare Connections Inc.	Ontario Energy Association (OEA)
Guelph Hydro Electricity Systems Inc.	Ontario Energy Board (OEB)
Hydro One	Thunder Bay Hydro
Hydro Ottawa	Toronto Hydro
Independent Electricity System Operator (IESO)	Veridian Connections Inc.

Summary of the RAP Launch Meeting – August 1st

- BEworks and Hydro One provided evidence that the **usefulness of the bill** as a touchpoint with consumers is **being overlooked** and presents a missed opportunity for improving customer satisfaction.
- BEworks pointed to **behavioural science research**, which suggests the design of the bill can have a dramatic impact on customers':
  - understanding of the electricity system,
  - attitudes towards what they are being asked to pay for, and
  - feelings towards the sector-at-large.
- In redesigning their bill, which is set to be released starting in November 2017, Hydro One worked with BEworks to conduct consumer research and identify several behavioural intervention points for achieving effective bill design.
- The Ministry also signaled its intention to **simplify the regulatory framework** on invoicing; providing LDCs and other billing agents with increased flexibility to develop user-friendly bills.
- By working together and adopting these principles, the sector has the opportunity to design **electricity bills of real value to consumers**.

Overview of the Design Discussion

- The first RAP Working Group session was held at the MaRS Discovery District on August 11th and focused on identifying design aspects of the bill that could make bills more useful for customers.
- Representatives from **Hydro Ottawa** and **Newmarket-Tay Power** provided presentations about their bill redesign initiatives, offering further evidence in support of using behavioural science and customer research when redesigning electricity bills.
- During the second half of the session, participants were asked to rotate among various "**breakout tables**", led by Ministry staff, to discuss the following topics:

Standardization and Flexibility	Asked to identify the optimal blend of provincial standardization and LDC flexibility to best serve customers.
Line Items and Definitions	Asked to consider how the presentation and description of charges can help consumers understand their bills.
Key Information	Asked to identify the information that consumers care most about and how to provide it in a simple and accessible manner.
Broader Messaging	Asked to discuss what messaging is important to consumers and how to best communicate savings opportunities to ratepayers.
Digital Platforms	Asked to consider how new digital platforms can provide useful information and services to consumers.

Key Themes from LDCs

Design Discussion

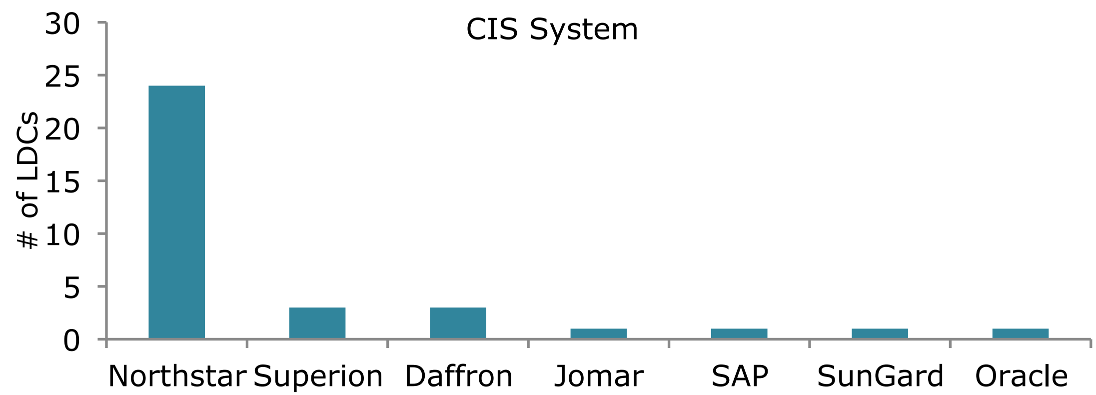
- **Increased flexibility:** LDCs expressed the need for increased flexibility over how to design their bills, including the ability to prioritize key information and how to best communicate messaging to customers.
- **Consistency in line items:** There was general agreement that the names of the line items (e.g., Delivery, Regulatory) should be standardized to maintain consistency across the province, though there is room for improvement.
- **Display of volumetric and fixed charges:** LDCs are interested in recalculating the line item "buckets", such that fixed and volumetric charges appear separately.
- **Simplified definitions:** The definitions must be made more accessible and easier to understand. Opinions vary on whether the definitions should be standardized or customizable by LDCs.
- **Information available at a glance:** LDCs agree customers care most about: how much they owe, when payment is due, how their consumption compares and how to contact the utility. LDCs require increased flexibility and bill real estate to prominently display these items.
- **Opportunity to enhance effectiveness of messaging:** LDCs seek more discretion in when and how to provide broader messaging. They hope to target relevant messages to customers; providing information that can be used to make smart choices.
- **Digital Platform:** Government should consider ways to increase the uptake and evolve the in e-billing digital presentation of bills and customer data without over-regulating this format.

Billing Survey – Summary

Technical Discussion

36 LDCs responded to ENERGY's survey.

The majority (67%) of LDCs that responded to the survey use **Harris Utilities Northstar CIS System.**



89% of LDCs contract out design services, and **45%** contract out printing services.