

Briefing Note

Alectra seeks alternative on-bill messaging authorized by the Minister

Issue:

Alectra has requested the Minister's authorization to delay implementation of the dynamic OFHP savings message until the second quarter of 2019, as it is in the middle of a CIS conversion project.

In its place, Alectra proposed to use the static OFHP on-bill message "Ontario's Fair Hydro Plan substantially lowers electricity 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."

Context:

- As of January 1, 2018, s. 1 of O. Reg. 196/17 (Invoicing Requirements) made under *Ontario's Fair Hydro Plan Act*, 2017, requires electricity vendors and unit sub-meter providers (USMPs) to include the following statement on English and French invoices, respectively, in a location where conservation or other utility messages to consumers are usually placed.

English on-bill message:

Ontario's Fair Hydro Plan saved you [*insert specified amount*] on your bill. This includes the 8% Provincial Rebate.

French on-bill message:

Le Plan ontarien pour des frais d'électricité équitables vous a fait économiser [*montant précisé à insérer*] sur votre facture. Ce montant inclut la remise provinciale de 8 %.

- The methodology for calculating the "specified amount" is outlined in section 1.2 and 1.3. and includes:
 - Savings related to the re-financing of the Global Adjustment, including savings in the Delivery line associated with line losses.
 - Savings from the Distribution Rate Protection program and the First Nations Delivery Credit (inapplicable to Alectra)
 - Savings from the shifting of costs of social programs to the taxbase.
 - The 8% provincial rebate
 - Any reduction in HST payments as a result of overall lowered bills.
- Under s. 3 of O. Reg. 197/16, electricity vendors and USMPs can seek an alternative to the wording and/or invoicing process required by the regulation by submitting a written request to the Minister, outlining the technical and/or operational reasons why they are unable to comply with the specified requirements, and outlining a proposed alternative.

- If the Minister is satisfied that it would be impossible, impractical or unreasonably difficult for an electricity vendor or USMP to use the specified wording, or to follow an invoicing process required by the regulation, the Minister can provide different wording or an alternative invoicing process for the vendor or USMP to follow via written notice.
- If the electricity vendor or USMP receives written notice from the Minister (via a letter), per s. 3(2), they are required to use the wording or follow the invoicing process specified in the letter instead of the wording or invoicing process stated in the regulation.

Request from Alectra:

- On January 16, 2018, Alectra wrote to the Minister seeking an accommodation for technical and operational reasons for the new dynamic on-bill messaging requirements.
- Section 3 of O. Reg 196/17 allows the Minister, for technical or operational reasons, to approve an alternative approach or wording that promotes the purposes of the requirement.
- Alectra is seeking to delay the implementation of the dynamic OFHP messaging until Q2 of 2019, and use the current static message until they are able implement the new requirements.
- The rationale for the delay is that Alectra is currently in the process of integrating the customer information systems (CIS) into a common Oracle Customer Care & Billing.
 - The merged LDCs each used a separate CIS system.
 - In order to ensure the most seamless transmission from the four legacy billing systems to one, Alectra is requesting not introduce the dynamic messaging into the legacy systems, but rather roll it out in the integrated system, once it is successfully consolidated.
 - Migration is beginning in 2018 and it expected to be completed by end of 2018.
 - Alectra does not have sufficient IT resources to implement both the new regulatory requirements simultaneous with the CIS integration project and to do so would jeopardize the success of the CIS conversion.

Proposed Direction:

- Alectra has indicated that this accommodation is necessary to successfully transition its CIS from four separate systems into one integrated system, prior to implementing the new requirements under O. Reg. 197/17.
- Alectra notes that allowing for accommodation would provide maximum benefits to its customers, as the integration project demands significant IT resources and could not be carried out in parallel with implementation of the new regulatory requirements, as the IT resources are already fully allocated to the integration project.

- Accepting Alectra's contention that implementing the new regulatory requirements would be "unreasonably difficult", without technical knowledge to assess Alectra's internal IT resourcing issues, staff propose granting Alectra's request to use previous static OFHP messaging until Q2, 2019, when it will come into full compliance with the regulatory requirements.

Date Prepared: January 25, 2018