

Briefing Note

The IESO seeks alternative OFHP invoicing process and wording to be authorized by the Minister

Issue:

The IESO requests the Minister's authorization to use an alternative invoicing process for the customer-specific OFHP on-bill messaging, as the new regulatory requirements are deemed cost-prohibitive and only affect two specified consumer accounts. Instead, IESO requests that it issue monthly emails to these consumers with their OFHP savings. The IESO was initially granted an exemption in August, 2017 authorizing alternative wording and an alternative process for providing its customers with information about the OFHP.

Context:

- As of January 1, 2018, section 1 of O. Reg. 196/17 (Invoicing Requirements) ("the Regulation") made under *Ontario's Fair Hydro Plan Act, 2017*, requires electricity vendors, including the IESO, to include the following statement on invoices 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.

- 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.
- Section 2 of the Regulation also requires paper invoices issued to be accompanied by a bill insert once every quarter for a 12-month period, beginning with the first invoice issued on or after July 1, 2017, until the first invoice issued on or after July 1, 2018.
- Under section 3 of the Regulation, electricity vendors can seek an alternative to the wording and/or invoicing process by submitting a written request to the Minister, outlining the technical and/or operational reasons why they are unable to comply, and providing a proposed alternative.

- If the Minister is satisfied that it would be impossible, impractical or unreasonably difficult for the vendor to use the specified wording, and/or to follow an invoicing process required by the Regulation, the Minister can provide different wording and/or an alternative invoicing process for the vendor to follow.
- If the electricity vendor receives written notice from the Minister (via letter), per s. 3(2), authorizing their request, they are required to use the wording and/or follow the invoicing process specified in the letter instead of the Regulation.
- On August 3, 2017, the Minister approved the IESO's initial request to follow a different invoicing process and include alternative wording, than what was required under O. Reg. 196/17.
 - The IESO provides information of the OFHP initiatives in a monthly email to its customers, rather than on the bill or on an insert.

Request from the IESO:

- On February 15, 2018, the IESO sent a letter requesting the Minister's permission to use alternative wording than what is prescribed in O. Reg. 196/17 and to continue to apply the alternative messaging process (i.e. email rather than on the bill) that was approved in the August 3, 2017 letter.
- The IESO indicates their billing system does not easily incorporate new on-bill messaging. Furthermore, any changes made to their invoicing process would be adopted system-wide; impacting the invoices of all market participants, including consumers, generators, importers, exporters and program participants.
- Instead, the IESO proposes sending the following email message to the specified consumers at the same time their invoices are issued.

Proposed email message:

You have received your monthly IESO invoice inclusive of Ontario's Fair Hydro Plan. Ontario's Fair Hydro Plan saved you "insert specified amount" on your bill. This saving includes the 8% Provincial Rebate.

Recommendation:

- The Ministry recommends granting the IESO's request to include customer-specific savings associated with the OFHP in a monthly email to its relevant customers.
- The IESO's proposed alternative, to send a monthly OFHP email targeted to the affected customers, satisfies the spirit of the regulatory requirements without imposing unreasonable costs and operational burdens.

Date Prepared: February 16, 2018