Legislation and Regulations Committee:
Ministry Approval Form

LRC Tracking #: REG-11953
EVista Tracking #: SUB-REG-2018-00621

Ministry of Energy

Bill Redesign – Amendments to O. Reg 275/04

Regulation

Profile at a Glance

Priority: Key to Commitment
Public Interest: Moderate
Key Stakeholder Interest: High
New Costs/Burdens No for Stakeholders; No for Government
New Savings/Opportunities: No for Stakeholders; No for Government

Proposed Items for Review

1. Amending Ontario Regulation 275/04 made under the *Ontario Energy Board Act, 1998* (OEBA) (Information on Invoices to Certain Classes of Consumers of Electricity)

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy	N/A	July 26, 2017
TB/MBC	N/A	N/A

Deputy Minister Date

Minister Date

s 1. Proposal Context

- Local Distribution Companies (LDCs) and Unit Sub Meter Providers (USMPs) are subject to requirements, prescribed in O. Reg. 275/04, regarding the form of and the information contained in the electricity invoices that they issue to their consumers.

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

- On July 26, 2017, Cabinet approved initiatives to be implemented in the 2017 Long Term Energy Plan (LTEP) and directed ENERGY to convene a working group on bill redesign and introduce regulatory amendments to simplify bill presentment.

- In the 2017 LTEP released on October 26, 2017, ENERGY committed to redesign electricity bills to make them more understandable and to give consumers the information that they want on the bill.

- As a first step ENERGY moved forward with regulatory changes, effective January 1, 2018, that require LDCs 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.

- Informed by consumer research undertaken in late 2017, as well as behavioural research undertaken by Hydro One as part of its bill redesign initiative, ENERGY is proposing to amend O. Reg. 275/04 to, if approved, provide LDCs and USMPs with flexibility that would enable, but not require, them to move forward on bill redesign initiatives. ENERGY is also proposing amendments to clean up the regulation as certain provisions and references are now spent.

s 2. Approach and Intended Outcomes

Increased Flexibility

- The qualitative and quantitative research suggested that consumers are not interested in major changes to their electricity bills, but that there are areas for improvement. Accordingly, 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 on a timeline that best suits each individual LDC and USMP.

- LDCs who are ready to move forward with a more comprehensive bill redesign, would have increased latitude to implement some of their desired changes in the near term. Consumer feedback on the redesigned bills could be useful for the Ministry in pursuing a full redesign for all LDCs in the future.

- The Ministry is proposing amendments to O. Reg. 275/04 that would, if approved:
    - Remove the restrictions regarding the placement of the definitions of line items on invoices in a glossary of terms. This would provide LDCs with increased flexibility on placement of the definitions.
    - Allow the Minister to approve alternative definitions for LDCs upon written request.

  - Remove restrictions limiting the information permitted on the bill to only that prescribed. This would provide flexibility to LDCs to provide relevant information that is tailored to different customer needs.

Cleanup

- ENERGY is proposing to clean up the regulation to remove provisions and references that are spent or no longer required.

- Specifically, ENERGY proposes to amend O. Reg. 275/04 to, if approved:

  - Remove provisions that require electricity bills to include the Debt Retirement Charge (DRC) as a line item, as well as remove associated references to the DRC to align with the removal of the charge for electricity consumed after April 1, 2018. This would include removing the DRC definition.

  - Clean up the components that comprise the "regulatory" charge that appears on electricity invoices to remove (i) references to the Ontario Electricity Support Program (OESP), which is now funded by the Consolidated Revenue Fund, and (ii) references to Conservation and Renewable Energy Programs (s. 26.1 of the OEBA) as the regulation authorizing the recovery for those amounts (O. Reg. 66/10 made under the OEBA) is now spent. This would include corresponding amendments to the "regulatory" charge definition.

- If approved, the proposed date for the regulatory amendments to come into effect would be April 1, 2018. This would align with section 85 (4) of the *Electricity Act, 1998* (EA), that states that "every user shall pay to the Financial Corporation a debt retirement charge in respect of the amount of electricity consumed in Ontario before April 1, 2018". The DRC is no longer payable on electricity consumed after April 1, 2018, and thus does not need to appear on consumers' bills.

s. 3 Direction and Urgency

- On July 26, 2017, Cabinet directed ENERGY to prepare a 2017 LTEP with an objective of improving value and performance for consumers.

- In the 2017 LTEP, released on October 26, 2017, ENERGY committed to redesign electricity bills to make them more understandable and to give consumers the information that they want on the bill.

- Accordingly, ENERGY is proposing regulatory amendments that would, if approved, provide flexibility to LDCs and USMPs to design electricity bills that meet the needs of their customers as well as amendments that would clean up the regulation by removing provisions and references that are no longer applicable.

- A number of LDCs have already undertaken a significant amount of effort to re-design their invoices. Without the increased flexibility provided by the proposed amendments to O. Reg. 275/04, those invoice re-designs would not be able to move forward.

- Additionally, if approved, one of the proposed amendments would remove the requirement for electricity bills to include the DRC as a line item, as well as remove associated references to the DRC.
    - Per section 85(4) of the EA, consumers will no longer be required to pay the DRC for electricity consumed after April 1, 2018. Without amending O. Reg. 275/04, LDCs would continue to be required to display DRC as line item on invoices.
    - To align with the date on which the DRC is no longer payable, the Ministry is proposing that the proposed amendments, if approved, come into force on April 1, 2018.
    - This would remove any confusion with respect to having a line item on electricity bills for a charge that is no longer payable.

s. 4 Impact Assessment and Costs

- The cost impact of complying with the proposed amendments to O. Reg. 275/04 is not expected to exceed an LDC’s average cost of maintaining and operating a customer information system for the purpose of issuing invoices.

- The proposed amendments to provide LDCs and USMPs with increased flexibility over design elements of invoices, if approved, would not impose any regulatory compliance requirements.

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

- The proposed removal of the DRC as a specified line item that appears on all invoices issued to low-volume customers, if approved, would be the only proposed amendment that requires electricity vendors and USMPs to alter their billing systems.

    - The removal of an existing line item is not a technically challenging requirement and should not impose significant resourcing needs on LDCs.

- The exact costs will be different for each organization depending on the current capabilities of their billing systems.

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

s. 5 Implementation

- LDCs and USMPs would be responsible for implementing the proposed changes (if approved). ENERGY proposes that the proposed amendments would come into force on April 1, 2018, but transitional provisions have been included to provide LDCs with opportunity to implement the changes as soon as it is practicable.

s. 6 Delivery and Results Tracking

- The proposed amendments would, if approved, allow those LDCs and USMPs who are interested and ready to undertake a comprehensive bill redesign to do so.

- ENERGY would continue to liaise with the LDC and USMP community to monitor which LDCs are moving forward with a bill redesign and what feedback they are receiving from their customers. This consumer feedback could be useful for ENERGY to consider whether it would be appropriate to pursue a full redesign at the provincial level in the future.

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, October 16, 2017 & March 6, 2018.
- ENERGY considered feedback from the Working Group sessions when developing the regulation, including implementation timelines.

Regulatory Registry

- On November 6, 2017, ENERGY posted a proposal on the Regulatory Registry to provide stakeholders with the opportunity to comment.
- The Ministry 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.

Consumer Research

- In September, 2017, ENERGY partnered with the Ontario Energy Board Consumer Panel to conduct qualitative consumer research with approximately 100 consumers throughout the Province to seek feedback on consumers' understanding of the bill and what kinds of information they wanted to see on the bill.

- To follow up on the qualitative research findings, ENERGY partnered with Ipsos to undertake a quantitative research study that surveyed 1006 residential consumers in Ontario and 201 small business consumers.

- The research suggested that consumers are not interested in major changes to their electricity bills but that there are areas that could be improved to help with their understanding.

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

- Under development

See Appendix A: Communications Snapshot

s. 10 Contacts and Appendices

	Name	Phone Number
Ministry Policy/Program	Carolyn Calwell	5-6544
Ministry Legal	Maud Murray	2-8392
Ministry Communications	John Whytock	7-6541
Assistant or Deputy Minister's Office	Jeet Chatterjee	7-7025
Cabinet Office Policy	Tim Hindmarch-Watson	5-4618

Appendices

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