

Preliminary Draft of Smart Metering Initiative Follow-up on VFM in 2014 Report

Recommendation 2 – Disclosure of Global Adjustment on RPP Consumers' Bills

We note that the details do not reflect the explanation we provided in our comments on the earlier draft. Specifically, the Global Adjustment (GA) is a component of the cost of electricity and is incorporated into the setting of RPP prices (both TOU and Tiered). The GA is not a distinct component of the cost of electricity; its level is largely tied to the HOEP (wholesale market price) and together they represent the total cost of power in Ontario. As we have previously indicated, RPP consumers, who are the only ones affected by this recommendation, pay prices that reflect the entire cost of power.

Providing a separate line item is not appropriate as it would remove most of the TOU ratio in prices (due to the relatively flat HOEP). The consumer is making decisions about using electricity based on the total cost. The total cost in Ontario is the HOEP and the GA. Both must be charged and recovered as the cost of power. In the OEB's view, showing the GA separately on the bill as an information item is likely to only create confusion. Other recommendations, and our own consumer research, have indicated that consumers already find the electricity bill confusing and do not understand it. Adding the GA as an information item would not assist the consumer in making choices about how or when to use power.

We therefore reiterate, for the reasons above and in our earlier comments, that the separate reporting of GA on the bill would only lead to confusion.

We note that you reference the amount that the GA represents of each of the TOU periods. As you are aware, the allocation of the GA to the TOU periods is a matter that is determined by the OEB. For RPP Class B consumers, the GA is in fact a flat charge per kWh and does not vary with the time of day.

We appreciate that the Preliminary Draft reflects our view that there are resources available to consumers to learn about the GA.

One further point of clarification is that the results of pilots and other consumer information research will be used to inform our recommendations for the consumer bill. However, for low-volume consumers the form and content of the electricity bill is governed by O. Reg. 275/04 and the OEB has limited scope for mandating changes to the bill. We believe this should also be recognized in the Report.