
Ontario's Electricity Bills: Current Requirements and Long-Term Improvements

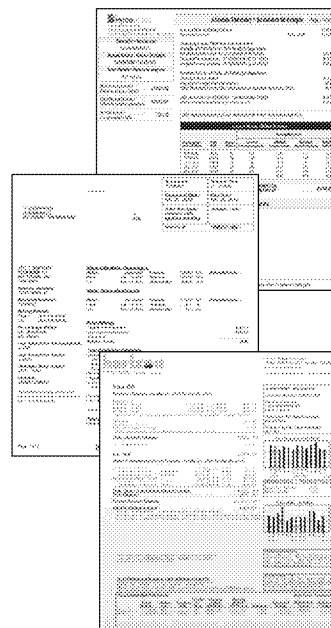
July 2017

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Electricity Bill Requirements – Authority Overview

- In Ontario, most electricity customers receive bills for their consumption of electricity from their Local Distribution Company (LDC).
- The government has the authority to stipulate requirements in relation to the form and content of electricity bills, including the ability to prescribe messaging related to government programs directly on bill invoices, inserts and envelopes.
 - The government obtains its authority to mandate specific content with respect to bills from the *Ontario Energy Board Act*, 1998 and there are a number of regulations requiring LDCs to display messaging in a certain way on electricity bills.
- These requirements have been criticized as a patchwork of measures that limit the invoice's readability and usefulness to consumers. Customer advocates have called for more flexibility to design a more consumer-responsive invoice.
- Outside of these requirements, LDCs enjoy the flexibility to present their bills in a manner which they believe best responds to the preferences of their customer base, causing bill appearance to vary widely across Ontario's approximately 70 LDCs (see right).





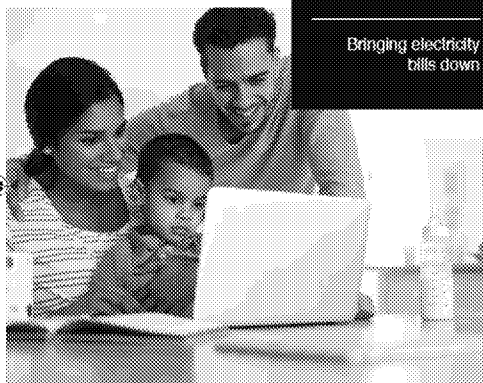
Bill Example – Back



Ontario's Fair Hydro Plan – Billing Requirements

- On March 2, 2017, the government announced Ontario's Fair Hydro Plan (OFHP), which will lower electricity rates for households and small businesses by an average of **25 percent** starting in the summer of 2017.
- To implement this plan, LDCs were required to make backend system changes to ensure that eligible residential customers received the applicable rebates and lower charges by the mandated deadlines (May 1, 2017 or July 1, 2017).
- LDCs were also required to make billing system changes such that electricity bills were updated to reflect OFHP initiatives and customers were informed about the resultant bill impacts.
- Specifically, as of July 1, 2017, LDCs were required by regulation to:
 - ✓ include standardized **on-bill OFHP messaging**;
 - ✓ accompany paper invoices with a descriptive **OFHP bill insert** once per quarter for 12 months, beginning with the first invoice issued on or after July 1, 2017 until the first invoice issued on or after July 1, 2018; and
 - ✓ include a **"First Nations Delivery Credit"** as a line item for on-reserve customers, as applicable.
- In anticipation of these new requirements, the Ministry revoked outdated messaging from electricity bills to free-up space and reduce potential confusion amongst consumers. This included removing "8% Provincial Rebate" messaging from invoices and envelopes under O. Reg. 364/16, and DRC messaging under O. Reg. 275/04.
- LDCs were in favour of this regulatory "clean-up", indicating they "maxed out" the available space on electricity bills.
- Importantly, under these new and existing regulations, LDCs are able to petition the Minister, via a letter, to seek adjustments and/or exemptions from the invoicing requirements due to technical and/or operational limitations.

Ontario's Fair Hydro Plan – Bill Insert



Ontario's Fair Hydro Plan

- Electricity bills will be lowered by 25 per cent on average for residential consumers.
- Rate increases will be held to inflation for four years.
- As many as half a million small businesses and farms will also benefit from this reduction.
- Lower-income Ontarians and those living in eligible rural communities will receive even greater reductions, as much as a 40 to 50 per cent cut.

The benefit will vary for individual consumers depending on electricity usage and service territory. These measures include the eight per cent rebate introduced in January 2017 and build on previous initiatives to deliver broad-based relief on all electricity bills.

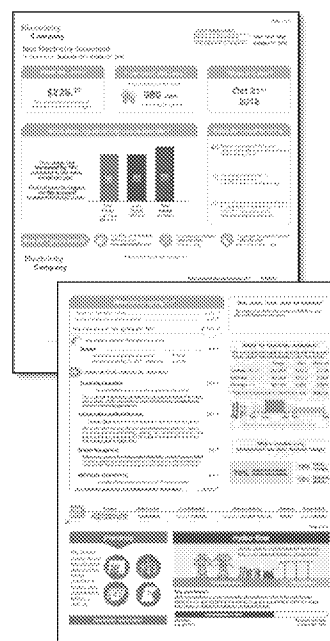
To find out more, visit ontario.ca/FairHydroPlan

Redesign Action Plan (RAP)

- Despite these recent changes, the Ministry recognizes there is an opportunity to further revise the regulatory framework on invoicing to improve the value of electricity bills to all consumers - ensuring they get the most out of their bills.
- In pursuit of this effort, the Ministry plans to launch a **Redesign Action Plan (RAP)** this summer with the aim of improving electricity bills by achieving the following objectives:
 - Enhancing the customer experience;
 - Better communicating government initiatives and programs;
 - Consolidating the regulatory framework; and
 - Promoting greater understanding.
- To initiate this plan, the Ministry intends to convene a **“RAP Working Group”** in August 2017 consisting of Hydro One, the Electricity Distributors Association (EDA), the Coalition of Large Distributors (CLD), as well as additional LDCs, the OEB and relevant industry associations to seek feedback on changes to bill presentment and invoicing regulations from the sector.
- This bill redesign could also consider how to display OFHP program savings more directly on consumer bills (e.g., providing a “personalized” message indicating how much customers saved as a result of the plan).
- The Ministry also plans to conduct research on bill redesign initiatives, including a jurisdictional scan on best practices, as well as background on vendor billing systems.
- Based on these efforts, the Ministry aims to prepare new regulations that would into effect Fall/Winter 2018, but include an ample transition period.

Case Study: Hydro One's Bill Redesign Initiative

- Hydro One has also been investigating ways to improve the appearance and comprehension of its bill, which has remained unchanged for over a decade.
- Hydro One customers indicate their current bill suffers from: a lack of transparency, over-complicated language, overcrowded text, a lack of visual aids and a formal tone.
- As part of this undertaking, Hydro One has enlisted the services of a behavioural research firm and engaged an online panel of 4,000 customers.
- Utilizing this feedback, Hydro One has prototyped alternative bill designs which have been observed to increase customer satisfaction and comprehension, as well as improve attitudes towards LDCs and the electricity sector.
- To facilitate the implementation of this redesign, the Ministry has provided Hydro One with an exemption from current invoicing requirements under O. Reg. 275/04, as well as specified OFHP invoicing requirements, as of July 1, 2017.
 - This exemption will allow Hydro One to proceed with its planned bill redesign in Fall 2017, unencumbered by regulatory requirements.
 - By mid-2018, Hydro One expects to provide 1.1 million customers with redesigned invoices.
- In addition, Hydro One has agreed to participate in the Ministry's RAP Working Group; sharing its learnings from its bill redesign initiative.



Hydro One: Redesigned Bill

Proposed Timeline

- In order to have new regulations in place for January 1, 2018, the Redesign Action Plan should be undertaken according to the following timeline:

