

July 29, 2020

VIA RESS

Ms. Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON M4P 1E4

Dear Ms. Long:

RE: Notice of Proposal to Amend the Standard Supply Service Code EB-2020-0152

On June 1, 2020, the Government of Ontario announced that it intends to introduce customer choice for Regulated Price Plan (“RPP”) consumers who pay time-of-use (“TOU”) prices. On June 3, 2020, the Ontario Energy Board (“OEB”) issued a letter initiating a consultation to inform the development of amendments to the Standard Supply Service Code (“SSSC”) and other regulatory instruments, as required, in order to ensure the timely, efficient and effective implementation of the new opt-out mechanism.

On July 15, 2020, under section 70.2 of the *Ontario Energy Board Act, 1998*, the OEB provided the notice of proposed amendments to the SSSC to enable RPP consumers to opt out of TOU prices.

Alectra Utilities Corporation (“Alectra”) appreciates the opportunity to provide comments in response to the proposed code amendments. Alectra awaits the release of the final code amendments in short order, in order to implement the upcoming changes to meet the November 1, 2020 target date.

Should you have any questions or require additional information, please do not hesitate to contact the undersigned.

Yours truly,



Indy J. Butany-DeSouza, MBA
Vice President, Regulatory Affairs
indy.butany@alecrautilities.com

July 29, 2020

VIA RESS

Ms. Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON M4P 1E4

Dear Ms. Long:

**RE: Notice of Proposal to Amend the Standard Supply Service Code
EB-2020-0152**

On June 1, 2020, the Government of Ontario announced that it intends to introduce customer choice for Regulated Price Plan (“RPP”) consumers who pay time-of-use (“TOU”) prices. On June 3, 2020, the Ontario Energy Board (“OEB”) issued a letter initiating a consultation to inform the development of amendments to the Standard Supply Service Code (“SSSC”) and other regulatory instruments, as required, in order to ensure the timely, efficient and effective implementation of the new opt-out mechanism. A stakeholder meeting was held on June 9, 2020, with over 100 participants and a 20 member TOU Customer Choice Working Group comprising distributors, representatives of consumers and other stakeholders was subsequently established to advise the OEB. On July 15, 2020, the OEB provided notice under section 70.2 of the *Ontario Energy Board Act, 1998* (the “Notice”) of proposed amendments to the SSSC to enable RPP consumers to opt out of TOU prices.

Alectra Utilities Corporation (“Alectra”) supports the consultation process undertaken by the OEB to advance the Ontario government’s initiative to offer customer choice. Alectra representatives participated on the TOU Customer Choice Working Group. Alectra appreciates the OEB’s willingness to hear and consider the challenges and opportunities faced by distributors in implementing customer choice.

It is worth noting that while the motivation for this initiative might not be a direct result of the current COVID-19 pandemic, the implementation of this complex initiative is taking place during this unprecedented and difficult time. This important context has bearing on customer perceptions and distributors’ ability to meet those expectations. For the most part, individuals are working from home, which creates additional constraints and challenges for everyone. From a utility perspective, with business operations altered, any complex changes to the *status quo*, including major process changes, is a challenging endeavor. For consumers, the hope or expectation that optionality may introduce bill savings may result in disillusionment or disappointment.

Consideration should be given to recognize the challenging environment in which changes are being introduced.

Alectra's comments address the issues in the order in which the issues were presented in the OEB's Notice. Following these comments, Alectra provides additional comments in relation to other items that do not directly affect Code Amendments but are nevertheless issues that require addressing.

Alectra Comments on Proposed Code Amendments

Step 1: Consumer Makes an Election

- *Customer Switching*

Alectra strenuously objects to the notion that customers be given "maximum flexibility" with the ability to switch at will. The process adopted should respect and allow a reasonable level of structure that coincides with other aspects and expectations around the switch process. The consequence of allowing for maximum flexibility without due regard to the entire process is likely to result in confusion or errors on the part of either customers or utilities. This prospect for errors can be significantly reduced by placing reasonable limitations on switching flexibility.

In addition, Alectra is concerned that the workload placed on utility customer service operations will be significant if customers are permitted to switch at will. This will impact staffing and training requirements for all utilities across the province, resulting in higher operating costs, and ultimately, higher customer bills. Alectra does not believe that these costs are worth the incremental benefit derived from unlimited switching. In particular, Alectra recommends that the OEB adopt amendments that reflect the most flexibility permissible within the switch timelines. Consistent with this recommendation, Alectra suggests that customers be limited to no more than 4 switches per year.

While portions of the process can be automated to ensure efficient administration, the Notice indicates certain milestones that must be achieved in order to affect a customer switch. For example, the Notice indicates the following steps must be included in processing a switch, with the associated timelines:

- Customer elects a switch:
 - By webform – minimal processing time;
 - By phone or email – additional processing time for manual input required;
 - By mail – further additional processing time for receipt and manual input required.

- Notification to Customer:
 - Within 10 business days of the receipt of an election form.

- Customer Election implemented:
 - If more than 10 days from next bill, then processed in time for the next bill;
 - If within 10 days of next bill, then processed in time for the second bill hence.

- Confirmation of Implementation
 - Confirmation message to appear on first bill issued that reflects the switch;
 - If unable to fit the message on that first bill, then allowance is made to fit the message on the next bill.

As a result, allowance should be made for an administrative process of up to 2 months, if necessary. Additional administrative processes for more complex situations that involve move-ins, retailer contracts, allowance for mailing time or other issues may also be required. If customers are given unlimited flexibility to accommodate switches, and they elect to make additional switches within the timeframe listed above, the process will be interrupted and the possibilities for error and confusion will grow exponentially. For example, this would require utilities to manually interrupt automated processes to accommodate the reversal of the switch and then to identify the appropriate messaging according to the most recent re-switch. This could be made even more confusing for customers if the original switch has been processed and the bill (which doesn't reflect the re-switch) is in transit by mail.

As a result of the process steps that are required after the customer provides election to switch, Alectra submits that flexibility to switch pricing structures be limited to no more than 4 times per year, and not until a previous switch election has been processed. Unlimited switching also creates undue strain on utility resources, which may lead to increasing costs and customer bills over time. Alectra contends that this further supports the reasonability of limiting the number of switches to no more than 4 times per year.

- *Switches involved with opening a new account, moving from a contract with an electricity retailer, or returning to the RPP from market-based pricing.*

Alectra has concerns with these items. First, processing retailer switches is a two-step process, wherein the notification is provided to the utility and then confirmation takes place. Alectra does not always interface directly with the customer following the switch from retailer contract to SSS.¹ The process would be made more complex and require additional steps if during the process the customer is also electing a switch to tiered pricing. This could add to the time needed to process the switch, thereby making the timelines referred to above difficult, or impossible, to achieve. In

¹ Section 2.1.3 of the SSSC allows for either the person (customer) or the retailer to inform the distributor of the desire to switch from a retail contract to standard supply service.

order to maintain current processes and facilitate the quick implementation of the optionality requirements by November 1, 2020 having a customer default to TOU in this scenario is preferred. The customer could then follow the normal election processes in order to apply a switch if they so choose after the first SSS bill following the retailer switch.

Regarding customer moves, online forms will need to change to allow customers to make the election of either TOU or tiered pricing to take place at the time of move. Depending on the customer's move in date, this could present problems in the time needed to process the switch, which could again make the process and requirements described above impossible to achieve. In addition, Alectra does not always connect directly with a customer for a move. Having to reach out to the customer in order to address customer choice would create more administrative burden and increase costs for Alectra. Similar to the retailer switches, a customer should default to TOU and then follow normal election processes in order to apply a switch if they so choose after the first SSS bill following the move.

In order to address these issues, and given the short timeline for implementation, Alectra proposes that TOU pricing remain the default for any customer; whether addressing new connections, moves, retailer contract changes or returning to RPP from market-based pricing. Once the customer's account and billing cycle are established, the customer would be free to make any elections or switches, in accordance with the necessary processing and timelines.

- *Election Forms*

Alectra supports the OEB's position not to prescribe an election form at this time. Prescribing the specific form and content of election forms would make implementation more difficult for utilities as each utility will have different Customer Information System ("CIS") requirements or limitations. Therefore, Alectra supports the flexibility to create election forms consistent with each utility's specific needs. That said, utilities could benefit from direction regarding high-level or basic requirements for the election form from the OEB. This would assist utilities in constructing the form, and also minimize the potential for materially different election forms presented to customers around the province.

Step 2: Distributor Notification to Consumer

- *Customer Notification of Switch Date*

The Notice indicates that the second step of the process would require a distributor to notify the customer when the election will take effect, or that the election cannot be processed along with an explanation as to why.

Given the myriad of billing cycles throughout any given month, it is not possible to indicate a specific date as to when a customer's switch would take place. However, Alectra does confirm that it will be able to notify customers that the switch will take place on the next bill or subsequent bill, depending on the specific circumstances in relation to the timing of the request, as above. Alectra confirms that it will be able to notify customers when an election cannot be processed along with an explanation as to why.

The Notice also indicates that in supplying the confirmation, the communication channel, "must be the same as that provided by the customer". Alectra identifies that this may be problematic in cases where a customer has provided their election by mail in that it will add extra time requirements for the processing of elections. In addition, if customers make election by telephone, it would create further administrative complexities to respond in a similar fashion. Alectra proposes that allowance be made to attempt to communicate with customers in the most efficient manner possible. In the event that this is not possible, then notifying customers as the Notice proposes is reasonable. Telephone and mail election forms could include a note requesting an email communication channel and indicating that if email is not available that the customer will be notified through whatever means they have made their election.

Step 3 – Consumer Election Implemented

Alectra has no concerns or issues with the items noted in Step 3 of the Notice. Specifically, the allowance recognizing the proximity of the customers' election to the next billing cycle (i.e., within or outside of 10 days) is appropriate.

Step 4: Confirmation of Implementation

- *Bill Messages*

In respect of confirming the implementation of pricing switches, the OEB notes that:

The OEB is of the view that this is best accomplished by means of a one-time message on the customer's bill and is proposing to amend the SSSC accordingly.

Alectra notes that of its two customer information systems, one (in the Guelph Rate Zone) is not capable of providing individualized, smart messaging on customer bills. In this particular case, bills can only reflect broadcast messages that apply to all customers. The cost to remedy this feature cannot be accommodated in the short term, and in any event would be significant. Therefore, Alectra seeks either an exception or an amendment to this proposal. While it is expected that Alectra will integrate its two systems into one in the future rendering this issue moot,

it may also be an issue for other utilities across the province. Either way, Alectra is confident that the bill presentation will clearly indicate which pricing structure has been employed on a customer's bill.

Other Proposed Amendments

- *Information for Consumers*

Alectra believes that an orderly and effective implementation plan requires the development of broad customer education and communication. For the past decade, the electricity sector has been educating consumers about TOU pricing, including bill impacts and conservation motivations. The rapid introduction of TOU opt-out processes stand in stark contrast to information previously provided to Ontario consumers.

With regard to the most efficient form of this mass consumer education and communication required, Alectra strongly urges the OEB to take up the mantle, for many reasons. First, were this additional burden placed on individual utilities, it would create additional work effort at precisely the time when utilities are mobilizing resources to ensure a smooth operational transition. It is advisable that the OEB can help reduce the burden on utilities by taking on this activity. Second, if individual utilities are tasked with developing the materials, the probability of un-coordinated and inconsistent communication materials is very high. In Alectra's view, this would add to customer confusion and create more complication. Finally, if materials and/or online calculators are done at the utility level, customer expectations will be centered on total bill analysis. However, this initiative only pertains to the commodity portion of a customer's bill. As a result of different delivery rates across the province, the same or similar inputs, could create different results, again introducing the propensity for customer confusion and misunderstanding.

For the reasons outlined above, Alectra strongly encourages the OEB to centralize the development of the customer communication and education materials, with input from utilities.

- *Preparation of Billing Quantities by the Smart Metering Entity*

The proposed direction offered by the OEB raises significant issues and concerns for Alectra and other utilities. Many utilities have configured their CIS and billing systems to be structured around TOU pricing for residential and low volume customers. As a result, the options are that either utilities must make system configuration changes and implement extensive manual workarounds to accommodate the OEB's proposal, or implement an interim solution, explained further below.

Configuring the system changes required to accommodate the intake of different billing determinant data would add substantial and material complexity, costs, and time requirements for implementation. The MDMR provides tiered billing determinants in a different format than current TOU billing determinants. This means that the interfaces between these formats would need to be enhanced. This would not obviate the need to reconfigure each meter within the CIS for each switching customer so as to be able to handle the new format. This is itself a significant undertaking. The effort to develop and design interfaces and automated solutions, and the corresponding business processes to support such development, would require a minimum of six months for design, testing, validating, and training. Alectra estimates that this endeavor would cost approximately \$2-\$2.5 MM.

In the absence of implementing system interface changes, an alternative solution could focus on the meter configuration within the CIS in order to accommodate the OEB's proposal. As above, this manual workaround process would involve changing the meter configuration within the CIS manually for each customer seeking to switch as a "system meter exchange". However, this process would be far too complex and costly to automate in the near term, given the number of other business processes that would be impacted.

Alectra does not support this solution given the extensive manual effort involved. Alectra estimates that the entire process to effect the change for each switching customer would take more than 3 hours. This translates into an estimate of 24,000 people-hours, if 10% of the customer base wishes to process a switch request. If 25% of the customer base elects a switch, this represents approximately 60,000 people-hours to accomplish the task, assuming there are no further complications.

Alectra offers a proposed alternative solution that can be deployed in such a way as to meet the desired implementation timeline. This process can be utilized until such time as structural system changes can be accommodated (both in terms of cost and timelines).

The proposed solution involves leaving the existing MDM/R interface as it exists today and changing the billing pricing option within the CIS. The fields required to complete a switch to Tiered Billing exist in the billing response from the MDM/R today. This would effectively tell the CIS to bill the switching customer tiered rates instead of TOU pricing. The same could also work in reverse for customers that switch back to TOU pricing. This approach would allow utilities to continue using the MDM/R in the same manner as they do today. As is currently the case, meter data will be provided to the MDM/R, and then billing data will be received from the MDM/R used for customer invoicing.

The one extra step required in this proposed solution would be the requirement to apprise the MDM/R of the switch from TOU to RPP for a particular customer. This can be accommodated by simply flagging the account to initiate a Rate Class change from TOU to RPP for the customer.

This would provide the MDM/R with the necessary pricing flag switch but still maintain getting billing data in the same format as today. This will also allow the MDM/R to track and report for customers on tiered rates or TOU pricing. This information can be reported to both the IESO and the OEB for their purposes, as required.

This cost-effective solution will minimize the system infrastructure, business process, and training changes required, and will allow utilities to handle the switching of accounts, efficiently.

Alectra recommends that the OEB allow for flexible solutions to accommodate required system infrastructure changes in order to facilitate implementation in time to meet a November 1, 2020 effective date.

Additional Comments

- *Coming into Force*

In respect of the Coming into Force provision, the OEB's Notice states the following:

The OEB proposes that the amendments to the SSSC would come into force on October 13, 2020. This would allow distributors as much time as possible to implement the necessary system changes and make the election form available, while still enabling consumers to submit the form in time for the election to take effect in respect of a billing period that begins on or after November 1, 2020.

Alectra is concerned with this proposal and recommends that the OEB instead enshrine November 1, 2020 as the appropriate Coming into Force date. Alectra believes this is the date the OEB should consider for the following two reasons:

1. The implementation timeline is already very short: Removing 18 days of implementation time is a critical and material modification to the timeline required by utilities to make the necessary changes. Once Code amendments are finalized, utilities will have the direction they require. The implementation will require: system changes; process changes; and training for customer service representatives. Each of these tasks will entail time for design, testing, validation, and implementation.

For system changes, many utilities will require third party vendors to undertake the changes; this introduces additional steps and requirements. In addition, new forms to accommodate customer election enrollment; move in-move out; or retailer contract changes also need to be developed and deployed. Public notification on the website and social media also need to be developed. This list does not consider additional time that

would be needed to incorporate other changes in relation to smart meter data or producing materials and tools for customer education.

The items addressed above would reasonably take 4-6 months to complete. Utilities will have just 2-3 months to complete implementation, depending on when final Code amendments are available. In addition, as stated at the outset, utilities are expected to accomplish all of this during these unprecedented times, with most utility back office employees working from home.

2. Customers will require relevant pricing information, in order to make an informed choice. Since the November 1, 2020 rates will not be known by October 13, it is impractical to offer customers the ability to switch until those future prices are known.

For these reasons, Alectra urges the OEB to enshrine a Coming into Force date of November 1, 2020.

- *Cost Recovery*

Alectra has an additional concern regarding the costs to implement system and process changes, inclusive of development, testing, training and implementation. In the Notice, the OEB notes the following:

The proposed amendments to the SSSC deal mainly with operational implementation matters. In developing these operational rules, the OEB has striven to minimize implementation costs for distributors while at the same time ensuring that the election process is clear, easy and speedy for consumers and that consumers have access to the information they need to choose the price plan that is right for them.

While Alectra appreciates that this consultation is necessarily focused on matters of operational implementation, the costs to undertake such are expected to be material. Based on direction and expectations provided thus far, it is clear that substantial changes will be required to support this initiative. In this regard, it would appropriate for the OEB to address the issue by establishing a specific deferral account for future cost recovery.

Alectra thanks the OEB for the opportunity to participate in this consultation. Should you have any questions, please do not hesitate to contact the undersigned.

Yours truly,



Indy J. Butany-DeSouza, MBA
Vice President, Regulatory Affairs
Alectra Utilities Corporation