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Compliance Office

## Information Bulletin: 200506

August 3, 2005

**To: All Licensed Electricity Distributors and Licensed Electricity Retailers**

**Re: Regulated Price Plan  
Calculation of the Final RPP Variance Settlement Amount**

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**This bulletin contains important information with regard to the calculation of the final RPP variance settlement amount (“FVSA”) for consumers that leave the Regulated Price Plan (“RPP”).**

A consumer may leave the RPP in one of three ways; by cancelling the account and moving out of the Province, by choosing to contract with an electricity retailer or by electing the wholesale spot market pricing option.

Electricity distributors are required by section 3.7.1 of the Board’s Standard Supply Service Code (the “SSS Code”) to charge or credit a consumer that leaves the RPP with a FVSA. Under section 3.7.2 of the SSS Code, the amount of the FVSA must be calculated in accordance with the Board’s Regulated Price Plan Manual (the “Manual”). Chapter 6 of the Manual in turn requires that the FVSA be calculated by multiplying the exiting consumer’s actual or estimated consumption over 12 months by a settlement factor (referred to in the Manual as “ $V_{FS}$ ” and here as the “FV settlement factor”) determined by the Board.

The Board has created a “Final RPP Variance Settlement Amount” webpage on its website for purposes of posting the value of the FV settlement factor each month. The value of the FV settlement factor is posted on the Board’s website on the 15<sup>th</sup> of each month or, if that date is a not a business day, on the first business day after the 15<sup>th</sup>. To date, the Board has posted the value of the FV settlement factor on each of June 15, 2005 (0.0081¢ per kWh) and July 15, 2005 (0.0561¢ per kWh).

Based on inquiries received from electricity distributors, there is some uncertainty as to the value of the FV settlement factor that is to be used in any given case. The issue arises because the value of the FV settlement factor as posted on the Board’s website will often

change between the date of an exiting consumer's final meter read and the date on which that consumer's final RPP bill is issued by the electricity distributor.

The act that triggers the need to charge or credit the FVSA is departure from the RPP. It is therefore appropriate for the FVSA to be determined as of the date on which the exiting consumer ceases to take RPP supply. In accordance with the Board's regulatory requirements for retail settlements, this equates with the date of the exiting consumer's final meter read. Accordingly, in calculating the FVSA for an exiting consumer, a distributor should use the value of the FV settlement factor that is in effect on the date of the consumer's final meter read.

The following examples are provided by way of illustration:

- If an exiting consumer's final meter read is on July 10, 2005, the value of the FV settlement factor that is to be used is the one that was posted on the Board's webpage on or about June 15, 2005. Although the consumer's final RPP bill may not be issued until July 24<sup>th</sup>, or some other date after July 15<sup>th</sup>, the distributor should use the June 15<sup>th</sup> value of the FV settlement factor. That FV settlement factor must then be multiplied by the consumer's actual or estimated consumption over 12 months, measured back from the consumer's final meter read.
- If an exiting consumer's final meter read is on July 20, 2005, the value of the FV settlement factor that is to be used is the one that was posted on the Board's webpage on or about July 15, 2005. In calculating the consumer's FVSA, the distributor would apply that FV settlement factor to the consumer's actual or estimated consumption over 12 months, measured back from the consumer's final meter read.

To provide additional clarity, the Board intends to revise its "Final RPP Variance Settlement Amount" webpage so that it will indicate the value of the FV settlement factor that is to be used relative to the date of an exiting consumer's final meter read.

The requirements described in this Information Bulletin apply equally to electricity retailers that are billing RPP consumers using retailer-consolidated billing.

If you have any questions regarding this Information Bulletin, please contact the market participant hotline at 416-440-7604 or by e-mail at [market.operations@oeb.gov.on.ca](mailto:market.operations@oeb.gov.on.ca).

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