

Ontario Electricity Market Services (EBT Hub)

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Ontario Electricity Market Services (EBT Hub) and the Ontario Market

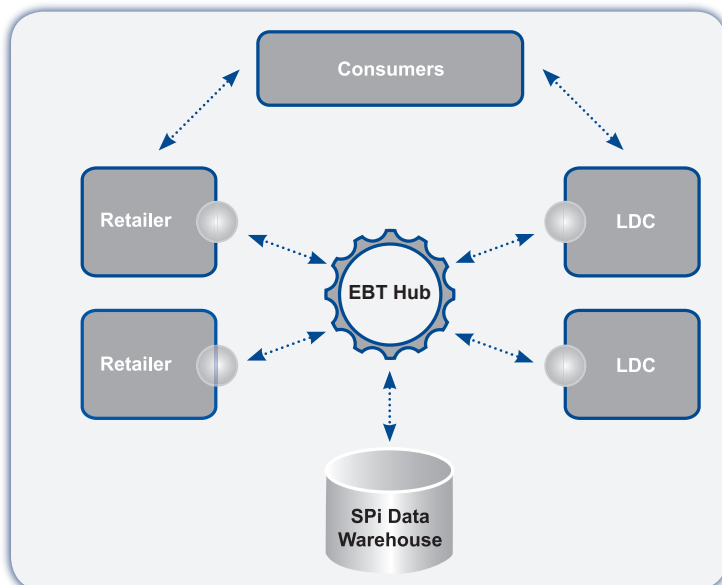
Market Overview

The Ontario electricity market has approximately 90 local distribution companies (LDCs) and 15 active retailers of varying sizes. The market rules support a bill-ready retailer billing model, in which the LDCs inform retailers of the amount of commodity consumed by each of their consumers once per billing cycle, and the retailers inform the LDCs of the commodity charge to add to their consumers' bills. In a bill-ready market, the retailers are required to calculate the invoice charge based on the consumer's consumption. The Ontario market supports distributor consolidated billing (DCB) and retailer consolidated billing (RCB), although in practice virtually all retailers use the DCB model. This is because retailers generally believe that the benefits of having the LDC print, mail and collect the bills outweigh the benefits of billing the consumer directly themselves.

The business processes of retailers are outlined in the Ontario Energy Board's (OEB) Retail Settlement Code (RSC) and the Electronic Business Transaction (EBT) standards (collectively known as the market rules). These standards define the processes for enrolling, billing and dropping consumers, updating consumer information and settling between retailers and LDCs. They also define data representation and communication standards through which the retailers and the LDCs exchange transactions (EBTs) to implement these business processes.

EBT Communication

The Ontario retail electricity market supports EBT exchange between LDCs and retailers through a hub market model. In this type of market architecture, each market participant communicates with its trading partners through an EBT hub service provider. The hub service provider is responsible for routing the transactions to the appropriate market participant, either directly or through the hub service provider of that market participant. The diagram below illustrates the concept:



The advantage of this market model is that each market participant needs only to integrate its back-office systems to a single point of contact – its hub service provider. In the alternative market architecture, a point-to-point market, each market participant must integrate its back-office systems to all other market participants. For a retailer in Ontario, this means integrating its back-office systems to 90 different LDCs, creating a more expensive and unmanageable integration problem.

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The Value Proposition

In Ontario's retail electricity market, SPi is the leading provider of EBT hub services, with over 85% market share by customer volume and 99.9% market share by retailer volume. Through its EBT Viewer application, the SPi EBT Hub provides its customers with the ability to audit transaction flows from end-to-end, which greatly improves their productivity. SPi's system processes nearly 20 times the transaction volume of other hubs in Ontario, registering almost 40 million transactions per year. In addition, SPi's systems are hosted in a state-of-the-art hosting facility, and provide unrivalled scalability and reliability, achieving over 99.9% availability since market opening in 2002. SPi also provides 7/24 customer support to over 70 market participants of greatly varying sizes through its client services and operations department. In addition to the above-mentioned benefits, it is important for potential customers to consider the following:

- The province's Smart Metering Initiative (SMI) may result in a 1,000-fold increase in data volumes flowing through the retail electricity market. Currently, SPi's competitors handle only about 5% of the transaction volumes that SPi processes. Further, SPi's systems are fully tested to meet the demands of SMI.
- SPi's all-Canadian ownership and operations ensure that its clients' obligations under the *Personal Information Protection and Electronic Documents Act* (PIPEDA) are met. There are no aspects of SPi's operations that are under US corporate control and therefore accessible by American law enforcement agencies under the *USA PATRIOT Act*.
- SPi embraces the concept of continuous improvement for all of its products and services. By comparison, its competitors appear to take the position of enhancing or modifying only by request or upon a sale.
- Service organizations have a responsibility under the Canadian Institute of Chartered Accountants' Handbook Section 5970 to ensure that their services are of high quality and accurate. SPi has the confidence in its systems and controls as well as in its ability to handle the financial and resource implications of a typical audit.
- SPi provides all of its clients with access to its online EBT Viewer product. This web-based tool allows market participants to track their transactions from end to end through the EBT Hub which enables auditing of transaction flows. Existing clients find this to be a significant productivity tool for their staff when dealing with transaction processing exceptions.
- SPi securely maintains and archives a central repository of its clients' EBT data, and makes all of their historical information available through its online EBT Viewer product.

Testimonials

ENWIN Utilities Ltd. signs with The SPi Group Inc.

According to Marv Routliffe, Director of Information Services and Technology, there were a number of reasons for moving back to The SPi Group Inc. after a brief period with the competition. **"We wanted to deal with an all-Canadian company that understands our business and how we operate. Having our customer information subject to the USA Patriot Act was simply not acceptable to us."** SPi's all-Canadian ownership and operations ensure that its clients' obligations under the *Personal Information Protection and Electronic Documents Act* (PIPEDA) are met. There are no aspects of SPi's operations that are under US corporate control and therefore accessible by American law enforcement agencies under the *USA PATRIOT Act*.

The product as well as the customer support functions were also key factors in ENWIN's decision. **"The tool set is excellent; the EBT Viewer product allows us to track transactions from end to end. Transactions are fully auditable, and the SPi staff are very helpful and understand our needs."** SPi provides all of its clients with access to its online EBT Viewer product. This Web-based tool allows market participants to track their transactions from end to end through the EBT Hub, which enables auditing of transaction flows. Existing clients find this to be a significant productivity tool for their staff when dealing with transaction processing exceptions.

The overall relationship with the company, and pricing, were also important elements of the decision. According to Marv, **"We always had, and continue to have, a high regard for our relationship with The SPi Group Inc. SPi's products and services provide added value to our business and are competitively priced."**

About SPi

The SPi Group Inc. is a Toronto-based provider of products and services primarily to the utility and energy industry. SPi's technology portfolio includes secure, reliable and auditable data transport solutions and a variety of billing and settlement solutions, based on portable, open standards. SPi's team of highly skilled IT and energy industry professionals developed these technologies that operate mission-critical business processes for over 70 public and private sector clients.

Our Products and Services

Products

- EBT Hub Connector
- Gas Market Connector
- *Productivity Tools*
 - Account Viewer
 - EBT Exception Viewer
 - EBT Viewer
- XML Generator
- EBTx Hub Client

Services

- Ontario Electricity Market Services (EBT Hub)
- Retailer Managed Services
- Ontario Gas Market Services
- Ontario MDM/R Implementation Services
- Consulting and Software Development
- Technology Licensing
- Project Management Services and Support

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