

September 23, 2022

Ministry of Energy
Conservation and Renewable Energy Division
77 Grenville Street, 5th floor
Toronto, ON
M7A 2C1

Attn: Kevork Hacatoglu
Senior Policy Advisor

Dear Mr. Hacatoglu:

Re: **ERO-019-5849 Stakeholder Feedback on Proposed Implementation of an Ultra-Low Overnight Electricity Price Plan for Regulated Price Plan Consumers**

Thank you for the opportunity to suggest ways that the Ministry of Energy (MOE) may improve its proposed implementation of an Ultra-Low Overnight (U-Lo) electricity price plan for regulated price plan (RPP) consumers. Distributors are supportive of providing customers with the U-Lo choice and control through an alternative RPP option which is expected to address forecasted increases from electrification, as well as shifting demand from high price to low price periods. Below are the comments of the Electricity Distributors Association (EDA) regarding the U-Lo price plan and the proposed amendment to O. Reg 95/05 under the Ontario Energy Board Act, 1998 to set rates for the new price plan.

Our comments for the U-Lo price plan proposal are organized by the MOE's summary of its regulatory proposal:

- Offering Customer Choice
- Rate Setting Period
- Key Parameters & Distinct Price Plan Considerations
- Customer Communications

Offering Customer Choice

The new regulatory proposal will require distributors to offer RPP customers a choice amongst three various RPP rate plans: Time of Use (TOU), Tiered and U-Lo. It should be recognized that, by LDCs offering three different pricing plans, this is a more complex offering and will increase LDC customer service length times. Distributors ask that the Ministry consider the quality of information that is released by the government communicating the pricing differences as well as the allowable number of price plan switches which customers can opt for in each given year

1/4

remains the same as before. Offering quality comparatives of the pricing plans will reduce the time which is required to explain to customers which lifestyle is benefitted by each regulated rate plan and offers the best customer choice. These comparatives will allow customers to make an informed choice based on their needs. We would like confirmation that the MOE does not intend to increase the number of times for which a customer can switch among rate plans.

Rate Setting Period

We believe that the proposed launch date of the U-Lo price plan of May 1st, 2023, **and no later** than November 1st, 2023, is reasonable provided the following is also considered:

- Distributors require a reasonable amount of time for bill testing with the MDM/R and Smart Meter data. To implement this option accurately and effectively, the process between systems can not be delayed. Otherwise, any unforeseen bottlenecks or problems in the process would impact the rollout.
- Bill presentment needs to be outlined and developed early on in the implementation process. Depending on the LDC, their billing system setup, the services they bill, and whether they outsource their billing program or use in-house services can determine the amount of time required they will need to execute the U-Lo billing. In the future when a rate change occurs, or a customer changes pricing plans, there will be additional billing lines added to the bill and this may increase the number of pages required to bill customers, along with added complexity to the bill calculation. Distributors will be required to test this extensively prior to going live with U-Lo. More advanced bill presentment clarity will achieve timely adoption.
- A small number of distributors are currently undertaking scheduled billing system upgrades/changes. While they plan to implement the third billing option no later than November 1st, 2023, they may require more staff and funding to expedite billing system changes, Green Button implementation and customer choice offerings at the same time.

We request that the MOE consider these factors in its implementation plan and provide clear instruction for distributors who may experience any of the outlined above.

During the consultation on September 13, 2022, OEB staff revealed that distributors that launch the U-Lo price plan option between May 1, 2023, and November 1, 2023, will not be required to back date or provide retroactive calculations to their customers. We seek confirmation that the U-Lo price plan will be offered and billed on the date which the LDC can implement on a go forward basis.

Key Parameters & Distinct Plan Considerations

The proposal sets out key parameters for the OEB in determining rates for consumers under the new price plan which offers a set of price periods and different rates during some of those periods. The OEB's RPP Manual and Standard Supply Service Code (SSSC) will need to be updated to reflect the third RPP pricing option now available, the time periods which they are

in effect, and the annual November 1st, effective date. Distributors should have an opportunity to comment on the OEB's proposed changes to the RPP Manual and SSSC once drafted and prior to the final publication.

It is also the EDA's understanding that the U-Lo pricing plan rates are not seasonally impacted unlike the other two RPP options, i.e., the rates and time ranges will remain consistent during winter and summer periods. This factor must also be clearly defined in the plan consideration and description. Because the annual rate varies from other regulated price plans, this should be clearly communicated to consumers and provided on the election form that the OEB will develop in advance of the May 1st, 2023, go live date.

From a financial control perspective and to promote transparency, we request that the U-Lo price plan supply cost be tracked in its own variance account and is not combined with the other rate options to mitigate any impact of cross-subsidization. Additionally, it is prudent that the MOE performs an annual review of the U-Lo rate setting to evaluate the impact of its implementation and evaluate its future adequacy, and unforeseen or unintended impacts to the regulated price plan setting process.

Customer Communications

Distributors have two primary concerns for the customer communication of U-Lo:

- (1) Communicating distinct rate comparatives and appropriate lifestyles for each RPP.
- (2) Contingency plans for customers who inadvertently opt into a regulated rate plan which is not appropriate for their consumption profile or lifestyle.

In the MOE proposal it stated that by offering an expanded choice of electricity pricing plans, these RPP customers would be able to choose a plan that best fits their individual needs, which could result in cost savings. While we are supportive of this proposal, it is our expertise that the actual savings between each price plan depends on the rates which are set, consumer profile, lifestyle, and consumption patterns. If customers do not understand the differences among the plans, they may receive a bill which is larger than expected from their current regulated price plan. MOE should consider the above in its implementation of the U-Lo electricity price plan for regulated consumers, but also develop clear communications materials to minimize the potential for selecting an inappropriate price plan for their lifestyle and consumption patterns, and the subsequent spike in their electricity bill.

Additionally, distributors request that, for the implementation of U-Lo, they should only be required to post the customer RPP election form and U-Lo communication information to their websites once they have "gone live" with U-Lo billing in their systems.

Conclusion

We strongly encourage the government to appropriately educate customers prior to the implementation of the proposed U-Lo so there isn't any confusion among options. The program results will be maximized if customers are able to distinctly understand the consumer profiles which will benefit from the U-Lo option. It is our opinion that the OEB must provide customers with a clear bill calculator comparison to achieve the customer choice objectives with greater success. It is incumbent that a bill calculator be easily comparable among RPP plans and customer load profiles. The current online calculator is an excellent tool that needs to be enhanced so that customers can make informed decisions when considering which pricing plan is appropriate for their consumption patterns.

We look forward to working with the Ministry of Energy, Ontario Energy Board, and Independent Electricity System Operator and provide our feedback on next steps for this proposal to implement the Ultra-Low Overnight electricity price plan for regulated price plan consumers.

Please do not hesitate to contact Brittany Ashby, Senior Regulatory Affairs Advisor, at bashby@eda-on.ca or at 416.886.4420, if you have any questions or require anything further.

Sincerely,



Teresa Sarkesian
President & CEO