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**Frank D'Andrea**

Vice President  
Regulatory Affairs

BY COURIER

June 22, 2018

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON, M4P 1E4

Dear Ms. Walli,

**EB-2016-0201 – Hydro One Networks Inc. RPP Roadmap Pricing Pilot**

In a letter to Ms. Cindy-Lynn Steele dated October 23, 2017 the Ontario Energy Board (OEB) approved Hydro One's RPP Roadmap Pricing Pilot (RPP Pilot) under OEB File No. EB-2016-0201. I am writing to advise that Hydro One is withdrawing its participation from the OEB's RPP Pilot.

As detailed in Appendix A, Hydro One has worked diligently, in consultation with OEB staff, to develop its RPP Pilot in accordance with the OEB's requirements. In working with our vendors we were unable to finalize an implementation plan that would meet the OEB's needs without taking on very high levels of risk related to time lines and quality of deliverables.

As previously approved by the OEB, Hydro One has about 1,100 customers whose participation in an earlier Smart Grid Fund Dynamic Energy Pricing Pilot (SGF Pilot) was extended, in part to avoid the need to recruit additional customers into the new RPP Pilot. Hydro One will be undertaking activities to wind down customer participation in the SGF Pilot as quickly as possible.

Hydro One has an approved deferral account to record the costs associated with extending customer participation in the SGF Pilot and we seek direction from the OEB with respect to the process for disposing of the deferral account balance.

Any questions regarding this matter can be directed to:  
Sahar Mishriki (Sahar.Mishriki@HydroOne.com; 416-345-4324) or  
George Kasturas (George.Kasturas@HydroOne.com; 416-345-588).

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea

Cc: Mary Anne Aldred  
Ceiran Bishop  
Warren Lister

## **Appendix A**

### **Hydro One RPP Pilot Background**

Hydro One submitted an initial project proposal to the OEB on August 19, 2016. Hydro One's proposal indicated our intent to deliver an RPP pricing pilot as well as to seek approval and funding to extend our existing pricing pilot under the Smart Grid Fund (SGF) until such time as those pilot participants could transition to new rates under the RPP Pilot. On September 23, 2016, the OEB issued a Decision and Order approving a deferral account for Hydro One to extend its SGF pilot until April 30, 2017 for up to \$1 million.

Upon invitation from the OEB, a full proposal was submitted on October 28, 2016 indicating a pilot launch in May 2017 and final report by May 2019. Hydro One did not receive approval for this application. Based on further discussions between Hydro One and OEB staff, an amended proposal was submitted to the OEB on April 3, 2017 with a pilot launch date of November 2017 and a final report to be delivered by May 2019, and which also included a request to extend the deferral account to July 31, 2017. Per a Decision and Order dated April 27, 2017, the OEB granted Hydro One the deferral account extension but did not approve Hydro One's proposal.

On July 28, 2017, the OEB issued another Decision and Order which further extended the deferral account to September 30, 2017 and increased the funding limit to \$1.2 million.

On August 31, 2017, Hydro One submitted a revised proposal to the OEB for the RPP Pilot which included a pilot launch date in June 2018 and final report by November 30, 2019.

On September 28, 2017, the OEB issued a Decision and Order which removed the term and funding limit of the deferral account.

Subsequent discussions between Hydro One and OEB staff were held in September and October 2017 on the scope and budget of Hydro One's proposed pilot. On October 23, 2017, the OEB sent a letter to Cindy-Lynn Steele, VP Market Solutions at Hydro One, approving Hydro One's pilot proposal with minor scope adjustments. Subsequently, Hydro One received a draft Conservation Fund Agreement from the IESO on December 21, 2017.

Based on OEB approval, Hydro One proceeded with detailed project planning and Vendor scope/contract finalization. Significant issues arose with obtaining appropriate Vendor commitments/agreements thus adversely impacting project initiation.

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On March 13, 2018, the OEB requested a meeting with Hydro One staff to discuss project status/timelines. On March 22, 2018, Hydro One staff met with OEB staff to discuss the schedule for the pilot and challenges being faced. On April 5, 2018, the OEB requested Hydro One to submit revised pilot timelines. Hydro One submitted a proposed revised schedule on April 13, 2018 which indicated a pilot launch in September 2018 and final report by March 2020. In an effort to meet OEB pilot results time line needs, Hydro One proposed that an interim report based on up to 6 months of pilot data could be submitted to the OEB by the end of August, 2019. Hydro One also identified that the overall project schedule and deliverables quality would carry significantly higher than normal level of risk due to the nature and priorities of certain vendors involved. Further Hydro One committed to re-examine the market for other vendors that could be brought in to deliver on the required scope and timeline with a much more manageable risk profile

At the May 17<sup>th</sup>, meeting with OEB staff, Hydro One advised that it was unable to secure alternate vendors who would deliver the required scope on the desired time lines and that the only remaining option is to continue with existing vendors with the Interim Report being delivered by October 2019 and the Final Report by June 2020. It was also reiterated that the overall project schedule and deliverables quality would still carry a higher than normal risk due to the nature and priorities of vendors involved.

The ongoing delivery risk continued to be a major concern for OEB staff. Given this and our inability to adequately mitigate that risk Hydro One is requesting withdrawal from the pilot.