



Appendix A

Consultation on Regulated Price Plan Time-of-Use Pricing (TOU)

List of Issues Identified by Board Staff

1. Structural Issues

- Are the current three price periods still appropriate given changes in Ontario's electricity demand profile and supply mix? What are the advantages/disadvantages of fewer price periods? Are there significant system cost issues associated with changing the number of price periods?

Comments

- 1) Consumers are more conditioned and more receptive to less time periods. A structure similar to the wireless industry may be easier for consumers to understand and to manage (i.e. offering a Peak and Off Peak pricing model only). The cost of billing will be simpler, and easier to manage. Two time periods are easier to communicate, easier for consumers to understand and easier for operators to bill.**
- Is the current seasonal structure appropriate on a go forward basis? Does the change in Ontario's peak demand and the supply mix affect the seasonal nature of TOU? Are there significant system cost issues associated with changing the approach to seasonality?
 - 1) Just Energy believes the Board should maintain two TOU seasonal price models. Yes, the seasonal rate adjustments have system effects that will need to be managed each season. This approach may create additional costs and complexity when consumers notice and don't understand the seasonal changes on their invoices.**
- Given that the Ontario electricity system is summer peaking, would it make sense to adopt a structure which specifically addresses the summer peak. i.e., a summer only super peak or critical peak pricing that operated during predetermined peak hours? What type of costs would be associated with implementing such a system?
 - 1) Just Energy believes the Board should continue to have seasonal pricing changes and that having a Super Peak period during the summer months would be a good consideration and completely understandable to consumers. Having a Peak and Off Peak period would be needed in both season.**



2. Price Setting Methodology

- The Board has established in the RPP Manual target ratios of 1:2:3, are these targets still appropriate?
 - 1) **It is Just Energy's belief that the ratios are too close to stimulate consumer behavioral change. A stronger difference between the price bands would help stimulate a behavior change.**
 - 2) **It is also our belief that the mid-peak and peak periods are too close in price and moving to two price periods – Peak and Off Peak would ensure a stronger price difference ratio.**
- Should the Board increase its focus on the price ratios when setting prices or continue emphasizing RPP supply cost recovery as the primary objective? To achieve the target ratios, should the Board focus on one price, i.e., increase peak prices or decrease off-peak prices?
 - 1) **The board should focus on ensuring good price ratios and not make the RPP supply cost recovery the primary objective. The Board should always look at both peak and off peak pricing for change, but if needed adjust the peak price to manage additional cost recovery and to stimulate consumer savings behavior.**
- What are the advantages or disadvantages of differentiating the recovery of the variance account such that the variance account balances could be used to either enhance price ratios or buffer consumer bill impacts through accelerated or decelerated recovery?
 - 1) **The Board should consider using recovery to elevate the price in peak periods to recover more costs and to stimulate usage changes.**
- Currently the Board allocates forecast Global Adjustment ("GA") costs to be recovered in the price period, which relates to the portion of the load curve that the GA-eligible contract serves. Should the Board continue this practice? If not, what other method should the Board use to recover forecast GA costs?
 - 1) **Continue to assign the GA costs to the load curve the contract serves.**
- Should the Board use the GA cost assignment to enhance the time of use price ratios regardless of "cost causality"?
 - 1) **Yes. The Board should use the GA cost assignment to enhance the time of use price ratios. Consumers will understand the intent and message.**

End