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By Electronic Filing and E-mail

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Young Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli,

Re: Consultation on Regulated Price Plan Time-of-Use Pricing
Board File: EB-2010-0364
Our File: 339583/00096

On October 18, 2010, the Ontario Energy Board ("Board") announced that it was undertaking a consultation with stakeholders on the price setting methodology and structure of Time of Use ("TOU") prices under the Regulated Price Plan ("RPP"). The Board's stated objective is to ensure that the current design is fair and meets the objective of ultimately reducing overall power system costs. Please accept this letter as the written comments filed on behalf of Canadian Manufacturers & Exporters ("CME").

As part of the consultation process, the Board retained The Brattle Group to prepare an analysis of the current TOU pricing structure and price setting methodology, as well as the impact of alternative options, using customer data from a representative group of Ontario distributors. The Brattle Group report was circulated to all participants, and subsequently discussed during a stakeholder meeting on December 21, 2010. CME attended the stakeholder meeting via teleconference.

In its cost eligibility request, CME noted that while its various member companies do not acquire electricity under the auspices of the RPP, the prices they do pay for electricity can be indirectly impacted by the extent to which TOU pricing under the RPP does or does not succeed in reducing peak period demand. For that reason, CME explained that it was interested in considering any alternatives identified in The Brattle Group report. Having now had the opportunity to do so, CME offers the following comments.

The Brattle Group report indicates, in part, that the price ratio between peak period rates and off-peak period rates is lower than that found in other jurisdictions. As a result, customers might not realize bill savings sufficient to motivate them to change their usage patterns to off-peak periods. For this reason, The Brattle Group proposes various ways the Board could adjust the price ratio to better reflect system conditions and become more consistent with the practices found in other TOU jurisdictions.

While CME supports, in principle, efforts to reduce peak period demand, it respectfully submits that the Board should be cautious in making significant changes to the TOU price ratio in the absence of an analysis which demonstrates how any such changes could impact, whether directly or indirectly, electricity prices paid by customers who do not acquire electricity pursuant to the RPP. This type of analysis was neither requested of, nor undertaken by, The Brattle Group.

CME suggests that whatever approach the Board adopts in this consultative with respect to alternatives for increasing peak price sensitivity should be compatible with the rationale of its recent Decision with Reasons in EB-2010-0002. In that case, the Board rejected a proposal to increase peak period sensitivity on the grounds that: "Prior to the advent of an aggressive approach from the Ontario government to enable renewable generation, system peak might well be identified as the primary driver of system cost. However, that is no longer the case, and it will not be the case for some time to come."

CME further notes that The Brattle Group report does not recommend that TOU pricing be expanded to non-residential customers. Consequently, CME does not expect that the Board will consider any such expansion in the context of this consultation process. If, however, the Board is considering an expansion of TOU pricing to small or medium sized manufacturers, CME requests an opportunity to make representations on why such a change would be inappropriate.

Yours very truly,

Borden Ladner Gervais LLP

Jack Hughes