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VIA E-MAIL AND WEB POSTING

**To: All Licensed Electricity Distributors
All Participants in Consultation Process EB-2010-0364
All Other Interested Parties**

**Re: Review of the Structure and Price Setting Methodology for Time-of-Use
Prices
Staff Report to the Board
Board File No.: EB-2010-0364**

The Board has today posted on its web site a Board staff's "Report to the Board on the Review of the Structure and Price Setting Methodology for Time-of-Use Prices (the "Staff Report"). The Staff Report documents the consultation process and sets out Board staff's recommendations to the Board.

Background

On October 18, 2010, the Board issued a letter announcing that it was commencing a consultation on the structure and price setting methodology for time-of-use ("TOU") prices under the Regulated Rate Plan. The consultation was intended to ensure that the design of TOU prices is fair and meets the objective of ultimately reducing overall power system costs.

The consultation comprised: (i) a report and analysis prepared by the Board's consultant, The Brattle Group, on how the current TOU regime compares with best practice in other jurisdictions and on options for improvement; (ii) a stakeholder meeting that focused on the Brattle report and analysis as well as on issues identified by Board staff; and (iii) the provision of written comments on the Brattle report and analysis and the issues. Details of the consultation are set out in the Staff Report, and all materials relating to this consultation are available on the Board's website.

The Board's Approach

The Board agrees with the staff observations and accepts the staff recommendations set out in the Staff Report, and has concluded that it will not make any changes to the TOU pricing structure or price setting methodology at this time beyond the one change that is triggered by Ontario Regulation 95/05 (Classes of Consumers and Determination of Rates). Specifically, effective May 1, 2011, the evening off-peak period will commence at 7 p.m.

The Board will initiate a data collection project in the summer of 2011. The objectives of this project will include the development of a database of information from distributors that is of sufficient quantity and quality to support a more rigorous analysis of the current TOU regime. This database will also better support further analysis of the need for, and impact of, any alternative approaches to the TOU pricing structure or price setting methodology that might be considered in the future.

The issuance of the Staff Report marks the completion of this consultation process. The Board thanks all participants in this consultation for their contributions, and will address the issue of cost awards for this consultation by separate correspondence.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary