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Ontario Energy Board

Staff Discussion Paper
Regulated Price Plan – Time of Use Prices:
Design and Price Setting Issues

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Ontario Power Authority Comments

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OPA position on design and structure of TOU rates:

The OPA is committed to achieving Conservation goals through resource acquisition programs, capacity building and market transformation. The OPA expects that the Smart Meter program will deliver peak demand savings. As noted in Board's discussion paper, the Integrated Power System Plan (IPSP) projects that the Smart Meter program will contribute 575 MW of demand reduction by 2020. In making its determination of the contribution of the Smart Meter program, one of the main assumptions made was that time-of-use (TOU) rates will be in place. The lack of an appropriate price signal is currently a significant barrier to Conservation at peak times. In order to provide the appropriate price signal, the OPA believes that in the design of TOU rates the Board should attempt to mimic as accurately as possible the underlying real time prices.

As evidenced by the Ontario Smart Price Pilot, Critical Peak Pricing (CPP) is an alternative pricing structure that can play an important role in reducing peak demand. However, CPP should be phased in over time, at the Board's discretion, once consumers have become accustomed to TOU pricing.

With respect to the other issues addressed in the Board's discussion paper, the OPA is confident that they will be resolved by the Board in a manner that maintains the integrity of the TOU rates.

The OPA supports the Board's undertaking of this process to address the design and structure of TOU rates and wishes to thank the Board for this opportunity to provide comments.

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