**Appendix E: RPP Project Overview Evaluation**

Regulated Price Plan Roadmap Pilot Program – Project Overview Application

1. **Key Information**

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| Project Title | EB-2016-0201: RPP Pilot Application |
| Distributor | Horizon Utilities Corporation |
| Applicant Contact name: | Neil Freeman  |
| Application Contact title: | Vice President, Business Development  |
| Mailing address:  | 55 John Street North, Hamilton ON L8R 3M8 |
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| Submission date:  | August 22, 2016 |

1. **Project Overview (check all that apply)**

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| Regulated Price Plan Roadmap Category |
| Price | Non-price |
| Target Market(s): Residential Market Only |
| * Existing Home
 | * High Usage Customers
 |
| * New Homes
 | * ~~Other\_\_\_\_\_\_\_\_\_\_\_~~
 |
| * Multi-family
 |  |
| * Single-family
 |  |
| * Low Income Customers
 |  |
| Project Type |
| * ~~Time-of-use~~
 | * Other pricing
 |
| * ~~Critical Peak Pricing~~
 |  |
| * ~~Appliance/Household Automation~~
 |  |
| * Information provision
 |  |
|  |  |
| Expected Project Duration | Months: 17 |

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| --- | --- | --- | --- | --- |
|  | Cash ($) | Cash (% total project value) | In-kind ($) | In-kind (% of total project value) |
| Horizon contribution | N/A | N/A | $114,400 | 15% |
| Partner 1 contribution | N/A | N/A | N/A | N/A |
| Partner 2 contribution | N/A | N/A | N/A | N/A |
| Other(s) | N/A | N/A | N/A | N/A |
| Subtotal (non-OEB funding contribution) | N/A | N/A | $114,400 | 15% |
| Requested funding | $670,517 | 85% | 0 | 0% |
| Totals | $670,517 | 85% | $114,400 | 15% |
| Total Project Value (all cash costs + in kind) (excluding taxes) | **$784,917** |

1. Project Concept and Rationale

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| **A.** In one sentence, state the ultimate goal of this project. How will the objectives of the Regulated Price Plan Roadmap be achieved as a result of this project?  |
| The ultimate goal of this project is to measure changes in residential customers’ consumption and conservation patterns when they are presented with available HOEP price information.The objective of the RPP Roadmap will be achieved by pilot’s data revealing how customer behaviour can be changed with the simple tools of SMS based delivery of price information. |
| **B.** Discuss in detail the specific objectives of the Regulated Price Plan Roadmap that this project addresses (e.g. technical challenge, energy literacy gap, etc.).  |
| This project address two specific objectives of the OEB’s RPP Pilots: 1. Set the price structure to support the achievement of efficient electricity system operation and investment;
2. Set both prices and the price structure to give consumers incentives and opportunities to reduce their electricity bills by shifting their time of electricity use and reducing their peak demand;

Ontario implemented an open electricity market for large users and generators and has received widespread adoption. All over Ontario, and within Horizon territory as well, larger users billed on Hourly Ontario Electricity Prices (HOEP) have taken advantage of the hourly market rates to optimize their operations by shifting consumption during peak pricing events, adopting technologies for assessing their energy use, etc.A clear policy direction in the form of an open market has enabled this transformation. We believe the same can be true for the residential sector. The provision of clear market signals of price and the enabling of consumers to make their own consumption choices is the most direct way of balancing load and demand in the market. This will provide incentives and opportunities to consumers to reduce electricity bills, shift time of use, etc. Although it has been established that the residential sector is less sensitive to price movements as compared to large commercial users, we believe that this is primarily because of the sophistication required to monitor hourly markets and respond to the changing prices at those intervals. Moreover, we believe the provision of simple and easy pricing signals – on a mobile application, or SMS – will both increase the comprehension of energy market prices and provide the necessary economic incentives to shift behavior. This will result from the more informed decision making enabled by the alignment of consumption and price.The customer would, after the fact, receive billing information showing what they would have paid under RPP-TOU and in the pilot scenario. Customers would be recruited on an opt-in basis from current or new customers with electronic billing. To recruit and retain customers to the pilot, customers would never be required to pay more than they would have under RPP-TOU rates, but would be allowed to retain any savings they obtained through the pilot. A monthly true up is required on the GA since the first estimate varies from the final trailing month value.The proposed pilot will test the above thesis. |
| **C.** How will your project’s activities and outputs address the objectives of the Regulated Price Plan Roadmap outlined above? What solution is this project designed to develop?  |
| The project activities would include the following tracks: 1. Program design – includes defining statistics, monitoring, methodology, and analytical treatments.
2. Incremental IT infrastructure changes – for example, software development to pull IESO HOEP or day ahead prices to Horizon billing servers, and development a mobile application that pushes these prices to consumers.
3. Recruitment of a statistically significant sample of customers – currently estimated at 1,000 participants.
4. Administering the pilots – customer billing, engagement, and monitoring processes
5. Collection of specific statistics before, during, and after the pilot, and a comparison to a sample of non-pilot participants.
6. Surveys as outlined in the pilot technical document.
7. Results measurement and verification as will be directed by the OEB

The expected outputs of the project, include among other things as specified in the technical guidelines document, the following: 1. The results of adoption of an hourly market pricing structure from a statistically significant sample of the customer population.
2. The results of changes in consumption behavior as compared to a baseline before the pilot treatment is administered.
3. The results as compared to a control group so as to assess the effects of only the treatments provided in the pilot accounting for any other externalities
4. A recommendation report form results of the pilot.
5. A scalable incremental technological platform for implementing the pricing regimen across Ontario at a minimum incremental cost to the rate payers.

The above outputs will directly inform the OEB’s decision on modifications to the regulated price plan regime that align with its objectives.  |
| **D.** Explain how your project compares to other initiatives/ technologies already deployed/ piloted in Ontario and elsewhere. Provide diagrams, etc. as necessary (within this document).  |
| Horizon is aware of some of initiatives that have already been piloted in Ontario, such as PowerStream’s Advantage Pricing Plan and Horizon’s Social Benchmarking. The scope of this proposed pilot is different in that it tests pushing near real-time market pricing to residential customers in a scalable manner and does so without the requirement for expensive in-home technology, but with the compatibility to work with these devices were they are adopted.There are some overlaps with the other pilots on technology, LDC customer services functions, and settlement processes, and thus the incremental change required to operationalize the proposed pilot will be minimal. For example, with Horizon’s Social Benchmarking, the pilot participants had a mobile application that showed their hourly consumption as compared to their neighbours. They were also incentivized change in behavior by providing Airmiles points. This pilot proposes to use the same technological platform, but now layered with IESO market prices to administer an hourly pricing structure.  |

1. Project Plan

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| **A.** In no more than ten sentences, outline the project plan.  |
| The project plan is estimated to run for a 17 month period following awarding of the contract by the OEB. (See MS Project illustration of plan below). The first three weeks will focus on detailed project plan and program design – with the oversight of the OEB’s consultants. This will be followed by three months of parallel activities for changes to Horizon’s call center and CIS processes and deploying incremental IT systems required for the pilot. The customer recruitment strategy will then be defined, focusing on emails and direct calls to customers. The pre-treatment survey will be administered in month five. The 12 month pilot go-live will begin in the sixth month and will entail administering the pilot, monitoring the statistics of interest, and regular communication with the OEB. The final measurement and verification and concluding report is estimated to take another month from the closure of the pilot for the customers.  |
| **B.** Describe each of the major task areas for this project (e.g. program design, development of training, measurement and verification, research, communications, knowledge transfer, etc.).  |
| There are seven major task areas:1. Program design: The focus in first two weeks after the OEB has contracted Horizon for the pilot will be on planning, identifying the variables of interest, and creating a program for collecting, monitoring, and analyzing the statistics of interest.
2. Customer Recruitment and Engagement: This track will focus on the customer recruitment tactics like emails, phone calls, and direct mails. Communication plans and templates, based on Horizon’s learnings from its Social Benchmarking and those identified by the OEB in the guidance document will be used.
3. Technology and process changes: In parallel to the recruitment, the technological and process modifications will be implemented, such as development of the web interface and API to the IESO, modifications to the CIS, deploying a mobile app or SMS capability, training, and setting up the call centre processes to handle and manage customer engagement. Staff training is expected to be minimal since Horizon has staff is already trained to handle questions on HOEP by our large users.
4. Survey administration and results reporting: Horizon will conduct pre-treatment, in-treatment, and post-treatment customer surveys as recommended by OEB’s technical guidelines for pilot implementation.
5. Communication with OEB: Regular communication and meetings with OEB will be provided by Horizon. It is proposed that three meetings be scheduled for the program design phase. Horizon proposes to provide a monthly updates email and also proposes quarterly conference calls with OEB be scheduled.
6. Measurement and verification: The OEB has provided an initial M&V procedure for the pilots in the Pilot Guidelines document, but has advised further clarification will be provided at a later stage. Horizon will work with the OEB on the M&V plan.
7. Results report and recommendation: Horizon will provide at the end of the pilot a report on results from the pilot and a recommendation report.
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| **C.** Describe each of the major deliverables that will be provided to the OEB as part of this project.  |
| 1. Program and project plan: Horizon will work OEB consultants to define the scope of the pilot and provide a project plan for the pilot.
2. Monthly updates emails: A monthly status email of the pilot measured against the activities and timelines identified in the project plan will be provided to the OEB as an informational document.
3. Survey results report: Horizon will provide the results of the customer surveys – as directed the by the OEB – for up to four surveys.
4. Pilot results and recommendations: After the pilot has ended, a report on the results of the pilot based on the pre-defined measures and statistics will be provided.

NB: This proposal is based on estimates drawn from the best available information on scope of the pilot project provided in the “REGULATED PRICE PLAN ROADMAP: GUIDELINE FOR PILOT PROJECTS ON RPP PRICING – EB- 2016- 0201” and “OEB Pilot Plan Technical Manual”. The final deliverables and associated costs can vary depending on the final program design based on OEB’s direction.  |

1. Project Team and Partners

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| A. In this section, please outline the composition of the project team and list any project partners. Discuss the role that each person and organization participating in the project will play. Include the applicant organization in this table. If a 3rd party is not yet part of the team, please identify the accountability they will be responsible for and enter TBD for the name and organization  |
| PROJECT TEAM |
| Project Team Member | Organization job title | Major accountability |
| Neil B. Freeman | Vice President Business Development, Horizon Utilities Corporation | Program Lead |
| Navneet Budhia | Business Analysis, Horizon Holdings Inc. | Measurement and statistical analysis |
| Brent Murray | Manager – Special Projects, Horizon Utilities Corporation | CIS and technology lead. |
| Scott Knapman | Vice President, Horizon Energy Solutions Inc. | Project Lead |
| PROJECT PARTNERS |
| Organization | Project role (e.g. participant, funder) | Financial or in-kind contribution (indicate if confirmed). Please note that if you are invited to submit a proposal your partner must confirm their contribution in writing to the IESO. |
| Horizon Utilities Corporation | Horizon is the lead organization on the pilot, recruiting customers and modifying its CIS to support the trial requirements. |  |
| Horizon Energy Solutions Inc. (HESI) | Horizon would contract HESI to the provide program analytics and engagement support. |  |
| Whitecap Canada Inc.https://www.whitecapcanada.com/ | Horizon would contract the application development and web hosting to Whitecap, Horizon’s existing, contracted web developer. Whitecap is experienced working with many Ontario utilities, including Horizon. |  |