

**Hydro One Networks Inc.**

7<sup>th</sup> Floor, South Tower  
483 Bay Street  
Toronto, Ontario M5G 2P5  
www.HydroOne.com

Tel: (416) 345-5124  
Fax: (416) 345-5866  
Henry.Andre@HydroOne.com

**Henry Andre**

Director  
Regulatory Compliance



BY COURIER

October 28, 2016

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON, M4P 1E4

Dear Ms. Walli,

**EB-2016-0201 – OEB Regulated Price Plan Roadmap – Hydro One Networks Inc. RPP Roadmap Pilot Proposal**

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On July 18, 2016, the Ontario Energy Board (OEB) issued its “Regulated Price Plan Roadmap: Guideline for Pilot Projects on RPP Pricing” (Guideline) inviting distributors to participate in developing and implementing pricing pilots identified by the OEB. Hydro One submitted an application entitled “Hydro One RPP Roadmap Pilot” to the OEB on August 19, 2016.

In response to Hydro One’s Application, the OEB released a Decision and Order EB-2016-0201 on September 23, 2016, to extend Hydro One’s existing Dynamic Energy Pricing (DEP) pilot until April 30, 2017 and approving a deferral account for costs associated with extending this pilot.

On September 29, 2016, Brian Hewson, Director of Strategic Policy at the OEB, wrote an email to Hydro One’s CDM Manager and key contact for this pilot proposal, Sahar Mishriki, inviting Hydro One to submit a full project proposal to the OEB. Hydro One is pleased to submit the attached project proposal entitled “Hydro One RPP Roadmap Pilot”.

Hydro One is excited to propose offering customers choice from a menu of rate treatments. Offering customers choice will provide Hydro One and the OEB the opportunity to understand what kind of rate options customers prefer. This aspect is central to the design of this pilot proposal and it is expected to produce a higher level of customer satisfaction than simply assigning a new rate to a customer. The rates that Hydro One intends to offer participants in this

study will be determined following an analysis of its existing DEP pilot and a conjoint study to take place at the end of 2016. It is expected that the proposed pilot rates will be determined by February/March 2017.

As part of its proposal, Hydro One will be working to develop, implement, and test the necessary billing system upgrades during the first year of pilot implementation to allow for a successful transition from shadow billing to direct billing. The move to direct billing will coincide with the removal of rate protection after 12 months into the in-field pilot implementation.

**To provide sufficient lead time for pilot development, Hydro One requests OEB approval by December 1, 2016. If approval is not obtained by this date, it will result in a delay to the proposed May 1, 2017 launch date.**

**Hydro One would also like to request a 6 month extension to the pilot end date.** Hydro One intends to offer participants rate protection for the first 12 months of the pilot. Following these 12 months, participants will transition to an additional 6 month period without the rate protection. The reason to maintain the initial rate protection period for a full 12 months is to ensure customers make an informed choice on the rate options they prefer, taking into account the nature of Ontario's weather patterns (winter/summer periods) and the consumption patterns associated with different heating and cooling types. Ideally, the pilot would continue for 12 more months without rate protection after the transition point, however, the requested extension of 6 months will allow Hydro One to stay close to the requested time lines in the OEB's Guideline while still providing enough time to conduct an analysis on the impact of removing the rate protection on customer shifting, bill savings and satisfaction.

As indicated in our preliminary application, this proposal assumes the pilot will not be funded through Hydro One's distribution rates given that the pilot is being undertaken for the benefit of all regulated price plan customers in Ontario.

We look forward to working with the OEB to develop electricity rates that better serve customers and the needs of the electricity system in Ontario. Please do not hesitate to contact Sahar Mishriki, CDM Manager, at (416) 345-4324 or at sahar.mishriki@hydroone.com if you have any questions.

Sincerely,

ORIGINAL SIGNED BY HENRY ANDRE

Henry Andre  
Attach.