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Henry Andre

Director – Regulatory Compliance
Regulatory Affairs



BY COURIER

July 26, 2017

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 – Hydro One Networks Inc. RPP Roadmap Pricing Pilot

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

In response to the OEB’s request for proposals contained in the Guideline, Hydro One Networks Inc (“Hydro One”) submitted an application entitled “Hydro One RPP Roadmap Pilot” on August 19, 2016. The OEB released a Decision and Order under EB-2016-0201 on September 23, 2016, to extend Hydro One’s existing Smart Grid Fund Dynamic Energy Pricing (“SGF”) pilot until April 30, 2017 and approving a deferral account for costs associated with extending this existing pilot.

Hydro One submitted its proposed RPP Roadmap Pilot to the OEB on October 28, 2016, and based on further discussions with OEB staff on the contents of its proposed Pilot, Hydro One submitted an amended Pilot proposal (“the amended Pilot”) on March 31, 2017.

Hydro One received additional feedback from Board staff on its amended Pilot indicating that further changes would still be required, namely: 1) confining pricing proposals to the commodity portion of a customers’ bill; and 2) providing certainty about the specific rates offered as part of the amended Pilot before the Board can approve HONI’s amended pricing Pilot.

On April 25, 2017 Hydro One requested the Board to extend the end date for the previously approved deferral account to July 31, 2017. In its April 27, 2017 Decision and Order the Board approved extending the end date for the deferral account to facilitate continuation of the SGF pilot, while maintaining the amount Hydro One could collect in the deferral account to \$1 million.

Hydro One has been working with its pilot partner, McMaster University, to complete a conjoint study of the proposed commodity prices for the Pilot. McMaster is expected to provide the proposed commodity prices shortly, after which Hydro One will update its Pilot application. Hydro One expects to submit an updated Pilot application to the Board in August. Given this timing, and allowing time for the Board to review and reach a decision on Hydro One's updated application, Hydro One requires a further adjustment related to its existing deferral account.

Hydro One requests that the existing deferral account be extended to the end of September, 2017 and that the threshold for the funding that can be included in the account be increased by \$200,000 to allow Hydro One to continue to support existing SGF pilot participants. This amount is based on the cost of carrying the SGF customers over the past 10 months which averaged \$100,000 per month.

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