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BY WEB POSTING

October 31, 2017

**To: All Rate Regulated Electricity Distributors
All Interested Parties**

**Re: Approved Supplementary Price and Structure for Electricity Pricing Pilot
Board File No.: EB-2016-0201**

On November 16, 2015, the Ontario Energy Board (OEB) issued its [Regulated Price Plan Roadmap](#) setting out a multi-year plan to redesign the RPP to better respond to policy objectives, improve system efficiency and give greater customer control. A key element of the Roadmap is the implementation of electricity pricing pilots to test alternative pricing structures. The OEB invited electricity distributors to participate in the development and implementation of priority price pilots, in accordance with the [Guidelines for Pilot Projects on RPP Pricing](#) issued on July 18, 2016.

As stated in the Guidelines, the OEB has responsibility for approving the structure of each pilot as well as the electricity prices used in each pilot. The OEB approved six pilot structures and price plans on August 24, 2017 and approved the structure and price of an additional pilot on October 3, 2017.

The OEB has recently granted approval to Hydro One to proceed with a series of additional RPP pricing pilots, the details of which are described in Appendix A which serves as a supplement to the OEB's [Approved RPP Pilot Structures and Prices](#).

Sincerely,

Original signed by

Kirsten Walli
Board Secretary

Appendix A

Approved Pilot Structure and Price

This Appendix supplements the OEB's [Approved RPP Pilot Structures and Prices](#). The structure of the new pilot price plans and associated prices have been designed by Hydro One based on a survey and conjoint analysis of Hydro One customers. The pilots were submitted to and approved by the OEB.

With the exception of the "Flat Price" pilot, the prices below have been designed so as to be revenue neutral relative to the existing RPP prices if the price and structure used in each pilot, respectively, were to be implemented among all of Hydro One's RPP customers. For the "Flat Prices" pilot, an additional premium was added to the price required to achieve revenue neutrality. The value of the premium is derived from a survey-based estimation of how much more a Hydro One customer would be willing to pay for a single electricity price charged in all hours.

Additionally, with the exception of the "Flat Price" pilot, Hydro One is offering pilot participants the option to purchase monthly rate protection. The cost of rate protection varies between the various price plans as shown below. Customers who buy monthly rate protection will not be disadvantaged if their cost under the pilot price plan is higher than what their Hydro One bill would have been under standard RPP time-of-use pricing, in which case they would be charged the time-of-use rates that are in effect for the period they are being billed.

Note that, for the sake of brevity, the term "weekdays" refers only to weekdays that are not holidays¹ and the term "weekends" refers to weekends and holidays.

H. Time-Of-Use Enhanced 3-Part Rate

- Highly discounted off-peak price
- Increased mid-peak and on-peak price
- Optional rate protection fee: \$8.00/month

Price Period	Summer Hours (May through Oct)	Winter Hours (Nov through April)	Price (¢/kWh)
Off-Peak	Weekdays: 12am-7am, 7pm – 12am Weekends: All day	Weekdays: 12am-7am, 7pm – 12am Weekends: All day	0.6
Mid-Peak	Weekdays: 7am – 11am and 5pm – 7pm	Weekdays: 11am – 5pm	12.4
On-Peak	Weekdays: 11am – 5pm	Weekdays: 7am – 11am and 5pm – 7pm	33.2

¹ Days that are considered holidays for pilot pricing purposes are the same as those that are considered holidays for the purposes of the application of RPP time-of-use prices; namely: New Year's Day, Family Day, Good Friday, Christmas Day, Boxing Day, Victoria Day, Canada Day, Civic Holiday, Labour Day, and Thanksgiving Day. When any such holiday falls on a weekend (Saturday or Sunday), the next weekday following (that is not also a holiday) is to be treated as the holiday.

I. Time-Of-Use 2-Part Rate

- Elimination of mid-peak price
- Modified on- and off-peak price periods
- Discounted off-peak price and increased on-peak price
- Optional rate protection fee: \$3.00/month

Price Period	Summer Hours (May through Oct)	Winter Hours (Nov through April)	Price (¢/kWh)
Off-Peak	Weekdays: 12am – 1pm, 6pm – 12am Weekends: All day	Weekdays: 12am-4pm, 8pm – 12am Weekends: All day	4.9
On-Peak	Weekdays: 1pm – 6pm	Weekdays: 4pm – 8pm	28.0

J. Variable Peak Pricing (Hydro One version)

- Increased on-peak prices
- Modified on- and off-peak price periods
- Modified summer and winter periods
- Variable on-peak prices in summer
- Optional rate protection fee: \$3.00/month

Price Period	Summer Hours (May through Sept)	Winter Hours (Oct through April)	Price (¢/kWh)
Off-Peak	Weekdays: 12am-1pm, 5pm – 12am Weekend Days: All day (excluding Super Critical and Critical periods)	Weekdays: 12am-5pm, 7pm – 12am Weekends: All day	6.4
Super Critical On-Peak	On the top 10 system peak days, 1pm - 5pm	NA	54.8
Critical On-Peak	On the top 25 non-super critical peak days, 1pm - 5pm	NA	33.7
Non-Critical On-Peak	Non-Super Critical and Non-Critical Weekdays: 1pm - 5pm	Weekdays: 5pm - 7pm	23.6

K. Real Time Pricing Rate Treatment

- Modified summer and winter periods
- Single price in all hours in winter period
- A price that changes each hour² in summer period

² As described by Hydro One in its RPP pilot application, an hourly rate profile for each day will be randomly drawn from groups of daily rate profiles for high price and low price days. High price days will be triggered as a function of weather and also the specified distribution of high price and low price days. The range of price on low price days is between 6.9 ¢/kWh and 11.5 ¢/kWh. The range of price on high price days is between 1.3 ¢/kWh and 85.0 ¢/kWh with at most 5% of hours above 75.8 ¢/kWh. The price movement from hour to hour will reflect smooth ramping up from low to high prices (at traditional peak times) and correspondingly smooth ramping down from high to low prices (at traditional off-peak times).

- Large range of price fluctuations on “high price days” (10% of days in summer)
- Optional rate protection fee: \$3.00/month

Price Period	Summer Hours (May through Sept)	Winter Hours (Oct through April)	Price (¢/kWh)
Low Price Days	On 138 days with the lowest demand (90%)	NA	Hourly price between 6.9 and 11.5
High Price Days	On the 15 days with the highest demand (10%)	NA	Hourly price between 1.3 and 85.0
All Days	NA	All hours	8.0

L. Flat Prices

- A single price charged in all hours throughout the year, priced at a premium to the expected revenue-neutral price
- As a result, on average, customers in the Flat Prices pilot are expected to pay more annually than a Hydro One RPP customer on standard time-of-use rates

Price Period	Price (¢/kWh)
All days, all hours	9.8