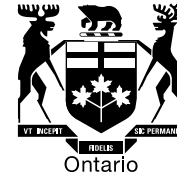


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VIA EMAIL AND WEB POSTING

December 8, 2017

Frank Kallonen
President and Board Chair
CustomerFirst Inc.
500 Regent Street
Sudbury ON P3E 4P1

Dear Mr. Kallonen:

**Re: CustomerFirst Regulated Price Plan Pilot Application
(Board File No. EB-2016-0201)**

In July 2016, the Ontario Energy Board (OEB) invited electricity distributors to submit applications to conduct pilots to test price and non-price programs, as part of its Regulated Price Plan (RPP) Roadmap. In response to this invitation, CustomerFirst submitted a pilot proposal that would test multiple rate treatments in conjunction with several technology and communications options to identify their impact on customer behaviour, energy use and costs. The OEB has completed its review of CustomerFirst's proposed pilot project, and has decided to approve it subject to certain conditions.

On October 20, 2017 CustomerFirst provided the OEB with an updated application for an RPP pilot that is designed to test the following pricing and non-pricing approaches:

1. Enhanced time-of-use;
2. Seasonal time-of-use; and
3. Smart thermostat technologies.

All enrolled customers will be charged in accordance with the applicable pilot pricing approach for at least one year. Those involved in the price plan approaches will pay for one of the two dynamic rates described above, each of which will be approved by the OEB and updated from time to time, and will also receive a smart thermostat either at the beginning or end of CustomerFirst's pilot. A control group will pay status-quo time-of-use rates as updated from time to time by the OEB.

The OEB has determined that it will not provide CustomerFirst with the total amount of smart thermostat funds it has requested in its application and instead provide an amount of \$2,344,664. The OEB came to this decision through its own analysis, comparing CustomerFirst's smart thermostat costs to already approved RPP pilot smart thermostat costs. A cost benchmark based on other already approved RPP pilot costs was developed and a premium factor was applied to this amount to account for the unique circumstances of CustomerFirst's application, including consideration of the additional complexity inherent in working with 6 widely dispersed distributors, some of whom operate in small markets.

The OEB is otherwise satisfied that CustomerFirst's proposed pilot meets the pilot requirements laid out in the *Regulated Price Plan Roadmap: Guideline for Pilot Projects on RPP Pricing* (RPP Guideline), conforms to the price and non-price pilot framework laid out in the RPP Roadmap and will support the OEB's efforts in determining price alternatives that can complement the ongoing review of the RPP.

The OEB approves CustomerFirst's RPP pilot prices and requires that it promptly provide updated prices following changes to RPP. The OEB's approval of CustomerFirst's pilot is subject to the Conditions of Approval set out in Attachment A to this letter.

As part of the pilot program, applicants will be required to complete regular monitoring reports, in addition to filing interim results and a final report. Subject to addressing confidentiality concerns, all such reports may be posted on the OEB's website. A schedule for filing these reports with the OEB is provided in Attachment B. A copy of the Monitoring Report template is provided as a separate attachment.

In accordance with a direction from the Minister of Energy to the Independent Electricity System Operator (IESO) dated December 16, 2016, the IESO's Conservation Fund will be a source of funding for CustomerFirst's pilot in amounts determined by the OEB.

CustomerFirst has identified that its RPP pilot will take approximately two years to complete once initiated, including its final report, at an initially estimated cost of \$6,959,123, including in-kind contributions valued at \$1,270,000 from CustomerFirst and its partners, and the proposed costs of smart thermostats.

The OEB requests that CustomerFirst submit an updated project timeline and project budget, reflecting the change in smart thermostat costs associated with its October 20 application.

Such updates will be required to be submitted within 5 days of the date of this letter in order to support the initiation of contract execution activities with the IESO and to support the OEB's monitoring of the pilot's performance against project timelines.

The OEB expects CustomerFirst to deploy and run its RPP pilot on schedule and within its approved budget. Any scheduling or cost changes will need to be approved in advance by the OEB, and the need for such changes will need to be justified by CustomerFirst.

Any questions can be directed to RPP.Pilots@oeb.ca and should cite "CustomerFirst" in the subject line.

Sincerely,

Original signed by

Mary Anne Aldred
Chief Operating Officer & General Counsel
Ontario Energy Board

Attachment A – Conditions of Approval

1. **Notice of Changes:** CustomerFirst shall notify the OEB of any proposed changes to the scope, budget/costs, timing/schedule and/or objective(s) of the pilot. These changes are subject to OEB approval.
2. **Publicity:** CustomerFirst shall obtain prior OEB approval of all recruitment and promotional materials proposed to be used by CustomerFirst in relation to the pilot. CustomerFirst shall include such references to the OEB in such materials as may be directed by the OEB, but shall not refer to the OEB in any communications without the OEB's prior approval. CustomerFirst shall use best efforts to seek OEB approval regarding such promotional materials no less than 15 days prior to their intended use, or by prior consent of the OEB on any shorter period.
3. **Information and Reporting:**
 - (a) CustomerFirst shall provide regular Monitoring Reports and file an Interim Results Report and a Final Results Report with the OEB in accordance with the schedule outlined in Attachment B. The reporting schedule is subject to change at the OEB's discretion.
 - (b) CustomerFirst shall make all reasonable efforts to prepare its Monitoring Reports and Results Reports in such a manner that they do not contain confidential or personal information. If it is necessary for a Monitoring Report or a Results Report to contain confidential or personal information in order for the contents of the Report to be meaningful, CustomerFirst shall clearly identify the confidential or personal information and file the relevant Report in confidence. CustomerFirst will, if requested by the OEB, prepare a version of the Report from which confidential or personal information has been redacted such that the Report can be communicated to third parties or posted on the OEB's website. Despite the above, the OEB may provide a copy of the confidential version of the Report to the IESO or the Ministry of Energy
 - (c) CustomerFirst shall provide such other information and materials relating to the pilot as the OEB may request from time to time.
 - (d) CustomerFirst shall maintain proper and distinct books and records relating to the pilot for examination and audit by the OEB, including for the purposes of measurement and verification of the pilot results and impacts.

1. **Opt-Out Provisions:** CustomerFirst shall inform participants about their right to opt out of a pilot project at any time, if they wish to do so.

2. **Compliance with Conservation First Evaluation, Measurement & Verification Protocols and Requirements:** CustomerFirst shall use all applicable Conservation First Evaluation Measurement & Verification Protocols and Requirements to ensure consistency in evaluation and to facilitate comparability across different RPP pilots as well as other Conservation and Demand Management activities in Ontario.

Attachment B – Reporting Requirements

The following schedule outlines the reporting requirements that are to be filed with the OEB.

Timeframe	Report	Frequency
From Contract Execution until Pilot Project(s) is/are Fully Deployed	Monitoring Report	Monthly
From Pilot Deployment until Interim Results Report	Monitoring Report	Bi-Monthly
6 Months after Completion of Recruitment Phase	Interim Results Report	Once
4 Months After Completion of Pilot	Final Results Report	Once