TOYOTA

TOYOTA MOTOR MANUFACTURING CANADA INC.

Cambridge	1055 Fountain Street North, P.O. Box 5002
	Cambridge, Ontario, N3H 5K2
Woodstock	1717 Dundas Street, P.O. Box 400
	Woodstock, Ontario N4S 0A4
Telephone	519-653-1111

April 19, 2018

Ms. Sarah Hughes
Chief Financial Officer
Energy+ Inc
1500 Bishop Street North
Cambridge, Ontario
N1R 7N6

Dear Ms. Hughes:

Re: Cost of Service Application for Rates Effective January 1, 2019

I am writing on behalf of Toyota Motor Manufacturing Canada Ltd. ("**TMMC**") in connection with the cost of service application ("**COS Application**") that Energy+ Inc. ("**Energy Plus**") intends to file with the Ontario Energy Board ("**OEB**") by April 27, 2018, for approval of electricity distribution rates and other charges, effective January 1, 2019.

1. Rate proposals that will affect TMMC

At a "customer engagement" meeting with representatives of Energy Plus on January 19, 2018, TMMC learned, for the first time, that Energy Plus would be seeking OEB approval of a new standby rate and a new rate methodology pertaining to upstream transmission changes, as part of its COS Application. Both of these proposals will significantly affect TMMC. Notably, Energy Plus intends to seek approval:

- of a new standby/capacity charge for all GS>50 KW and Large User Class customers with load displacement generation, in circumstances where the customer continues to take power from the Energy Plus distribution system. (TMMC takes service under Energy Plus' Large User Class; we do not know whether there are other Energy Plus customers in this class.)

- of a change in the methodology used to recover Hydro One line and transformation connection charges incurred by Energy Plus, from a "net load billing" to a "gross load billing" basis;

- to clear the 2017 year-end balances recorded in retail transmission service ("**RTS**") variance accounts in accordance with the new gross load billing methodology, should it be approved; and

- to clear the year-end balance in the Lost Revenue Adjustment Mechanism ("**LRAM**") Variance Account, which balance presumably includes amounts related to TMMC's load displacement generation facility.

TOYOTA MOTOR MANUFACTURING CANADA INC.

Cambridge 1055 Fountain Street North, P.O. Box 5002
Cambridge, Ontario, N3H 5K2

Woodstock 1717 Dundas Street, P.O. Box 400
Woodstock, Ontario N4S 0A4

Telephone 519-653-1111

2. Impact on TMMC

Notwithstanding the January 19th initial meeting and a subsequent email responding to some questions we posed in a telephone conversation with Barbara Shortreed (Vice President, Customer Care & Communications) on February 16, 2019, TMMC still does not have a clear understanding of the new proposals and how they will impact TMMC in 2019 and beyond. Important threshold questions remain. For example, with respect to Energy Plus's proposed standby rate, TMMC does not know whether and, if so how, Energy Plus took into account the system and other benefits attributable to the installation of load displacement generation facilities at TMMC. TMMC does not know and does not have the information required to ascertain whether a standby charge based on contract capacity, properly reflects Energy Plus' costs of providing standby service.

Moreover, and quite apart from the design of the standby rate, TMMC does not have a good understanding of how the "Contracted Peak Load" which forms the basis of the new rate will be determined. TMMC has similar questions about Energy Plus's gross load billing proposal.

Finally, TMMC has no information about the extent to which clearance of the RTS and LRAM variance accounts will impact its distribution rates in 2019. Although TMMC has provided Energy Plus with a comprehensive set of written questions, informed by advice from a rate expert that it has retained for this purpose, Energy Plus has advised that it will not be providing responses before it files its COS Application.

3. Timing issues

TMMC is surprised and disappointed that Energy Plus commenced consultations with it, only three months or so before its April 27, 2018 deadline to file the COS Application. Energy Plus first applied for approval of a gross-load billing methodology in its 2015 Incentive Regulation Proceeding (EB-2014-0060). Although the OEB declined to consider the proposal in that proceeding, Energy Plus should have known that it would revisit the issue in its 2019 COS Application. Moreover, TMMC's load displacement facility which gives rise to Energy Plus's request for a standby rate, has been in operation since December 2015.

Energy Plus' compressed, three-month engagement schedule has put TMMC in the difficult position of trying to come up a steep learning curve, in areas where it has no expertise and in respect of which only high-level information has been provided. Although TMMC has attempted to be responsive to Energy Plus' requests for "feedback", there has been no real opportunity to do anything but pose further questions. The result of late engagement with TMMC is that there is insufficient time, from the date of the first meeting (January 19, 2018) to the date the COS Application is to be filed with the OEB (April 27, 2018) for a comprehensive and meaningful consultation. Such a consultation could have served to reduce areas of misunderstanding and disagreement.

Unfortunately, Energy Plus has only presented TMMC with "take it or leave it" proposals, with no opportunity to propose adjustments to address shortcomings and concerns. Additionally, Energy Plus has declined TMMC's request to review a draft of the proposals prior to the formal filing of the COS Application with the OEB. This means we have few actual details about the as-filed proposals and no opportunity to request Energy Plus to reconsider or revisit certain aspects of these.

TOYOTA MOTOR MANUFACTURING CANADA INC.

Cambridge	1055 Fountain Street North, P.O. Box 5002 Cambridge, Ontario, N3H 5K2
Woodstock	1717 Dundas Street, P.O. Box 400 Woodstock, Ontario N4S 0A4
Telephone	519-653-1111

4. OEB consultations

More generally, TMMC is concerned that Energy Plus has decided to seek approval of proposals for a standby rate and gross load billing methodology, both of which are, or will be, the subject of OEB consultations aimed at developing generic policies and procedures on these two matters. Indeed, the OEB declined to entertain proposals for approval of the gross load billing methodology, in the context of the 2018 incentive regulation rate applications, on the basis that it intended to review the matter further, on a generic basis. In TMMC's view, the development of common underpinning principles is a necessary and important precursor to the setting of rates for individual distributors.

TMCC continues to believe that meaningful discussions with Energy Plus could lead to acceptable outcomes for both parties. In our view, this would be preferable to examining the Energy Plus proposals in a proceeding before the OEB.

Yours very truly,

Bill Fantin

Bill Fantin, CPA, CMA
Purchasing Manager
Toyota Motor Manufacturing Canada

cc: Barbara Shortreed
Vice-President, Customer Care & Communications
Energy+ Inc.

cc: Ian Miles
President & CEO
Energy+ Inc.