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July 29, 2020

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Notice of Proposal to Amend the Standard Supply Service Code to Enable Customers to Opt-Out of TOU Pricing
Ontario Energy Board File Number: EB-2020-0152

On July 15, 2020, the OEB issued proposed amendments to the Standard Supply Service Code (SSSC) to support the implementation the Government of Ontario's June 1, 2020 direction that electricity consumers on the Regulated Price Plan (RPP) be given the choice to opt out of time-of-use (TOU) pricing for Tiered pricing. The comments expressed herein are guided by Toronto Hydro's extensive customer engagement undertaken in relation to its recent distribution rates application, its daily interactions with customers across a range of channels and media, and the best advice of its subject matter experts.

Toronto Hydro, as it has throughout its participation on the TOU Customer Choice Working Group, supports the Government's direction to implement choice within the RPP framework and appreciates the OEB's efforts to establish a simple and efficient method for customers to opt-out and/or switch between rate plans.

Toronto Hydro supports the four-step election process approach that underlies the current proposed amendments. In establishing the details of the process, Toronto Hydro is guided by the objectives to provide a customer-friendly experience and minimize implementation cost and risk that has the potential to undermine the success of this initiative. The provision of customer choice within a regulated framework has the potential to be a powerful tool for customers while maintaining strong consumer protection provisions, and these comments are intended to support these objectives.

Consumer Makes an Election

Proposed Section 3.5.12 (c) currently requires utilities to keep "a record of all other communications with individual consumers about electing to be charged prices under section 3.3 or 3.4." Toronto Hydro submits that this requirement is overly broad, and should be narrowed to avoid capturing large volumes of otherwise general customer inquiries with regard to switching rate plans, which would not have the same retention value as communication relating a customer's actual election to switch. Toronto Hydro submits that the provision should be restricted to "a record of all other communications with individual consumers directly related to an election by that customer to be charged prices under section 3.3 or 3.4."

Toronto Hydro strongly supports the OEB's determination not to prescribe the form of the election or notification forms. Similar types of forms and communication materials for various customer interactions are currently designed and maintained by local utilities, which allows them to be geared towards their local customer base and more closely aligned with existing complementary utility communications. To the extent that the OEB may determine to more closely prescribe the election or notification forms at a future date, Toronto Hydro would submit that such regulation be focused on the content, rather than format or design, as is currently the case with the disconnection notice requirements. To this end, Toronto Hydro proposes that sections 3.5.2 and 3.5.6 be reworded to read "and shall comply with any content requirements as may be approved by the Board"

Toronto Hydro also has concern with the current wording of Section 3.5.10, which appears to require outbound communication on the part of utilities to customers under various scenarios to ascertain whether the customer would like to opt-out of TOU pricing. Toronto Hydro understands that the TOU Customer Choice Working Group had established that in the absence of a declaration TOU is to be the default pricing arrangement, and while it has no issue providing customers the option under all scenarios when requested, or directly prompting for a choice during interactions in which it is in active communication with customers (such as the opening of new accounts), it submits that it would not be necessary in circumstances in which account changes are of an automated nature and would require a separate outbound (and potentially redundant) communication to the customer. Under both 3.5.10 b) (switching from retailer) and c) (electing out of spot pricing), the transition is undertaken with the full awareness of the customer who would be notified of an expiring retailer contract or elect themselves to opt out of spot pricing; the customer would therefore be aware of the rate plan they intend to switch to,

and could advise accordingly, without a separate prompting by the utility as to whether TOU or Tiered pricing is preferred. Similarly, in the case of accounts automatically reverting to landlord control after a tenant moves out, it may be redundant to inquire each time whether default TOU pricing should apply. Toronto Hydro submits that a utility prompt should be limited to new accounts only, with reoccurring general communication campaigns to all customers relied upon for any changes to active accounts.

Distribution Notification to the Customer

The OEB's current amendments propose that communication confirming a rate plan change to the customer be sent in the same form as the customer's initial request to switch their rate plans. Toronto Hydro suggests that for customer convenience and clarity additional flexibility be provided to allow for alternate communication methods, if necessary or preferable to the customer. A customer may have called to request a switch in rate plans, then provided their email address and consented to receive future notices via email, or they may have called to switch but prefer not to be interrupted by a subsequent call (just for a live agent to indicate confirmation) when the same message could have been unobtrusively provided to them by email confirmation. Toronto Hydro also notes that for customers electing to provide notice online, a communication channel would necessarily need to be chosen by the customer or the utility to facilitate confirmation notification.

To address these concerns, Toronto Hydro suggests adopting wording recently enacted by the OEB as part of its review of Customer Service Rules under DSC Section 4.2.2.6¹, and proposes that Section 3.5.6 be reworded accordingly:

A notification under section 3.5.3 or 3.5.5 shall comply with any [content requirements] as may be approved by the Board. The notification shall be delivered by the customer's preferred method of communication, if known, or otherwise by mail or any other means determined to be appropriate by the distributor. Where the notification is given by telephone the call must be recorded.

¹ EB-2017-0183. Notice of Amendments to Codes and Rule Amendments to the Distribution System Code, Standard Supply Service Code, and Unit Sub-Metering Code, and Gas Distribution Access Rule, as related to a review of Customer Service Rules - March 14, 2019

Confirmation of Implementation

Toronto Hydro supports providing confirmation that a rate plan changed has been implemented, but respectfully submits that the current OEB proposal requiring a one-time on-bill message, along with an onerous tracking and reporting component to ensure utility performance creates a disproportionate regulatory burden and cost for the value it provides to customers.

Under the proposed framework, customers voluntarily choose to shift rate plans and would already be provided with separate confirmation of their election. While Toronto Hydro agrees that customers should also be provided with on-bill information to this effect, that information should be conveyed by way of a clearly visible common location on the bill to indicate the current rate plan in effect for that specific billing period. Toronto Hydro submits that this is most efficiently accomplished under the Electricity line itself. Current TOU rates are already clearly labelled as such, indicating that the TOU rate plan is in effect as well as displaying the rates charged under each of the mid, off, and on-peak periods:

Electricity	
Electricity distributed by TORONTO HYDRO	
Time of use - Winter	
135.000 kWh On-peak (Highest Price) @ \$0.128 / kWh	17.28
135.000 kWh Mid-peak (Mid Price) @ \$0.128 / kWh	17.28
480.000 kWh Off-peak (Lowest Price) @ \$0.128 / kWh	61.44

Toronto Hydro suggests that similarly clear labelling of the Tiered rate structure, indicating "Tiered Rates" in effect, along with the thresholds and rates charged under each, would make it evident to customers whether they are charged on TOU or Tiered pricing. As a visual example, Toronto Hydro suggests the adoption of a bill display similar to that below:

Electricity	
Electricity distributed by TORONTO HYDRO	
Tiered Rates	
600.000 kWh Tier 1 @ \$0.119 / kWh	71.40
150.000 kWh Tier 2 @ \$0.139 / kWh	20.85
Delivery	xxx.xx

As customers must actively choose to switch rate plans, and with the benefit of communication and education materials, customers should be aware of which line items on the bill they are electing to switch to a different rate plan. Toronto Hydro submits that confirming this switch on the part of the bill where commodity charges are applied is both more effective than placing a message at the bottom of the bill, and far more cost-effective. The above solution would also link the "confirmation" messaging with the actual billing, preventing any possible lag between implementation and messaging. This would entirely eliminate the need for compliance reporting and performance tracking. If not adopted in place of the current proposal on a universal basis, Toronto Hydro urges the OEB to provide utilities flexibility to choose between these approaches and remain in compliance with requirements.

Toronto Hydro further notes that the current on-bill messaging proposal requires tracking of whether unique on-bill messaging was appropriately applied. Toronto Hydro submits that this is a complex undertaking and would likely require considerable manual effort, especially in the short to medium term. If one-time on-bill messaging is nonetheless pursued as proposed, Toronto Hydro cautions that a majority of existing messaging is required by regulation, leading to the possibility that there may be periods throughout the year when additional such messaging would be particularly difficult (e.g. Q4 - OEB Scorecard, Nov 1 Rate Change, Provincial Supply Mix, in addition to any required utility specific messaging). This could lead to an unavoidable communication lag (for one set of messages or another, depending on what is prioritized), diminishing the value of all the messaging under this form of communication, and leading to customer frustration with out-of-date notices.

Additionally, the implementation of unique bill-specific messages for select customers is not currently something that Toronto Hydro has the ability to undertake, and would require a costly and complicated billing system solution that would need to establish a link between billing items and the message to be displayed, and which would remain unique to individual customers and individual bills. Toronto Hydro's customer engagement experience suggests that its customers value price above all else; as such, showing the rate plan through the existing Electricity line structure, rather than developing a costly framework for unique on-bill messaging would be the preferred approach.

Consumer Election Implemented

Toronto Hydro has concern with Section 3.5.7, which states that for the purposes of implementation "the computation of time begins on the day the notice is received by the distributor, even if it is received on a day that is not a business day or outside of the distributor's normal business hours on a business day." This is in conflict with the "10 business days" that are provided for processing the customer election in sections 3.5.3, 3.5.4, and 3.5.5, and is also misaligned with the standard approach used in other regulatory contexts, as for example in Section 2.6.7 of the DSC:

"(c) where an act, other than payment by a customer, occurs on a day that is not a business day, it shall be deemed to have occurred on the next business day;

(d) where an act, other than payment by a customer, occurs after 5:00 p.m., it shall be deemed to have occurred on the next business day; and"

Toronto Hydro submits that if the processing time is calculated in terms of business days, then that time should begin on the day the notice is received only if received on a business day during normal business hours, or otherwise on the first business day afterwards, consistent with section 2.6.7 of the DSC. Section 3.5.7 should be reworded to this effect.

Switching Back to TOU

Under the proposed amendments, any customer that elects to switch from TOU to Tiered pricing can choose to switch back at any time. Toronto Hydro is concerned that this recommendation conveys a message that frequent shifting between the two available rate plans is what is necessary to realize a benefit under this framework. Resources required to support switching necessarily come at the expense of more value-added activities such as communication and education that drive customer satisfaction. Additionally, this approach has the potential to create a hurdle to future innovation in regulated commodity rate design, such as the work being carried out through the RPP Roadmap. Toronto Hydro encourages the OEB to revisit this recommendation and reconsider the advice conveyed by many stakeholders on the TOU Customer Choice Working Group on sensible rules related to this issue.

Toronto Hydro further submits that this approach may not be durable over time, and is concerned that a lack of any switching restrictions may undermine efforts to have customers pick a price plan that is suitable to their circumstances and load profile over a longer stable period of time. A restriction on frequent switching would provide a necessary focus to utility and OEB communication and customer

education that would allow customers to pick a rate plan intended to be most advantageous to them over a period of time (e.g. by analyzing historical consumption patterns), which is not possible if immediate short-term considerations are allowed to become the primary driver of customers' switching decisions. That is, it is possible for the OEB and utilities to provide meaningful guidance for customers on optimal rate plan strategies over the long term, but this becomes highly speculative over shorter timeframes and may be a source of frustration for customers if they perceive that they are meant to but unable to optimize short term benefits.

Information for Consumers

Toronto Hydro agrees with the OEB that it is essential that consumers have access to information to assist them in understanding and assessing their pricing options. It is also supportive of OEB efforts to develop materials and tools for use by utilities and customers. However, while Toronto Hydro understands the need to regulate content, it submits that prescribing the "format" of such customer information materials is unnecessary and may lead to administrative inefficiencies. Toronto Hydro suggests that any OEB content requirements be passed on as in other initiatives: by providing utilities with material or information that should be communicated but without prescribing the specific design or format, and allowing some level of flexibility in the manner of presentation. This would allow for consistent messaging to be presented by utilities utilizing their differing communication channels and existing presentation formats.

The OEB notes that it is in the process of considering the tools that may be appropriate for it to develop to assist consumers in selecting a rate plan. An expansion of the OEB's popular online bill calculator tool would be particularly helpful as an immediate measure.

Coming into Force

The OEB has inquired as to whether utilities should be permitted to accept election forms before October 13, 2020 if they are able to do so, and if the October 13 start date provides sufficient time to RPP consumers to receive and submit their election forms through non-electronic channels. Toronto Hydro confirms that it does not expect to be in a position to accept election forms prior to October 13, 2020, but does expect that this date would provide sufficient time to submit and process an election form by way of a non-electronic channel in time for November billing implementation. As indicated at the TOU Customer Choice Working Group, Toronto Hydro notes that for the period between November

1 and the start of an electing customer's subsequent billing cycle, standard TOU rates would continue to apply.

Anticipated Costs and Benefits

With regard to implementation costs, the OEB notes that "it has striven to minimize implementation costs for distributors while at the same time ensuring that the election process is clear, easy and speedy for consumers." Toronto Hydro suggests that consideration of ongoing operational complexity and costs should also be of consideration, as it will ultimately affect the ongoing future costs for all ratepayers. The simplification of the confirmation messaging from the proposed on-bill message with associated compliance tracking and reporting requirements, to a more streamlined static labeling of the price plan in-effect on any given bill (as discussed earlier above) is one major area in which significant long-term operation savings can be achieved.

Toronto Hydro appreciates the opportunity to provide its comments on these proposed amendments, and looks forward to future contribution through its participation on the TOU Customer Choice Working Group.

Please direct all correspondence, including any concerns with the above, to the email address regulatoryaffairs@torontohydro.com.

Respectfully,



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