March 2, 2022

Nancy Marconi
Acting Registrar
Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Toronto ON
M4P 1E4

Dear Ms. Marconi

RE: EB-2022-0074 Design of an Optional Enhanced TOU Rate
Energy Probe Submission

On February 17, 2022, the OEB hosted a virtual stakeholder meeting on its proposed design of an optional enhanced time of use rate and invited participating stakeholders to submit written comments on its proposal. Energy Probe Research Foundation (Energy Probe) participated in the stakeholder meeting and this letter is its submission.

General Comments

Energy Probe is a non-profit environmental and consumer organization which promotes economic efficiency in the use of resources. Energy Probe argues for equitable rates that optimize results for all ratepayers by eliminating cross subsidies between ratepayer classes and between generations of ratepayers. It promotes sustainable resource use through individual responsibility and accountability.

Energy Probe believes that consumers of energy should be charged the true cost of energy. Only if they are charged the true cost of energy will they be able to make economically efficient decisions. Energy should not be made more expensive with taxes or less expensive with subsidies. Energy Probe supports TOU rates if they are based on actual cost of electricity at the time of generation and consumption.

Energy Probe is concerned that the proposed Optional Enhanced TOU rate will not be based on the actual cost of electricity at the time of generation and consumption and may lead consumers to make economically in-efficient decisions.

Energy Probe is also concerned that customers who may not be able to take advantage from the Optional Enhanced TOU Rate could end up subsidizing customers who will use the rate.

Comments on Specific Questions

The OEB requested that participants provide comments on eight specific questions. In this submission each OEB question is in italics followed by the response of Energy Probe.

1.Will the proposed price design be effective at achieving the following goals described in the letter from the Minister of Energy?

a) Incenting electricity usage behaviour that will benefit the electricity system under anticipated increased electrification.

b) Providing value for customers with consideration for overall ratepayer impacts.

Energy Probe believes that the proposed price design will provide an incentive that could benefit the electricity system under anticipated increased electrification by moving some of the new load that will be created by EV charging. However, at the present time the EV charging load is exceedingly small so shifting the load to nighttime hours will not have a significant impact. Also, many EV owners can charge their vehicles for free during daytime at their place of work or place of business so they would be unlikely to shift to overnight charging. If at some future date most vehicle owners use EVs, the incentive for overnight charging would move the peak load from daytime to nighttime negating any benefits to the electricity system.

Since the proposed Enhanced TOU rate is intended to incent EV owners to charge at night by lowering their cost of charging EV's it would be of immediate value to them unless they can charge their vehicles for free during the day. The proposed Enhanced TOU rate would be of no immediate value to most people who do not own EV's. There is a potential that a reduction in the daytime peak would result in reducing the time that most expensive generators are supplying electricity – wind and solar generators. However, it is unlikely that under the current operating practice, which gives priority to wind and solar generators, their use would be curtailed. Energy

Probe believes that the proposed Enhanced TOU rate is unlikely to result in any significant savings in the overall cost of electricity generation, transmission, and distribution.

2.Do you have any recommendations for improving the price design to achieve the goals listed above?

Energy Probe believes that concept of an Enhanced TOU rate is not needed and therefore has no recommendations for improving it.

3.Does the proposed price plan pose any risks not already considered?

Shifting more of the load to hours when there is no sunlight will reduce the amount of solar electricity in the supply mix. This is a risk to solar energy producers and to those who support greater use of solar energy. Another significant risk is that a plan that causes more EV owners to charge at home may overload the electricity distribution grid in residential areas resulting in blackouts and costly upgrades. Until there is a map showing which neighbourhoods are at risk this proposal should be set aside.

4.Which types of consumers will be interested in choosing the proposed price plan?

Consumers who own EV's, have a place to park their EV overnight close to a charging outlet, are not employed in shift work such as hospital staff, and do not have access to free daytime charging would be interested in choosing the proposed plan. The consumers with these characteristics are currently a small proportion of wealthy individuals. Most consumers will not be interested in choosing the proposed price plan.

7.The OEB has proposed the use of historical/baseline load profiles to set alternative TOU prices to avoid/delay price increases and provide a longer-term financial incentive (see slide 11).

a) *Will this proposal help in achieving the goals described in the letter from the Minister of Energy?*

b) *b) What are some potential risks with implementing this proposal?*

No, it would not help in achieving the Minister's goals. This proposal will increase cross-subsidies that ratepayers who can not take advantage of the Optional Enhanced TOU Rate will have to pay to the small number of relatively wealthy customers who will be able to take advantage of the rate.

8. What other ways might the OEB modify its price-setting procedure for the proposed alternative TOU price to provide meaningful financial incentive to shift consumption for customers on the price plan, while fairly recovering supply costs from all RPP consumers?

Energy Probe believes in protecting the system's economic efficiency, which this proposal would undermine in several ways, especially by harming many customers through increased cross-subsidization. By inducing more EV owners to charge at home, the proposal may also result in overloading the distribution system in some neighbourhoods and further study is needed to prevent this from occurring.

Respectfully submitted on behalf of Energy Probe.

Tom Ladanyi
Digitally signed by Tom Ladanyi
Date: 2022.03.02 20:28:55 -05'00'

Tom Ladanyi
TL Energy Regulatory Consultants Inc.

cc. Patricia Adams (Energy Probe Research Foundation)