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Registrar and Board Secretary
Ontario Energy Board
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Dear Ms. Macroni

Re: Design of an Optional Enhanced Time of Use (TOU) Rate. EB-2022-0074

Attached please find Cornerstone Hydro Electric Concepts Association's (CHEC) comments with respect to the OEB's invitation to comment on the Design of an Optional Enhanced Time of Use Rate. This submission addresses the several items outlined in the OEB's Stakeholder Engagement meeting on February 17, 2022.

CHEC is an association of fifteen (15) local distribution companies (LDC's) that have been working collaboratively since 2000. The comments over the following pages express the views of the CHEC members.

We trust these comments and views are beneficial to the Board's initiative.

Yours truly,

John Sherin

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Feedback on the Design of an Optional Enhanced Time of Use (TOU) Rate. EB-2022-0074

In accordance with the Board's letter dated February 18, 2022, please find below CHEC's comments related to the Alternative TOU Price Design, based from the February 17, 2022 Stakeholder Engagement Meeting.

	Questions from OEB Slides Deck February 18, 2022	CHEC Comments
1	Will the proposed price design be effective at achieving the following goals described in the letter from the Minister of Energy?	In the near term no. In the long term, as more people are able to move to i.e. EV's as they become less expensive possibly. The rate structure is voluntary so most would not elect this new structure.
	a) Incenting electricity usage behaviour that will benefit the electricity system under anticipated increased electrification.	A majority of customers would not benefit from the new rate structure as most will not be able to shift a significant amount of load to "Ultra Low" off peak. This rate structure is for a very specific group of customers. Those who are able to afford EV's and upgrades in their homes to switch to electric heat. Incenting electricity usage behaviour will require more than just introducing a new rate structure. There would need to be a mass marketing of the new price structure along with marketing of government incentives and rebates for home improvements geared towards switching to electric heat and or energy storage. There are concerns that there may be costs incurred for those not taking advantage of the new price design. Small Commercial customers would benefit from consideration to "Ultra Low" pricing.
	b) Providing value for customers with consideration for overall ratepayer impacts.	While providing value for a certain set of customers it appears that consumers that have a lifestyle that does not adhere to the new price plan time slots may be penalized with higher rates (i.e. Seniors, work from home careers, shift workers etc.) if not immediately in the long term.
2	Do you have any recommendations for improving the price design to achieve the goals listed above?	A weekend and Statutory Holiday Ultra-Low pricing structure would benefit customers and with consideration for overall ratepayer impacts.
3	Does the proposed price plan pose any risks not already considered?	Low uptake in the proposed price plan is anticipated. Costs to the distributors in CIS system modifications/ongoing maintenance and additional customer service resources to explain a more complex pricing system. This type of system may also lead to increased billing error due to complexity of the system requirements. Billing adjustments also become increasingly complex. In addition, the MDMR will incur costs as well as overall costs to the distribution system as a whole. Risks - this is seen as a rate for the rich - those that can afford to buy storage will benefit (EV's, home battery storage walls, etc.). This rate may also increase fuel switching to gas - having larger appliances on gas would

		reduce the on peak electric demand / consumption and potentially increase a facilities gas consumption and GHG's.
4	Which types of consumers will be interested in choosing the proposed price plan?	A market potential analysis should be done to better determine the uptake by customers. Without the proposed pricing design, the benefit is difficult to understand. Realizing reduced costs may take years. Most customers had a very difficult time understanding the difference between TOU and Tiered and most switched to Tiered simply because the didn't want to be bound by which times they could use their power at a lower price. This plan is even more complex than the current TOU structure. Many customers are not able to shift usage to the overnight period.
5	Should consumer cost savings (i.e., under recovery) from shifting consumption be recovered from all RPP consumers in subsequent price setting periods? If not, how should those costs be recovered?	Although more complex to billing systems, cross subsidization should be kept to a minimum and remaining consumers should not subsidize under-recovery. A true-up would be a mechanism to handle this issue. An additional cross-subsidization issue is associated with geographic territory as some geographies may not have the same degree of uptake on this price program due to local demographics (ie. towns that may be a heavy retirement community). Concerns with increased prices for all RPP customers due to under recovery. The increase will impact those that will not benefit from the new price structure and cannot afford an increase in RPP. Has there been an analysis that shows at how much kWh would need to be moved to off peak to truly lower demand and see the impact on costs?
6	Under the OEB's current price--setting methodology, everything else being equal, alternative TOU prices are expected to increase in response to consumers shifting demand to lowercost periods	
	a) Will this price increase pose a risk to achieving the goals described in the letter from the Minister of Energy?	Unknown at this time - some customers would shift usage to off peak lower prices; however, an increase in high peak prices may dissuade individuals from remaining in any TOU pricing options.
	b) Should the OEB consider changes to its price provide longer-- setting methodology to lasting financial incentive for consumers to shift demand?	No, the longer-lasting financial incentive should flow out of cost savings from lowering future electrical demand. As technologies develop more EV's will be purchased and perhaps more economical energy storage which may be additional incentive to shift demand. Incentives for demand shift should come from outside of price-setting structure as well (ie. EV purchasing incentives, energy storage purchasing incentives). Some customers will switch because they truly believe it is better for the environment to make the switch and reduce the peaks and greenhouse gas emissions. All others will only switch if there is truly a cost savings. Without truly significant cost savings customers will not make the switch.

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	More information required on the historical baseline profiles would required to answer this question, given impacts of COVID will they be the same going into the future.
	a) Will this proposal help in achieving the goals described in the letter from the Minister of Energy?	Yes - it gives the consumer a choice to select an alternative rate option and provided the historical years are the correct years and not affected by COVID.
	b) What are some potential risks with implementing this proposal?	Risks - this is seen as a rate for the rich - those that can afford to buy storage will benefit (EV's, home battery storage walls, etc). This rate may also increase fuel switching to gas - having larger appliances on gas would reduce the electric demand and consumption and potentially increase a facilities gas consumption and GHG's. Political landscape could change and risk long term sustainability of this new TOU rate. Using the prior two years may not be accurate history because of COVID - work from home may continue in the long term and change historical load profiles. The risk is also related to upfront costs associated with implementation with the potential of very low uptake. In the pilots, there were a large amount of data and price comparison tools available to customers to help them understand the choices made and the associated cost implications. This would be required by all LDCs to help customers understand how and when to enroll in the enhanced price plan.
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?	Deeper analysis on market potential should now be done to identify best customer class that would participate and achieve the Ministry's broader goals of consumer choice and control of their costs. Consideration should be made to opening the market up, the cost of power is paid at the time customers use it.