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Registrar  
Ontario Energy Board  
2300 Yonge Street, 27th floor  
Toronto, ON M4P 1E4

**Re: Design of an Optional Enhanced Time-of-Use (TOU) Rate**  
**Ontario Energy Board File Number: EB-2022-0074**

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In a November 16, 2022 letter, the Minister of Energy ("MOE") asked the Ontario Energy Board ("OEB") to advise on the design of an optional enhanced Time-of-Use ("TOU") rate to further incent demand-shifting away from peak periods to lower-demand periods. On February 17, 2022, the OEB held a stakeholder meeting to seek input on the design of the optional enhanced Time-of-Use price plan, and invited stakeholders to provide additional written comments on the issues discussed. Toronto Hydro-Electric System Limited ("Toronto Hydro") is supportive of the MOE's and OEB's efforts in offering additional customer choice by way of an optional enhanced TOU rate, and offers the following additional comments for the OEB's consideration. Toronto Hydro has also reviewed and supports the Ontario Energy Association's ("OEA") submission on this issue, with its own comments incremental to those of the OEA.

### **Rate Design**

Toronto Hydro has reviewed the OEB's enhanced TOU design and believes the framework elements to be generally appropriate. Toronto Hydro acknowledges the intent to eliminate the summer/winter switch, and is supportive of it as a measure to minimize customer confusion to the extent it does not detract from the peak targeting efficiency of the rate design proposal itself. Regardless of approach, however, a strong customer education campaign will be critical to ensure that customers are informed of the parameters of the program and will be able to make an educated choice.

Toronto Hydro also supports the OEB's approach to ensure the avoidance of any embedded structural cross subsidy as between rate plans as a general principle, on the understanding that the forecast shift in peak load is eventually intended to contribute to a reduction in costs for all customers. An embedded

structural under-recovery under one plan, however, would necessarily attract customers to switch to that plan, but result in upward pressure on rates for all customers when that shortfall will inevitably need to be recovered. Toronto Hydro submits that the benefits to those on the enhanced TOU rate should not result in a cost shift to customers who prefer to remain on standard TOU or Tiered prices, or who otherwise would not be able to benefit on account of the nature of their usage profile.

Toronto Hydro further urges the OEB to consider and prioritize finalizing implementation considerations ahead of certain rate design elements (e.g. pricing differentials, etc.), which can be considered and adjusted later in the process. A smooth and timely implementation is key to maintaining confidence in the system and enhancing customer choice in the electricity sector.

### **Implementation Considerations**

In anticipation of the finalization of the enhanced TOU rate, Toronto Hydro has begun to consider steps and efforts that would be required to implement the rate by the MOE's requested date of May 1, 2023. While this timeframe is achievable, it requires that implementation efforts and design decisions begin immediately, to allow for the full scope of multiple system changes, processes, and testing that would be required. While the OEB has laid out the high-level design elements through its stakeholder presentation, Toronto Hydro and other utilities would be greatly aided by the quick and timely confirmation of as many of these details as possible, such that these elements could be built into utilities' planning and implementation processes as soon as is reasonably possible. A delay in addressing or confirming certain elements may delay implementation processes, and by extension put at risk the intended target completion date.

In support of the above, Toronto Hydro seeks confirmation regarding the applicability of some existing RPP procedures to the new enhanced TOU rate. Specifically, Toronto Hydro seeks confirmation that:

- all RPP eligible customers would be eligible to apply for the new enhanced TOU rate.
- the new enhanced TOU rate would be subject to RPP True Up procedures, as per existing processes.
- switching to the new enhanced TOU rate would follow standard switching rules established through the OEB's prior rate optionality consultation (e.g. any changes are effective as of the next bill cycle, etc).

Keeping the same approach to the new enhanced TOU rate as to the other RPP rate plans would allow for a smoother implementation, and avoid the need for complex or unique rules to accommodate exceptions.

Toronto Hydro further submits that in order to be effective and beneficial for customers, the introduction of the enhanced TOU rate option would necessitate extensive additional customer engagement and education, including tools that customers could leverage to make an informed choice. Such engagement will primarily fall on utilities and their customer care staff, but would be aided by updates to the OEB's online comparison calculator, for example.

Toronto Hydro also strongly urges that the IESO's Smart Metering Entity be engaged at the earliest possible time to consider and initiate required changes to the MDM/R. A substantial portion of the implementation of a new enhanced TOU rate will revolve around upgrades to the MDM/R to accommodate new TOU data, and that data's integration into utilities' billing systems. In order for utilities to undertake their required system upgrades, they will need to know the updated MDM/R parameters to which they will be aligning. The MDM/R upgrade is a critical step towards successful implementation, with any delays affecting the downstream implementation amongst utilities.

Toronto Hydro asks that all future correspondence on this matter be directed to the email address: [regulatoryaffairs@torontohydro.com](mailto:regulatoryaffairs@torontohydro.com).

Sincerely,



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