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August 25, 2022

Via RESS

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
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Dear Ms. Marconi:

RE: OEB Consultation on Non-RPP Class B Pilot Program
Ontario Energy Board File Number: EB-2022-0079

Comments - Ontario Association of Physical Plant Administrators

Jupiter Energy Advisors Inc. (Jupiter) has been retained by the Ontario Association of Physical Plant Administrators (OAPPA) to assist the association on matters related to the above-noted consultation. Jupiter is submitting these comments on behalf of OAPPA.

On July 28, 2022, the Ontario Energy Board (OEB), jointly with the Independent Electricity System Operator (IESO), presented, among other things, options for non-RPP Class B pilot pricing. OAPPA was represented at this presentation and provides here answers to questions posed in the PowerPoint materials from that day.

1. What additional objectives, if any, would you like to see as part of the Non-RPP Class B Pilot Program?

The objective of simplicity in explaining to and understanding by consumers cannot be overstated. Potential customers must see value in participating in the pilot. The pricing plans themselves might be complex, but they must be described clearly and succinctly for customers to be willing to put the resources into participation.

2. Do the objectives of the Non-RPP Class B Pilot Program need to be considered from any other perspectives?

The pilot program should be considered from the perspective of RPP Class B customers, i.e., residential customers - what will be the net effect on their electricity prices if non-RPP Class B customers benefit from GA pricing changes? What will the net effect be on Class A customers, and RPP customers? Will taxpayers be expected to fill the missing gaps in GA recovery? These perspectives are necessary.

3. What, if any, modifications would you make to the proposed delivery model for the Non-RPP Class B Pilot Program?

The proposed process for implementing contains the following steps: application, design and recruitment, testing, reporting, evaluation. However, there is no indication of the use of verification, i.e., audit of the pilot program results by an independent third party, as has always been conducted for IESO-sponsored CDM programs, as an example. Can we be confident in the proponents' reported results without third party verification?

4. What are the barriers and risks to implementing the Non-RPP Class B Pilot Program as presented?

Barriers include the possibility that LDCs do not coordinate their pilot proposals resulting in non-RPP Class B customers having multiple plans across the province, which would deter them from wanting to participate at all of their sites. The amount of resources required to monitor the situation in each setting might be overwhelming and cost prohibitive.

Changes (decreases) to pilot program funding would create frustration, resulting in the OEB and the IESO losing the buy-in and trust of participants. Mid-pilot elimination of certain aspects of the program would have the same effect on participants.

5. What level & type of guidance would you like from the OEB regarding the design of the pilots?

Any recommendations on customer types for the pilots would be helpful such as industry or load profile, etc. That is, what consumer response would be the most helpful in this exercise? Would there be a limit to the number of participants in an LDC's area or in a particular industry? What about customers connected to HONI? Would they be eligible to participate?

6. In your opinion, which price plan would offer the greatest benefit to Non-RPP Class B consumers?

The price plan that provides lower overall electricity prices is most attractive, but one that also offers price predictability and limited fluctuations is helpful.

Hourly GA, or High N peak pricing, akin to Class A would be the likely preferred plans. It is unlikely that expanded TOU pricing would offer the greatest benefit for OAPPA members.

7. What criteria should be considered when evaluating a proposed pilot design?

What is the complexity and cost of implementing this? How broadly applicable would it be? Are all LDCs expected to provide it? Are there any sectors that would be excluded from participating?

8. What is a reasonable timeline for the Non-RPP Class B Pilot Program?

OAPPA understands the desire for two summers' worth of data so, while it is longer than desirable, supports this proposed 18 months' timeline.

9. What do you see as the greatest risk to the timelines?

Like any OEB or IESO initiative, a change in Provincial government mandate(s) especially occurring in mid-pilot, could create possible havoc with the program, its results, analysis and interpretation of the data.

Other significant changes to the plans in midstream would create uncertainty and likely result in delays in implementation or behavioural observations.

10. What other entities, if any, may have a role to play in the Non-RPP Class B Pilot Program?

The Provincial government will have a role to play in promoting and supporting this pilot.

11. Who are the potential proponents?

Local Distribution Companies (LDCs) and Energy Service Companies (ESCOs) would likely directly offer these pricing pilot options. The OEB, the IESO, and the Provincial government should promote the participation of non-RPP Class B customers.

12. What are the barriers to participation for Non-RPP Class B consumers?

Barriers include customers' limited time, resources, skills, understanding of value, etc. Most of these customers are still recovering from the COVID-19 pandemic, playing catch up with respect to operations and staffing. There is no excess capacity to participate in a pilot program unless there is an obvious reward for the investment of time and resources.

The OEB/IESO should be providing guidance on the potential time and resource costs to customers, in order for participants to be able to assess their capacity for participating. Clear communication from the OEB/IESO is key to engage participation.

If a participant must have interval meters (not TOU meters) then the acquisition of such could be a possible barrier.

13. In you [sic] opinion, what role do LDCs need to play in a Non-RPP Class B pricing pilot?

OAPPA expects that LDCs will need to play a prominent role in this pricing pilot, as most potential customer participants are contracted (via their distribution default) to their LDCs for electricity supply and will expect their distributor to provide this pricing option as part of the pilot. LDCs will need to cooperate and coordinate among each other, with direction from the OEB and IESO as to the details of the program options.

14. What would you estimate it would cost to implement a pilot under this program, including the cost associated with bill savings?

Assuming this question applies to the cost to develop a specific pilot project (as opposed to the total cost to the IESO system for all pilots under this program), OAPPA submits that it's very difficult to estimate this cost. The investment risk is higher with a finite (18 month) pilot project versus a long-term program which provides for rate certainty and longer amortization of cost.

Frankly, OAPPA believes that it should be the OEB/IESO providing advice on expected costs (time and resources) so that potential participants can assess their capacity and, hence, ability to participate.

15. What aspects of the pilot costs would you like to see covered?

All out of pocket expenses for customers to participate in the pilot, plus the difference, if any, between the cost of electricity supply from the pilot and what would have been the cost if the customer had not participated in the pilot, if the amount is materially (2%+) higher.

16. What resources (staff, capital for equipment) would pilot participants need to provide in order to achieve savings from participating in the pilot?

As mentioned above, if interval meters are required to participate then capital for that purchase would be needed. Participants would need the granularity of hourly data to fully participate and provide useful data in hourly GA or High N peak pricing pilots.

17. Which of the pricing plans examples would you most like to see tested?

OAPPA sees value in testing the Hourly Demand-Shaped GA Price plan and the Critical Peak Pricing plan, as both of them may be of value to many non-RPP Class B customers.

18. Which of the example pricing plans do you think would be of the greatest benefit to Non-RPP Class B consumers? To the electricity system? Why?

Each of these plans may be of greatest benefit to many different consumers. However, as mentioned above, for OAPPA members it is unlikely that an expanded TOU pilot would be beneficial (for those more heavily weighted in the on/mid-peak hours). The Hourly Demand-Shaped GA and the Critical Peak Pricing plans serve OAPPA's desired purpose of reducing system peak and resulting in cost reductions for responding to transparent pricing signals.

The pricing plan that results in the lowest overall cost to the electricity system provides the greatest financial benefit. The cost of inconvenience or unpredictability must be measured within the pilot program.

19. What other price plans or pricing elements should be considered for a pilot?

OAPPA has no further suggestions here.

Should you have questions or require further information, please contact me at the e-mail address or telephone number below.

Yours truly,

A handwritten signature in black ink, appearing to read 'G. DeJulio', written on a light-colored background.

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