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Transmitted via email to justin.malecki@oeb.ca, shona.adamson@oeb.ca and classb.pilot@oeb.ca.

Subject: Roadmap Design for proposed Class B, non-RPP pricing plan pilot

Hello Justin and Shona,

Established in 1963, Retail Council of Canada is The Voice of Retail™, representing over 45,000 independent, regional, national mass and specialty retail businesses and online merchants in general merchandise, drug, and grocery.

I wanted to take a moment to commend the Ontario Energy Board (OEB) on its commitment to researching potential additional pricing plans for Class B, non Regulated Price Plan (non-RPP) customers. As you are both aware, most retail stores and restaurants are Class B, non-RPP ratepayers. We support additional flexibility for the rate class. In particular, we wanted to note:

- Papers from the OEB show how dynamic pricing can create a greater correlation between price and total grid load, leading to lower costs for both business and residential ratepayers. The most comprehensive walkthrough of some of those models can be seen in the OEB's 2019 report titled [Examination of Alternative Price Designs for the Recovery of Global Adjustment Costs from Class B Consumers in Ontario](#).
- Energy pricing schemes with a high correlation between price and total grid load have a proven track record in Ontario of incenting businesses to invest in demand reduction, peak shifting, and generation technologies.
- Current peak demand in Ontario is met through gas-fired generation, which sees higher greenhouse gas emissions than in off-peak hours. Cultivating conditions where electricity consumers can respond to price signals and adjust their demand accordingly will help Ontario deliver affordable clean electricity and achieve its 2030 climate targets as set out in the Made-in-Ontario Environment Plan.

As the OEB consults on how to pilot additional pricing plans, RCC wanted to share a few thoughts. The OEB has identified four objectives. RCC agrees with the listed objectives; any pilot needs to expressly address load flexibility, market efficiency, transmission reliability and electricity demand. In addition to these objectives, RCC believes there are three, very important additional objectives that ought to be included.

The first additional objective is to expressly understand the effect of piloted pricing plans on residential customers not in the pricing plan. Our retail and restaurant members are **not** looking to subsidize their energy costs on the backs of their customers. Any new pricing plan that acts more like a subsidy program than a conservation initiative is something business cannot support and would oppose politically as a nonstarter.

The second additional objective is focused on understanding that the Class B, non-RPP ratepayers are not homogeneous. While business sector continues to be a meaningful division, as the type of business greatly alters when load can be consumed and how much load can be consumed, RCC believes that perhaps a more important and more meaningful distinction from a policy development perspective is the size of business. When a company grows to a size that they can hire energy managers and consultants, their level of sophistication greatly increases. Small businesses and start-ups are focused on the basics of launching a successful company and are less likely to be willing to devote resources to understanding a highly dynamic cost allocation method for Ontario's Global Adjustment. As such, RCC believes that there should be a focus in the pilot on understanding any pricing or preference distinction between large and small businesses.

Linked to that second additional objective, RCC would like to pre-emptively place the notion that the eventual report back and recommendation from the OEB to the Ministry of Energy with respect to the Class B, non-RPP pilot could recommend more than one pricing plan. Based on conversations with our members, RCC has the sense that customers may be best served by having a highly dynamic pricing plan alongside a less dynamic, more accessible, method of cost allocating Global Adjustment. Further, time-and-time again, members have expressed their interest in having an annual moment to 'opt-in' to pricing plans, like how Class A customers have a moment to opt-in to either the pricing for Class B, non-RPP or to the Industrial Conservation Initiative. Because the OEB's approach is to have pilot projects propose pricing plans, RCC believes it is important to share any decisions around the potential for a report back to express interest in adopting more than one model, and/or annual opt-in moment upfront in a pilot roadmap document. That way, researchers and formula designers can keep that potential in mind and develop pricing plans that can co-exist.

As a third additional objective, RCC believes a would-be pilot proposal ought to report on the observed reduction in grid emissions (specifically, because of reductions to peak generation and thereby a reduction in need for gas-fired generation). Further, researchers should have to provide estimates for what those reductions to grid emissions could look like at scale. Since it is RCC's hope that the ultimate proposed pricing plans to government be optional for Class B, non-RPP ratepayers, RCC would like the OEB to consider that it could add further gating restrictions to enter pricing plans. As an example, there could be a restriction around using natural gas generators, or other emissions-producing generation to offset Global Adjustment costs under

dynamic pricing. This reduces the potential risk that a more dynamic pricing without a restriction on dirty generation could incent net new dirty generation instead of clean generation alternatives.

Beyond pilot objectives, RCC wanted to take a moment to speak to the pilot roadmap in general and the proposed timeline for the pilot. RCC is in favour of pilots having a high degree of control over the pricing plan(s) proposed, with few or no OEB roadmap restrictions on pricing plans. Instead, controls around proposed plans should occur post-application, and be focused on academic rigor for the study.

RCC is in favour of a rolling approval process for pilots, each considered on their own merits, until such a time as the funding envelope is depleted. Because each applicant will be applying at different times, RCC believes that applicants should have some ability to propose modifications to pilot timing – for example, a longer (say, two year) or shorter (say, one year) in-field testing phase. While a sample timeline is always useful in a roadmap, it should be complimented by a workback of when the OEB needs actionable results for the checking in with the Minister’s Office. As an example, the OEB could share in the roadmap that it plans to deliver a in-progress report to the Minister’s Office in the first quarter of 2025 and will therefore need an interim report for any active pilots by year-end 2024. Further, if the OEB has the results of each pilot by October 31st, 2025 and issues a formal report back to the Minister by end of year 2025, there is tight but actionable window where the Minister’s Office can react to the report prior to the tentatively scheduled July 4th, 2026 election. Information like this will support applicants in planning their timelines.

The Retail Council of Canada thanks the Ontario Energy Board for this opportunity to comment on the proposed roadmap for the Class B, non-RPP pricing plan pilot, and welcomes any and all additional opportunities to weigh into the process.

Warm Regards,



Sebastian Prins.

Sebastian Prins
Director of Government Relations (Ontario)

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