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December 14, 2022

**NOTICE OF AMENDMENTS TO
THE STANDARD SUPPLY SERVICE CODE AND THE REGULATED
PRICE PLAN MANUAL**

OEB FILE NO.: EB-2022-0160

**To: All Licensed Electricity Distributors
All Licensed Electricity Retailers
All Licensed Unit Sub-Meter Providers
Independent Electricity System Operator
All Registered Participants in the September 13, 2022 Stakeholder Meeting
All Other Interested Parties**

The Ontario Energy Board (OEB) is giving notice under section 70.2 of the *Ontario Energy Board Act, 1998* (OEB Act) of the adoption of final amendments to the Standard Supply Service Code (SSSC) to implement a new optional ultra-low overnight (ULO) price plan for electricity consumers on the Regulated Price Plan (RPP). The OEB is also giving notice of the adoption of related final amendments to the Regulated Price Plan Manual (RPP Manual).

A. Background

On November 16, 2021, the Minister of Energy asked the OEB to “report back and advise on the design(s) of an optional enhanced time of use rate to further incent demand-shifting away from peak periods to lower-demand periods.”

After a public consultation¹, the OEB delivered its [report](#) to the Minister on March 31, 2022 (March Report). The report recommended that the new optional plan comprise four time periods as shown below:

Price Period	Hours Applicable (Prevailing Time)	Price
On-Peak	Weekdays: 4 p.m. – 9 p.m.	10 times ULO price
Mid-Peak	Weekdays: 7 a.m. – 4 p.m. and 9 p.m. – 11 p.m.	Equal to standard TOU Mid-Peak price
Weekend Off-Peak	Weekends and Holidays: 7 a.m. – 11 p.m.	Equal to standard TOU Off-Peak price
Ultra-Low Overnight	Every day: 11 p.m. – 7 a.m.	Calculated so that the ULO price plan recovers the forecasted average supply cost

On August 10, 2022, the Ministry of Energy posted a notice on the [Regulatory Registry](#) and the [Environmental Registry](#) of proposed amendments to O. Reg. 95/05 (Classes of Consumers and Determination of Rates) under the OEB Act to implement the new pricing option. The importance of customer choice, and the development of the ULO option in particular, were highlighted in the Minister of Energy's October 21, 2022 [letter of direction](#) to the OEB.

Amendments to O. Reg. 95/05 were filed on November 1, 2022. These amendments, which come into force on January 1, 2023, require distributors to offer the new ULO price plan to RPP consumers no later than November 1, 2023; those distributors who are able to make it available earlier may do so as of May 1, 2023. The OEB is required to set ULO prices for the first time for May 1, 2023 (normally RPP prices are set only once a year, every November 1).

On October 18, 2022, the OEB issued a [Notice of Proposal](#) (the October Notice) to amend the SSSC and the RPP Manual for purposes of implementing the ULO price plan. The October Notice explained that the proposed amendments to the SSSC build on the rules that were added to the SSSC in October 2020 to implement the Government's Customer Choice initiative, which enabled RPP consumers with smart meters to switch from standard TOU pricing to tiered pricing. Distributors would need to process customer requests to switch to the new ULO option in the same way (and subject to the same deadlines) that they currently process requests to switch between standard TOU and tiered pricing. Standard TOU pricing would remain the default price

¹ [EB-2022-0074: Stakeholder Meeting on the Design of an "Optional Enhanced" Time of Use \(TOU\) Rate](#)

plan for RPP consumers with smart meters. The proposed amendments to the RPP Manual would describe the methodology for setting prices for the ULO price plan, consistent with the OEB's March Report.

The OEB received written comments on the Notice of Proposal from nine stakeholders. All comments are posted on the OEB's [Engage With Us](#) webpage.

For the reasons that follow, the OEB will adopt the amendments to the SSSC and the RPP Manual as proposed in the October Notice.

B. Response to Stakeholder Comments on Proposed SSSC Amendments

No Limits on Frequency of Switching Between Price Plans

The October Notice stated that the OEB was not proposing to introduce a limit on the number of times an RPP consumer could switch back and forth between the various price options.

By way of background, when the Customer Choice amendments to the SSSC were proposed in 2020, the OEB explained that in order to provide maximum flexibility to consumers, it would not introduce a cap on the number of times a consumer could switch back and forth between standard TOU prices and tiered prices, but would monitor the issue over time. The OEB issued a report on December 6, 2021, [Frequency of Regulated Price Plan Switching Under Customer Choice](#), that measured the frequency of customers switching between standard TOU and tiered price plans within the first 12 months after the introduction of Customer Choice in 2020. The OEB found that only 4% of customers switched price plans more than once.

Five of the stakeholders who submitted comments (including all of those representing electricity consumers) were supportive of the OEB's proposal not to introduce limits on the frequency of switching. The Electricity Distributors Association (EDA), however, urged the OEB to consider imposing a quarterly limit on switching, citing the need for billing efficiency and to "eliminate any bill confusion for customers who elect to switch too frequently".

The OEB remains of the view that there should be maximum flexibility for consumers who wish to switch price plans, unless to do so imposes a significant hardship on those administering the program. The monitoring to date has indicated that switching between price plans is infrequent. The consumer groups who submitted comments were unanimously in favour of unlimited switching. The OEB will therefore not be introducing

a limit on the frequency of switching. As indicated in the October Notice, the OEB will continue to monitor the issue.

C. Response to Stakeholder Comments on Proposed RPP Manual Amendments

Only one stakeholder raised a concern with the proposed amendments to the RPP Manual. While strongly supporting the new ULO option overall, Environmental Defence argued that the price-setting methodology set out in the proposed RPP Manual amendments would “not fairly allocate costs between the customers in the three pricing plans.” In particular, Environmental Defence pointed to a methodological issue identified in the OEB’s March Report to the Minister: since prices are normally set for all RPP consumers based on the same forecast average supply cost of all RPP consumers collectively, consumers who switch to the ULO option and manage to reduce their bills by shifting a portion of their consumption to the overnight period could potentially see those savings reduced the next time the OEB sets RPP prices. Environmental Defence wrote that it is “important that any solution be implemented before the resetting of prices first occurs in November of 2023.”

As noted in the March Report, one solution to Environmental Defence’s concern might be “to modify the price-setting process to set prices for each price plan based on the estimated costs incurred by consumers on each price plan separately.” However, the March Report also stated that before adopting that approach, a more comprehensive data set is required: “the introduction of separate average supply costs for consumers on different price plans is a strictly longer-term consideration and should be addressed when the number and load profile of consumers on each price plan are stable and reasonably predictable.”

Moreover, the OEB does not anticipate an immediate need to address the equitable allocation of costs between price plans as the underlying supply cost of ULO enrollees will not be affected to an identifiable degree until a significant number of customers switch to the ULO price plan and these customers modify their consumption pattern to accord with the plan. In other words, for the OEB to consider the appropriateness of setting prices based on the estimated costs incurred by consumers on each price plan separately, it must first collect data to verify that as a result of the transition to the ULO price plan, a stable shift in the load patterns of these customers has occurred, and that this shift has a material effect on ULO supply cost.

The OEB remains committed to exploring methodological revisions to ensure that all RPP prices continue to be set in a fair and equitable manner.

Accordingly, at the moment, any such revisions would be premature. The OEB does not anticipate considering any changes to the price setting methodology until at least a year's worth of data is available following the introduction of the ULO option.

D. Response to Other Stakeholder Comments

Consumer Information

The OEB agrees with stakeholders that it is critical for customers to have access to simple, clear information when assessing their choice between the three price plans.

Since the introduction of Customer Choice in October 2020, the OEB has not prescribed any content that is mandatory for distributors to adopt, and distributors are expected to develop materials that they believe will best support and inform their customers. However, the OEB is updating the communications materials it developed when Customer Choice launched. These include updates to the online bill calculator (oeb.ca/calculator), the Customer Choice webpage (oeb.ca/choice), online videos featuring lifestyles of different customers considering their pricing options, sample website copy and a template election form that distributors may adapt and use as they wish. The OEB expects to have these communication materials updated by early April. The OEB is also developing designs for a new graphic depicting the ULO price periods, and plans to seek feedback on those designs in the new year through the OEB's [Engage with Us](#) webpage.

The London Property Management Association said the bill calculator should not require customers to input their consumption data, as this information should be available and uploaded into the bill calculator. The OEB does not have access to the personal consumption data of customers. However, the implementation of the Green Button data standard, which distributors are required to complete by November 1, 2023, should make it easier for customers to access their own consumption data, or share that data with a third party, to help them choose the price plan that is best for them.

Hydro Ottawa said maintaining the “On-peak” label in the ULO price plan could create confusion as that label is also used in the TOU price plan, and the “On-peak” price in ULO is higher than the “On-peak” price in TOU. While the OEB is sensitive to the concern, the OEB believes clearly delineating the price periods within each price plan should help in that regard, and that adding a new label could also confuse consumers. The OEB also notes that the use of the “On-peak” label in ULO is consistent with its March Report delivered to the Minister.

As noted in the October Notice, the OEB intends to update the OEB-approved price comparison templates that retailers are required to provide to low-volume consumers, in order to compare the retail price to standard TOU prices, tiered prices and ULO prices. Changes to other consumer-facing materials currently required to be used by electricity retailers may also be implemented. Proposed changes to the price comparison templates are expected to be issued for comment in the new year.

Deferral Account

The October Notice stated that the OEB would allow distributors to track the revenue requirement impacts of their material costs of implementing the ULO option in a deferral account, and that a generic accounting order would be issued in the near term. The EDA asked for clarification about the nature of the costs that will be eligible to be tracked, and indicated that it assumed carrying charges would apply to any balances in the account. These matters will be addressed in the generic accounting order.

Net Metering

The EDA pointed out that not all distributors are able to provide a choice of pricing plan to RPP consumers who are enrolled in net metering, and suggested that changes may be necessary to the Meter Data Management and Repository (MDM/R) operated by the Smart Metering Entity. The EDA asked for OEB direction on this issue. Similarly, Hydro Ottawa said that if distributors will be required to offer standard TOU or ULO pricing to net metered customers, they should be given “significant lead time to be able to implement the required enhancements to its customer information system and supporting systems.”

The OEB is aware that some distributors have been requiring net-metered RPP consumers to switch from standard TOU pricing to tiered pricing. The OEB intends to issue a Bulletin in the near future.

IESO Settlements / Accounting

The EDA suggested that, to support the implementation of ULO pricing, updates be made to settlement templates and the [Accounting Guidance for Commodity Pass-Through Accounts 1588 and 1589](#). The OEB confirms that it will update the Accounting Guidance to reflect the new ULO option. The OEB understands that the IESO will be updating the appropriate settlement templates.

Agricultural Customers

The Ontario Federation of Agriculture expressed support for the ULO initiative but encouraged the OEB to “remove barriers that slow development and delay deployment” of broadband infrastructure in rural areas and to “consider Ontario’s businesses that are on demand billing, yet not large enough to participate in the Industrial Conservation Initiative, nor large enough to commit the capital needed for innovative conservation and demand management”. The OEB acknowledges these suggestions but notes that they fall outside the scope of this consultation.

E. Coming into Force

As proposed in the October Notice, the amendments to the SSSC and RPP Manual will come into force on January 1, 2023. The OEB will monitor distributor implementation of the new SSSC rules, as it has done for other major initiatives, including Customer Choice implemented in 2020.

F. Anticipated Costs and Benefits

The anticipated costs and benefits are set out in the October Notice.

G. Cost Awards

The October Notice made provision for certain stakeholders to claim costs in connection with the preparation of written comments on the proposed amendments to the SSSC and RPP Manual, to a maximum of five hours. Further directions on the cost award process will be provided shortly.

H. Closing

If you have any questions regarding this Notice, please contact RPP.Price.Design@OEB.ca. The OEB's toll-free number is 1-888-632-6273.

DATED December 14, 2022

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar