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**BY EMAIL AND RESS**

June 27, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi,

**EB-2023-0071 – Electric Vehicle Integration (EVI) Initiative – Electric Vehicle Charger Discount Electricity Rate**

## OVERVIEW

In his November 29, 2023, Letter of Direction, the Minister of Energy restated his Ministry's priority that "*we must be mindful of affordability impacts to customers while maintaining resilient energy systems*" and directed the OEB to ensure "*that access to electricity and natural gas in an affordable manner remains central to decision-making".* The Minister further directed the OEB to *"consider distribution rates for EV charging (including demand charges)*", and mentioned specifically the consideration of "*a low load factor rate*".

On June 13, 2024, the OEB invited stakeholders to discuss a proposal for an electricity delivery rate for public EV charging stations that have a low load factor, with a goal to further facilitate the integration of EV chargers in Ontario. The OEB invited stakeholders to provide written feedback on the proposal by June 27, 2024.

Hydro One is pleased to provide the following written comments for your consideration.

## SUMMARY OF KEY FEEDBACK

Hydro One recognizes the urgent need for efficient and fair policy solutions that will enable the integration of EVs into the electricity system. We support the OEB in taking a fresh look at how traditional regulatory principles can be applied to address the challenges posed by energy transition. In Hydro One's view, innovative regulatory approaches, accompanied by the proper checks and balances, will be a useful catalyst in ensuring the electricity sector is prepared to "meet the moment", while ensuring fairness and protection for electricity ratepayers.

Hydro One's key recommendations for consideration, discussed in further detail below, are as follows:

- **Hydro One supports the OEB's proposed Electric Vehicle Charger Discount Electricity Rate (EVC Rate)**. The EVC Rate is one in a series of steps that will be necessary to contribute towards the broader government objective of building a robust EV charging network throughout the province.

- **Hydro One supports making the EVC Rate available province-wide**. Clear guidelines from the OEB will ensure the uniform application of the EVC Rate across all distributors and more efficient business decisions by EV charging providers.

- **Hydro One recommends a built-in, light-handed review of the EVC Rate and policy.** Hydro One agrees with OEB staff's position that the proposed rate is consistent with the traditional regulatory principle of cost causality; however, observes that the application of the rate to a particular use case, as opposed to a broader load profile, is novel. While Hydro One is encouraged by this regulatory innovation, a built-in review horizon (both short and mid-term) would be a reasonable step to ensure efficacy and fairness:

    - A review soon after the EVC Rate comes into effect in order to ensure that the approach is performing as expected and to ensure that the asymmetrical distributional effects are equitable for all communities; and

    - A review within five years to provide an opportunity for stakeholders to engage on the EVC Rate's ongoing applicability and necessity as transportation across the province continues to electrify.

Hydro One also offers more detailed commentary to support a smooth implementation in response to the Discussion Questions posed by OEB staff, captured below.

**COMMENTS IN RESPONSE TO THE DISCUSSION QUESTIONS POSED BY OEB**

<u>EVC Rate mandatory to offer by distributors, optional to sign up for</u>

1. *What do you think of the voluntary opt-in nature of the proposed EVC Rate?*

   Hydro One is supportive of the voluntary opt-in nature of the proposed EVC Rate and recommends the OEB to establish clear regulatory guidelines regarding the opt-in and opt-out parameters and eligibility assessment criteria.

   Distributors often have minimal visibility to the nature of the customer's load facility. Making this rate voluntary provides customers with the choice to assess whether the EVC Rate should apply to their facility based on established eligibility criteria.

2. *Should there be a limit on how frequently a participant may opt in and out of the EVC Rate?*

   Hydro One recommends that the OEB consider limiting the frequency of opting in and out of the EVC Rate to no more than twice a year, in an effort to limit the administrative burden on distributors.

Eligibility requirement 1: demand between 50 kW and 4,999 kW

1. *Do you have any advice on measuring demand for purposes of this EVC Rate?*

   Hydro One recommends that the measurement of peak demand and billing demand for the purposes of this EVC Rate be performed as per the distributor's existing methodology for billing the RTSR charge components for customers in their applicable >50kW Demand-based rate classes. This will ensure consistency with existing and specific billing procedures.

   Hydro One recognizes that not all distributors measure demand and determine RTSR billing determinants on the same basis. As such, Hydro One recommends that the OEB provide clear guidance on applying the EVC Rate uniformly across all distributors.

2. *Do you have any advice on assessing a participant's ongoing eligibility for the EVC Rate?*

   Hydro One recommends that the assessment of a participant's ongoing eligibility for the EVC Rate be performed as per the distributor's existing processes for assessing rate classification eligibility on an annual basis for customers in their applicable >50kW Demand-based rate classes. This is consistent with existing assessment procedures for programs such as the Ontario Electricity Rebate.

Eligibility requirement 2: publicly accessible

1. *Should charging stations be required to provide service to all EV models to be eligible for the EVC Rate? Why?*

   Hydro One submits that there shouldn't be any restrictions on the type(s) of EV models eligible for the EVC Rate. It would be challenging and burdensome for utilities to monitor the eligibility criteria related to the EV models being used.

2. *Would it be feasible for charging stations to provide universal service? How would it be accomplished?*

   Please see Hydro One's response to question 1 above.

3. *Additional comments*

   Page 9 of OEB's Staff Discussion Paper lists examples of potential use cases of publicly accessible stations that are eligible for the EVC Rate. It includes the following: "Charging stations associated with

multi-unit residential buildings, Charging stations associated with condominiums, Charging stations on employee parking lots".

Hydro One recommends that the OEB review and provide further clarity on eligible use cases mentioned above, for example, to ensure that charging stations that primarily serve corporate and/or public sector fleets on employee parking lots are excluded, and privately-owned chargers in multi-unit residential buildings and condominiums are excluded.

Hydro One further recommends that the OEB work with distributors to define the applicable criteria. Taking this approach would limit the administrative burden on distributors, as well as ensure clarity and consistency in application across distributors and use cases.

Eligibility requirement 3: load factor up to 15%

1. *What do you think of the proposed approach in which distributors would apply their existing procedures for dealing with participants whose monthly load factors occasionally exceed 15%?*

   Hydro One agrees with this approach. Hydro One has existing processes in order to assess rate class eligibility and implement it on a sustained basis.

Eligibility requirement 4: separately metered

1. *Is the set of eligible auxiliary loads identified in the discussion paper appropriate? Are there others that you'd recommend?*

   Hydro One recommends the eligibility criteria include a threshold against the usage requirements to any "auxiliary" loads that exist at the facility. The customer should be required to provide a self-declaration that their auxiliary loads meet OEB's eligibility criteria.

   Hydro One suggests that the OEB provide the set of eligible auxiliary loads identified in the discussion paper as examples of reasonable auxiliary load types.

2. *Should stations that have some or no DCFC chargers be eligible for the EVC Rate?*

   Hydro One submits that if the stations meet the eligibility criteria, then there shouldn't be any restrictions on the type(s) of chargers used to be eligible for the EVC Rate. The customer should be required to provide a self-declaration that their stations meet OEB's eligibility criteria. This approach would also reduce the monitoring burden for distributors.

3. *Should a limit be prescribed on the share of charging station load that may come from other types of EV chargers that are not DCFC chargers? If so, what should that limit be?*

   Please see Hydro One's response to questions 1 and 2 above.

Customer to attest to eligibility upon opting in

1. *What do you think of this approach of self-declaring eligibility for the EVC Rate?*

   Hydro One agrees with OEB's approach of self-declaring eligibility for the EVC Rate. Hydro One recommends that the OEB develop an attestation template that clearly defines eligibility requirements to ensure they are consistently applied across distributors.

2. *Is it appropriate that the attestation should come from a "representative" of the customer, or should something more specific be required? For example, should the attestation be signed by someone like a professional engineer?*

   Hydro One agrees that it is appropriate that the attestation come from a "representative" of the customer.

3. *Are there any existing distributor processes for opting in that can be leveraged?*

   The existing distributor declaration process for eligibility to the Ontario Electricity Rebate and Regulated Price Plan prices can be leveraged.

No new rate classes

1. *Do you agree with the proposed approach of not establishing new rate classes for participating EV charging stations upon implementation of the EVC Rate?*

   Hydro One agrees that new rate classes for participating EV charging stations are not required to implement this proposed EVC Rate. However, Hydro One submits that a similar level of administrative effort is required to implement the EVC Rate, regardless of whether a new rate class is established.

   Hydro One recommends leveraging existing distributor processes to monitor eligibility and apply this rate.

EVC Rate options: A, B and C

1. *What are your thoughts on the three EVC Rate design options?*

   Hydro One submits that all three EVC rate design options are likely to generate relatively similar benefits for participating customers, based on our preliminary analysis for eligible customers in our service territory.

2. *Which option would you recommend and why?*

   Hydro One does not have a specific preference for an EVC Rate design option. All 3 options generate similar benefits for our customers, and the implementation complexity differences between the options are minimal.

3. *How strong is your preference for the option that you recommend compared to the other EVC Rate design options?*

   Please see Hydro One's response to question 2 above.

4. *Do you have any other advice on what to consider when choosing the EVC Rate design option?*

   Hydro One does not have additional comments at this time.

Provincewide parameter for now

1. *What do you think of the approach of starting out with the RTSR reduction parameter issued by the OEB initially, but allowing the opportunity for distributors to propose more territory-specific EVC Rates in the future if they wish?*

   Hydro One is supportive of a province wide approach to EVC Rate that is established by the OEB.

   The proposed EVC Rate targets the RTSR components of the bill, which results in an 8%-42% range in total bill savings across the various distributors. Allowing distributors to propose more territory-specific EVC Rates could exacerbate this range.

   For Hydro One demand-billed customers, the RTSR charges represent a smaller portion of the total delivery and, as a result, the expected savings resulting from the EVC Rate for these customers will also be lower.

   The proposed approach does not address the existing inequities driven by the variations in distribution rates between Ontario distributors. We encourage the OEB consider this as part of its short-term review of the EVC Rate, as proposed above.

2. *Does the potential distribution-specific customization of the EVC Rate in the future influence or change your thoughts on which EVC Rate design option (A, B or C) should be selected for now? For example, is one EVC Rate design option likely to be more amenable to customization than another?*

   Please see Hydro One's response to question 1 above.

Existing DVAs should continue to be used by distributors to record and recover any RTSR revenue shortfalls

1. *Does anything need to be clarified about RTSR DVAs before OEB staff's proposal is finalized?*

   The OEB should clarify if there are any additional reporting requirements from distributors with respect to RTSR DVAs.

2. *What, if anything, is missing from the proposal discussion paper about RTSR DVAs that needs to be added before OEB staff's proposal is finalized?*

   Hydro One does not have additional comments at this time.

The EVC Rate would be implemented through changes to the RTSR Workform and IRM Rate Generator Model

1. *Does anything need to be clarified about the RTSR workform and/or IRM Rate Generator Model before OEB staff's proposal is finalized?*

   Hydro One does not have additional comments at this time.

2. *What, if anything, is missing from the draft proposal discussion paper on the subject of the RTSR workform and/or IRM Rate Generator Model that needs to be added before OEB staff's proposal is finalized?*

   The OEB should consider if any updates are required with respect to approved tariff schedules.

   The OEB should also clarify whether distributors will be required to provide bill impacts for customers with the new EVC Rate applied, and if so, the OEB should update the Bill Impact tab in the IRM Rate Generator model accordingly.

**ADDITIONAL CONSIDERATIONS:**

Hydro One supports the continued development and implementation of innovative, efficient, and principled policy solutions or pilots that will enable the integration of EVs into the electricity system. We must ensure that regulatory policies are designed to "meet the moment" on EVs and the energy transition, and to provide the innovative solutions needed to best serve Hydro One's customers while respecting enduring regulatory principles that have served ratepayers well for generations.

**CONCLUSION**

Hydro One thanks the OEB for the opportunity to provide the above comments. Hydro One would welcome the opportunity to engage with OEB staff at any time to contribute to the advancement of this important priority.

Sincerely,

Kaleb Ruch
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Hydro One Networks Inc.