

By RESS

June 27, 2024

Ms. Nancy Marconi  
Registrar  
Ontario Energy Board  
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Toronto, ON, M4P 1E4  
Email: registrar@oeb.ca

Dear Ms. Marconi:

**EB-2023-0071 - Electric Vehicle Integration Initiative - Draft Proposal: Adjusted Retail Transmission Service Rate for Low Load Factor Electric Vehicle Charging**

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As part of the mandate letter issued by the Minister of Energy (“Minister”) on November 15, 2021, the Minister requested with regard to electric vehicles (“EVs”), that the Ontario Energy Board (“OEB”) “take steps to facilitate their efficient integration into the provincial electricity system.”<sup>1</sup> In the Minister's subsequent Letter of Direction dated October 21, 2022, the Minister fully endorsed the work plan of the OEB that included considering distribution rates for EV charging, including demand charging.

In the course of the OEB's work on Electric Vehicle Integration (“EVI”), the OEB commissioned a consultant, Power Advisory, to complete an analysis of the impact delivery costs have on EV charging service providers and owners of EV fleets and explore alternative delivery rate designs to determine how they may support EV adoption while adhering to sound ratemaking principles. The OEB released its consultant report (“the Report”) on Electricity Delivery Rates for EV Charging in April 2023, which considered alternative rate design options to support the adoption of EVs in Ontario. Hydro Ottawa submitted comprehensive comments on the Report in conjunction with the Coalition of Large Distributors in June 2023.

In response to the Minister's 2023 letter of Direction to the OEB, which strongly endorsed further advancement of this file, in May 2024 OEB Staff released a Staff Discussion Paper (the “Staff Paper”) proposing an Electric Vehicle Charger (“EVC”) Rate to qualifying EV charging stations as of January 1, 2026. The Staff Paper, informed by further analysis undertaken by Power Advisory, proposes an adjustment to the Retail Transmission Service Rates (“RTSRs”) that apply to EV charging stations that meet the following eligibility criteria:

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<sup>1</sup> Ministry of Energy, *Letter to Richard Dicerni, Chair of the Ontario Energy Board*, November 15, 2021, page 2:  
<https://www.oeb.ca/sites/default/files/mandate-letter-from-the-Minister-of-Energy-20211115-en.pdf>.

1. Demand between 50 kW and 4,999 kW;
2. Load factor of 15% or lower;
3. Publicly accessible; and
4. Separately metered.

Qualifying customers would sign up for the EVC Rate on a voluntary, opt-in basis.

Eligible participants in the program could see significant reductions in their electricity bills. Depending on their individual circumstances, these savings could range from 8% to 42% overall, due to a potential 74% to 91% reduction in the RTSR portion of their bill. While non-participants may experience slight bill increases in the near future, these are expected to be minimal, averaging around 0.1% after the proposed rate takes effect in 2026. These minor increases would be managed through the OEB-approved RTSR disposition processes.

As a licensed electricity distributor serving approximately 360,000 customers in the National Capital Region, Hydro Ottawa appreciates the opportunity to provide feedback on this significant matter. Hydro Ottawa commends the OEB for their thorough review of Electric Vehicle Integration, and believes that OEB Staff's proposal strikes a good balance between upholding the principle of cost causality and supporting the efficient integration of EVs in Ontario.

Given the rather innovative nature of this approach, Hydro Ottawa strongly encourages the OEB to set a scheduled review of the EVC Rate design and policy for 3-5 years after data collection begins. This review is crucial to evaluate the effectiveness of the EVC Rate in achieving its intended goals of promoting EV adoption and supporting infrastructure development, while ensuring fairness and equity for all ratepayers.

By scheduling a review within this timeframe, the OEB can:

- **Assess the real-world impact of the EVC Rate:** Gather empirical data on the rate's effects on EV adoption, charging patterns, and grid impacts to inform future policy decisions.
- **Identify any unintended consequences:** Analyze any potential unforeseen outcomes of the rate, such as cross-subsidization concerns or barriers to charging infrastructure deployment.
- **Adapt to evolving technologies and market conditions:** Allow the OEB to update the rate design and policy if necessary to reflect the rapidly evolving technologies and changing consumer preferences.

- **Maintain stakeholder engagement:** Provide an opportunity for ongoing dialogue with stakeholders, including distributors, EV charging providers and consumer groups, to gather feedback and ensure the rate continues to meet their needs

Establishing a set period for a review will ensure that the EVC Rate remains a relevant and effective tool for promoting EV adoption in the future.

On June 13th, the OEB hosted a stakeholder meeting featuring a presentation with targeted questions for the industry. Hydro Ottawa's responses to these questions are included as Appendix A to this letter.

Hydro Ottawa appreciates this opportunity to provide comments and looks forward to continued dialogue with the OEB on this important initiative.

Sincerely,

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## Appendix A

*Questions and Considerations posed in OEB Staff's presentation at the Stakeholder Meeting held on June 13, 2024*

### Proposal 1: EVC Rate mandatory to offer by distributors, optional to sign up for

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

Hydro Ottawa supports the voluntary opt-in nature of the proposed EVC Rate, as it recognizes that distributors may not always be able to identify low load factor accounts that are specifically for EV charging. This voluntary approach aligns with the Ministry's consumer-centric goal of offering electricity consumers various rate options for "smart electricity usage," as Regulated Price Plan consumers now have access to.

In terms of implementation, Hydro Ottawa strongly suggests that the OEB provide stipulations that the opt-in rate be on a go-forward basis only, to avoid potential complications of retroactive billing.

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

Hydro Ottawa recommends limiting the frequency with which participants can opt in and out of the EVC Rate. This would encourage customers to maintain stable and predictable rates, aligning with Bonbright principles, and aid in planning for both distributors and transmitters.

Furthermore, Hydro Ottawa proposes annual reconciliation for customers enrolled in the EVC Rate, similar to the practices of Hydro Quebec and National Grid.<sup>2</sup> Hydro Ottawa recommends that the OEB establishes similar review requirements for EVC Rate participants to ensure consistent and transparent management of the program.

### Proposal 2: 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?

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<sup>2</sup> Power Advisory, *EV Delivery Rates Addendum 2: Implementation Considerations*, March 25, 2024, pages 2-3.

Hydro Ottawa recommends that the demand measurement for the EVC Rate should be consistent with the methods used for its other customers. Using a uniform demand measurement across all customer classes reduces potential administrative costs and simplifies implementation.

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

In accordance with Section 2.5.1 of the Distribution System Code ("DSC"), Hydro Ottawa conducts an annual rate reclassification exercise for its customers, and consequently recommends including customers who have opted in to the EVC Rate as part of this annual assessment to determine their ongoing eligibility for the EVC Rate.

Hydro Ottawa suggests that the OEB provide clear guidance on the thresholds for ineligibility. This could include parameters such as:

- A monthly load factor exceeding 15% for a certain number of months within a year;
- A maximum allowable load factor at any point in time;
- A threshold based off an average of monthly load factor over the course of a year; or
- Other relevant threshold parameters as deemed appropriate by the OEB.

**Proposal 3: 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 Ottawa does not recommend that charging stations must be required to provide service to all EV models to be eligible for the EVC Rate. The intent of the EVC Rate is to encourage the adoption of EVs and support the growth of EV charging infrastructure in Ontario.

Hydro Ottawa submits that an EV charging station's preference to serve a specific type of EV model should not limit its access to the EVC Rate, nor would Hydro Ottawa have an easy way to confirm the type of EV charger to ensure compliance.

Hydro Ottawa believes that competitive market forces will inform EV charging station decisions. This aligns with OEB staff's opinion, as expressed in their bulletin on July 7, 2016 bulletin that "owning and operating EV charging stations is an inherently

competitive activity.” In this sense, restricting EVC Rates to certain models may be perceived by the market as stifling competition.

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

No comment.

**Proposal 4: 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 Ottawa recommends that the OEB codify eligibility requirements for the EVC Rate for distributors to inform market participants on what factors, such as exceeding the 15% threshold, would result in removal from the low load factor classification. At present, Hydro Ottawa conducts a rate reclassification exercise once a year to assess the eligibility of its non-residential customers by classification, which is based on demand. It does not, however, have a process in place that classifies customers by load factor.

**Proposal 5: 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 Ottawa supports the proposal to meter EV loads separately. This would ensure that the EVC Rate is applied exclusively for its intended purpose of incentivizing and supporting public charging of electric vehicles. This further prevents businesses that are not related to EV charging, but located near a charging station, from gaining an unfair competitive advantage.

Hydro Ottawa finds the auxiliary loads proposed by the OEB to be reasonable. Hydro Ottawa suggests that the list of permitted auxiliary loads be listed and attested to at the opt-in stage. The opt-in/declaration forms should furthermore clearly note that additional load could lead to ineligibility if the combined load factor surpasses 15%.

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

Hydro Ottawa recommends that stations that have at least one DCFC charger be eligible for the EVC Rate. Eligibility should be based on the combined load factor of EV chargers at a given station, so long as the charging station as a whole is separately metered.

**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?**

Considering the EVC Rate's goal of facilitating the establishment and expansion of public charging infrastructure, Hydro Ottawa does not believe that a limit should be imposed on the proportion of charging station load that may come from non-DCFC chargers.

**Proposal 6: Customers to attest to eligibility upon opting in**

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

Hydro Ottawa supports the approach where customers must self-declare eligibility for the EVC Rate, much like other existing and historical programs.<sup>3</sup> In Hydro Ottawa's opinion, self declaration is the most inclusive and least restrictive to customers who wish to enroll in the EVC Rate. However, Hydro Ottawa has observed that in other opt-in programs, there have been cases where ineligible customers have received benefits they were not entitled to, due to the absence of a review process in those programs. Thus, there is a possibility that the EVC Rate could be misapplied. As noted, Hydro Ottawa suggests that a review be undertaken annually to assess ongoing eligibility.

**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 Ottawa suggests that the attestation should come from an appropriate representative of the customer such as a professional engineer, energy consultant, or a master electrician (similar to the Hydro Quebec and National Grid examples in Power Advisory's *Addendum 1*). This would help ensure customers are fully informed about the eligibility requirements and make deliberate, well-considered decisions regarding their participation in the program.

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

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<sup>3</sup> For example, the Ontario Energy Rebate, the Ontario Rebate for Electricity Consumers, the Ontario Clean Energy Benefit, etc.

There are existing distributor processes for handling customer enrollment in various programs and rate options that could be adapted and utilized for the EVC Rate. Hydro Ottawa suggests that distributors can leverage and build upon these existing frameworks to streamline the implementation of the proposed opt-in mechanism for the EVC Rate. Hydro Ottawa further suggests offering an online opt-in form to facilitate easy submission and processing for both customers and distributors.

Finally, Hydro Ottawa recommends that the OEB provide a sample declaration/opt-in form, similar to what they have done previously. This would simplify the administrative process for distributors and ensure a consistent approach across the province for EV charging station owners.

### **Proposal 7: 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?**

For ease of implementation, Hydro Ottawa agrees with the approach of not creating a new rate class for EV charging stations participating in the EVC Rate. Given that the demand of eligible EV charging customers is no different than other commercial class customers, it would be preferable to maintain current rate class structures.

However, to uphold the principle of cost causality, Hydro Ottawa suggests that the OEB explore mechanisms to prevent cross-subsidization. This could include, as outlined in Hydro Ottawa's response to Proposal 10 below, maintaining separate variance accounts or sub-accounts. These could serve the dual purpose of collecting data on the new rate for future analysis and ensuring that no cross-subsidization takes place.

### **Proposal 8: EVC Rate Options: A, B, C**

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

Please see below.

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

Hydro Ottawa recommends Option A as the most streamlined and cost-effective approach for implementing and managing the new EVC Rate. This option would require fairly minimal adjustments to billing systems, as the calculation of the static RTSR rates



would stay the same, with only bill factor values changing for customers who opt in to the EVC Rate. Although comprehensive testing would still be necessary (as with any rate change), Hydro Ottawa believes that Option A is the most practical solution proposed.

Hydro Ottawa considers Option B to be the most complex option due to the substantial administrative burden it would impose on distributors, both in implementing the new rate within their billing systems and in the ongoing management of customer accounts. Option B poses significant challenges due to the fluctuating nature of customer electricity usage, which could result in frequent shifts between rate thresholds. This would:

- a) **Increase administrative burden:** Implementing Option B would require complex modifications to billing systems, resulting in substantial administrative overhead and ongoing costs for distributors; and
- b) **Confuse customers:** The fluctuating rates associated with different load factor categories could lead to customer confusion and make it difficult for them to predict and manage their electricity costs.

Option C also necessitates potentially substantial changes to billing systems, as there are currently no other rates employing this type of calculation (namely, using the number of hours in the billing period). Moreover, while Option C offers a discounted rate based on kilowatt-hours (kWh), the standard RTSR rates are based on kilowatts (kW). Combining these different billing determinants not only fails to effectively manage demand, but also risks introducing unnecessary complications in the DVA settlement process.

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

Hydro Ottawa strongly recommends Option A. This approach would facilitate faster implementation, be easier for customers to understand, and incur relatively limited additional costs compared to other options, considering the limited potential benefits of those alternatives.

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

The OEB should ensure the EVC Rate offers long-term stability with minimal fluctuations, allowing customers to confidently select and maintain their preferred rate plan. As highlighted in its general comments above, Hydro Ottawa strongly encourages

the OEB to schedule a future review of the EVC Rate design and policy for 3-5 years after data on the rate has been collected.

Before permitting other loads to be metered alongside the EV charger, it is essential to carefully evaluate potential unintended consequences and draw upon the rationale and best practices used in the design of other rate plan programs. This approach will help ensure appropriate participation, fair behavior, and equitable treatment across customer classes. For example, the OEB's guidance on separate meter points and their eligibility for aggregation as a load facility for Class A participation in the Industrial Conservation Initiative ("ICI") has proven very valuable, and similar guidance could be leveraged in this context.

A comprehensive and well-informed approach will enable the industry to support the successful integration of EV charging infrastructure while ensuring fairness and equity to all ratepayers.

#### **Proposal 9: 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 Ottawa supports the initial implementation approach of using the RTSR reduction parameter issued by the OEB. This standardized approach would allow both General Service >50 kW customers and EVC customers to familiarize themselves with the new rate structure. However, Hydro Ottawa recommends that the EVC Rate design and policy be reviewed after 3-5 years, once sufficient historical data and insights have been gathered.

Hydro Ottawa also agrees that distributors should have the option to propose more tailored, territory-specific EVC Rates in the future if they wish, which could include variations of Options B and C.

- 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?**

The potential for distribution-specific customization of the EVC Rate does not influence Hydro Ottawa's preferred EVC Rate design option at this time. However, as noted, Hydro

Ottawa suggests that the OEB consider allowing LDCs to propose alternative rate designs in the future, beyond the chosen option in this consultation.

**Proposal 10: 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?**

Hydro Ottawa recommends that the OEB considers implementing sub-accounts within the RTSR DVA specifically for the EVC Rate, similar to the existing sub-accounts for Global Adjustment and the Capacity Based Recovery. This approach would effectively mitigate any potential cross-subsidization between EVC Rate participants and other customer classes.

**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?**

No comment.

**Proposal 11: 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 Ottawa requests clarification from the OEB on how the RTSR workform will be used to calculate the new rates. Specifically:

1. Will the existing data inputs on Tas 3 and 4 be utilized to calculate the new rates, or will new data inputs be required?
2. Will distributors be required to report the kW and kWh data separately for customers enrolled in the EVC Rate?

**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?**

There are two RTSR charges: Network and Connection. Hydro Ottawa requests clarification on whether the 0.13 parameter would be applied to one or both of these charges if Option A is selected as the rate design.