

**Andrew J. Sasso**  
Director, Energy Policy and Government Relations  
Toronto Hydro-Electric System Limited  
14 Carlton Street; Toronto, ON M5B 1K5  
[regulatoryaffairs@torontohydro.com](mailto:regulatoryaffairs@torontohydro.com)



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Registrar  
Ontario Energy Board  
2300 Yonge Street, 27th floor  
Toronto, ON M4P 1E4

**Re: Dynamic Pricing Options for Non-RPP Class B Electricity Consumers – OEB File No. EB-2022-0079**

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Toronto Hydro-Electric System Limited (“Toronto Hydro”) is the local electricity distribution company for the City of Toronto. It serves over 790,000 customers and delivers about 18% of the electricity used in Ontario.

On September 9, 2024, the Ontario Energy Board (“OEB”) held a stakeholder consultation regarding Dynamic Pricing Options for Non-RPP Class B Electricity Consumers, which is intended to explore alternative opt-in price plans for Class B consumers that are not eligible for the Regulated Price Plan (RPP). The OEB is seeking input on the design and implementation considerations of the optional alternative price plans and has invited stakeholders to provide additional written comments on the issues discussed. The proposed plans for this consumer group are the following:

- 1) Non RPP Time-of-Use: Guaranteed Global Adjustment (“GA”) price depending on the period of day
- 2) Real-Time Price: Hourly Global Adjustment (“GA”) price that correlates with Ontario demand

Toronto Hydro is supportive of the OEB’s efforts in offering additional customer choice by way of an optional Time-of-Use (“TOU”) or Real-Time Price (“RTP”) rate for Non-RPP Class B consumers, and offers the following additional comments for the OEB's consideration.

**Alternative Price Plan Options**

Toronto Hydro has reviewed both the dynamic pricing options and broadly views the framework elements to be effective in offering rate choice alternatives to customers. Both of these rate plans would be able to offer benefits to certain subsets of RPP Class B customers depending on their particular

usage pattern. Subject to plan details that have yet to be finalized, the implementation effort required of both plans seems comparable on a preliminary review.

The implementation and design of the Non-RPP TOU price plan with its periods of on-peak, mid-peak, and off-peak effectively promotes the business case for clean technologies that encourage or automate load shifting between those periods for Non-RPP Class B consumers who have the ability to move load towards off-peak periods.

The RTP price plan offers customers an alternative option which can be more cost-reflective than Non-RPP TOU over time and offers improved price signals compared to the rate plans available today. In its potential implementation, the RTP option will require confirmation of the timing and methodology of what real-time data will be used to bill customers. Further detailed clarification will need to be provided on when the hourly prices would be released and what mechanism the pricing would be based on (e.g. estimated data or real-time conditions).

Toronto Hydro supports the premise, noted in the OEB's stakeholder consultation deck, that the benefits to those on the Non-RPP TOU or RTP rates should not result in a major cost shift to customers who prefer to remain on current default GA rate or who otherwise would not be able to benefit on account of the nature of their usage profile.

### **Implementation Considerations**

The implementation of these optional plans will require establishing and confirming various technical details, regardless of whether one or both of the alternative price plans are pursued. From a utility perspective, enabling the proposed price plans will involve complex process and system solutions such as configuration and coding changes to Customer Information Systems to automate a new billing model with new rates configuration, customer self-service portals to enable customers to potentially opt in or opt out of the new pricing plan, and meter data management systems to integrate customer usage data into the solution. Moreover, updating the online calculator to provide customers' billing estimates between different pricing options would be critical in supporting the decision-making process and encouraging customer uptake.

Maintaining the same approach in designing the Non-RPP rate options and switching framework as existing rate plans (e.g., Ultra-Low Overnight) where possible would allow for a smoother implementation, and avoid the need for development of unique rules to accommodate exceptions.

While the OEB has laid out the high-level design elements through its September 9<sup>th</sup> stakeholder presentation, Toronto Hydro and other utilities require confirmation of the following considerations to both of the proposed alternative price plans.

First, confirmation is required whether all Non-RPP Class B customers would be eligible to apply for the TOU and/or the RTP rate. Toronto Hydro acknowledges that while one specific plan may be advantageous for certain segments of this customer class, this may not apply to the other option being considered. In this regard, Toronto Hydro emphasizes the importance of optionality and customer choice for all Non-RPP Class B customers. It would also simplify eligibility and enrollment.

Second, clarification is required around the governance of switching to the new proposed price plans and whether the Non-RPP TOU and/or the RTP rates would follow standard switching rules (e.g., any changes are effective as of the next bill cycle, etc.) similarly established through the OEB's other rate plans (e.g., RPP). In addition to this, further explanation regarding the allowed frequency of switching between Non-RPP Class B rate plans will need to be determined (e.g., customers are allowed only to switch plans once per year). Moreover, the introduction of additional rate options would necessitate bill presentment confirmation (e.g., the specific labelling required for the new rate, etc.). The consideration and confirmation of these bill changes would be required well in advance of any proposed implementation date to allow for corresponding billing system updates.

Third, Toronto Hydro acknowledges that the OEB intends to align both alternative price plans to be subject to RPP True-Up procedures, as per existing process (stated in the September 24<sup>th</sup> published Q&A). While Toronto Hydro supports this approach, a well-defined mechanism must be established and confirmed to address or mitigate significant variances in cost of power balances that may accumulate over time.

The aforementioned considerations are not exhaustive and regardless of approach, Toronto Hydro believes that information sharing and customer education are critical in supporting the adoption of any alternative price plan. Extensive additional customer engagement and education is needed to help customers factor the new rate plans into their planning and allow them to make an informed choice.

In addition to a robust education campaign, a smooth and transparent implementation is critical to the success of this initiative. A feasible implementation timeframe will be required to allow sufficient lead time to enable necessary system upgrades and administrative changes. Any requirements and design elements should be communicated well in advance to allow for necessary changes to systems, processes and people (e.g., training), as well as to assist customers in ensuring a smooth transition if they choose to adopt an alternative pricing plan. Toronto Hydro submits that a timeframe of at least 15 months would allow for an efficient implementation of either or both of the proposed price plans.

Toronto Hydro is pleased to continue to work with the OEB and stakeholders in reviewing dynamic price plans for Non-RPP Class B consumers to enable customer choice, along with exploring alternative pricing options that are cost reflective, minimize short-term disruptions, and feasible to implement.

Sincerely,

A handwritten signature in blue ink, reading "Andrew J. Sasso".

**Andrew J. Sasso**

Director, Energy Policy and Government Relations  
Toronto Hydro-Electric System Limited

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