

BY EMAIL and RESS

October 10, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Marconi:

EB-2022-0079 Alternative Price Plans for Non-RPP Class B Consumers - Building Owners and Managers Association (BOMA) Comments

In its July 22, 2024 letter, the Ontario Energy Board (OEB) invited stakeholders to a meeting on September 9, 2024, to discuss the two proposed alternative price plans and gather feedback on the impacts of implementing either one or both plans. The OEB also invited written comments on this proposal from stakeholders.

Please find attached BOMA's comments pertaining to the above referenced matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Clement Li".

Clement Li

Director, Policy & Regulatory Development
Enerlife Consulting Inc.
cli@enerlife.com

EB-2022-0079 Alternative Price Plans for Non-RPP Class B Consumers

Building Owners and Managers Association Comments

Introduction

The Building Owners and Managers Association (BOMA) represents over 800 Ontario Property and Facility Owners, Managers, Developers, Leasing Agents, and Commercial Real Estate Professionals. Its members account for 80 per cent of all commercial and industrial real estate companies throughout Ontario. Over the years, BOMA has been active in protecting and advancing the interests of its members on important policy issues including energy transition, energy pricing and supply, property taxes, labour requirements, building materials and equipment regulations.

BOMA appreciates the opportunity to provide feedback on the Ontario Energy Board's (OEB) proposed alternative Global Adjustment (GA) price plans for Class B consumers that are not eligible for Regulated Price Plan (RPP), and will continue to be the voice for commercial property owners and operators in Ontario throughout the development of this important initiative.

Submission

BOMA is supportive of the OEB's initiative to establish alternative opt-in price plans for non-RPP Class B consumers. Many of these mid-size commercial and light industrial consumers are BOMA members. Unlike smaller and larger customers, who have RPP and Industrial Conservation Initiative (ICI) options with lower incremental electricity prices during certain periods available to them, these mid-size consumers do not have any alternative price plan that they can use to better manage their electricity costs and decarbonization efforts.

Alternative GA price plans will provide opportunities for non-RPP Class B customers, who have the ability and are willing to shift their on-peak electricity consumption to mid-peak or off-peak periods, to better manage their energy system options and electricity costs. Importantly, alternative pricing can enable extended operation of electrification measures in general, and heat pump technology in particular, in these buildings which is at present made uneconomic by relatively high electricity costs.

Many commercial building owners are considering, or have already purchased, air source heat pumps (ASHPs) to replace or supplement existing gas-fired equipment. In most cases they are hybrid heating systems which retain gas-fired capability for use in very cold weather when ASHPs are no longer effective. Because of relatively high Class B non-RPP incremental electricity prices, it is often more economic in mid-size buildings to operate the gas-fired equipment than the ASHP and some owners are choosing to do so, limiting the gas and emissions reduction potential.

Based on a preliminary engineering model, BOMA estimates that, the current Class B GA, Hourly Ontario Electricity Price (HOEP) and Toronto Hydro delivery rates provide no economic incentive to operate an ASHP than to run a gas-fired boiler or furnace (with Enbridge Gas Inc. Rate 6) at all times of day. The proposed Option 1 – Time of Use (TOU) GA Price Plan with the 1:3:4 off:mid:on peak ratio would allow ASHPs to operate economically throughout the off-peak periods, which comprise the largest block of time in the heating season. With proper controls and scheduling, economic ASHP operation could also continue for part of the mid-peak periods. The gas-fired equipment would run throughout the on-peak periods. This optimized hybrid operation would lower overall energy costs and displace a sizable proportion of gas consumption and greenhouse gas emissions.

Additional bill savings and reductions in gas use could be achieved if a wider off:mid:on ratio is used. BOMA recommends further modeling and analysis to optimize the ratio and enable economic ASHP operation for as much of the mid-peak period as possible. BOMA is willing to meet with the parties to further discuss this engineering model if it is helpful to OEB staff.

In summary, BOMA believes a well-designed alternative GA price plan can incentivize and enable decarbonization efforts by building owners, supporting Ontario's targets to cut carbon emissions. BOMA's submissions are as follows:

- Customers prefer price options with stability and certainty. For this reason, BOMA prefers Option 1 - TOU GA price plans over Option 2 – Real-Time Price GA Plan.
- BOMA supports the proposed Option 1 – TOU GA Price Plan with the 1:3:4 off:mid:on ratio.
- BOMA recommends further analysis to optimize this ratio in order to improve ASHP operation economics during off-peak and mid-peak periods.
- BOMA supports the opt-in nature of these price plans, which is customer friendly and will satisfy different customers with different consumption profiles and needs.