October 10, 2024

VIA RESS

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

Dear Ms. Marconi:

Re: Dynamic Pricing Options for Non-RPP Class B Electricity Consumers; OEB File: EB-2022-0079

On July 22, 2024, the OEB introduced alternative opt-in price plan concepts for Class B consumers that are not eligible for Regulated Price Plan ("RPP") prices. The alternative opt-in price plans would be available to mid-size commercial and light industrial businesses and impact only the Global Adjustment (GA) component of consumer bills.

On September 9, 2024, the OEB hosted a virtual meeting with stakeholders in order to gather input on two proposed alternative price plans. The OEB invited stakeholders to submit written comments by October 4, 2024.

Alectra Utilities ("Alectra") is pleased to provide its perspectives in this consultation for the OEB's consideration.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours truly,

Michael Lister
Director, Regulatory Policy & Strategy
Alectra Utilities Corporation

Alectra Utilities Comments on Alternative Non-RPP Class B Price Plans

The OEB has put forth two alternative non-RPP Class B price plans for consideration as follows:

Option 1: Non-RPP Time-of-Use ("Non-RPP TOU"): A fixed global adjustment ("GA") price depending on the period of day, with prices set annually.

Option 2: Real Time Price ("RTP"): Hourly GA price that correlates with real-time Ontario demand, set 24 hours in advance, once a day.

The purpose for developing an alternative price plan for non-RPP customers is to achieve three primary objectives:

1. to align consumer prices with the costs that the consumer's electricity use imposes on the electricity system,
2. to minimize disruption on non-participating non-RPP Class B consumers, and
3. to be feasible for all distributors to implement.

Alectra is supportive of the OEB's plans to introduce an alternative plan(s) for the non-RPP Class B customer group. At present, the non-RPP Class B customer group has one standard supply service default pricing option available, which requires that all customers be billed for electricity commodity on the Hourly Ontario Energy Price ("HOEP") plus GA. Given that GA prices peak during shoulder seasons when the HOEP is low and is its lowest during peak months when the HOEP is high, non-RPP Class B customers are provided little opportunity to control their bills through behavioural adjustments.

The addition of one or more alternative price plans introduces customer choice for non-RPP Class B customers, a welcome and necessary change for this customer group. All other customer groups have multiple pricing options available, and Alectra commends the OEB for its effort in producing alternative options for non-RPP Class B consumers. RPP customers may access time-of-use ("TOU"), tiered, and ultra-low overnight TOU pricing options; Large Use customers have the option to broadly participate as Class A customers through the Industrial Conservation Initiative ("ICI"), as do some mid-sized industrial consumers who meet ICI eligibility requirements. The non-RPP Class B customer group is the last remaining that as yet lacks a pricing alternative.

Alectra's views related to price design and implementation considerations are provided below.

Price Design

- Price Plan selection

In Alectra's view, the proposed alternative price plans appropriately address the issue identified, that incurred GA costs are not reflective of a customer's demand at peak times. At present the

highest GA costs are applied to customer bills in the shoulder seasons when electricity demand is lowest. Each of the two proposed plans apply higher GA costs during the on-peak periods and lower GA costs during off-peak periods, which results in customer bills that are more reflective of the cost to provide electricity. In Alectra's view, each of the proposed price plans may offer distinct benefits to some customers. The Non-RPP TOU price plan option improves cost reflectiveness while lending predictability and price certainty to customers who have some control over scheduling loads. The RTP option allows customers who are able to shift demand away from on-peak periods to realize savings.

In a stakeholder presentation offered on September 9, 2024, the OEB indicated that, based on its analysis, approximately one-third of the non-RPP Class B customer group would benefit from participation in either one of the Non-RPP TOU or RTP price plan options, and that there is significant overlap amongst the group of customers who would benefit from participation in each plan.

While both plans potentially offer benefits to a certain subset of Alectra's customers, Alectra opts not to take a view on a preferred plan from a price design perspective. Generally, Alectra believes either plan produces outcomes that are more cost reflective, and each has certain implementation issues that will require addressing, some of which are further articulated below. At this time, Alectra does not wish to propose any additional alternative rate design options for consideration.

- Impact to non-participating customers

Both of the proposed alternative price plans offer potential savings to customers who might be able to facilitate load shifting. In particular, customers with below-average consumption during typical peak time periods, or customers with HVAC dependent loads and flatter load shapes, would be likely candidates to experience savings.

As articulated by OEB staff's consultant, non-participating customers' GA costs would be anticipated to rise by an estimated 0.2% or 0.3% (depending on which alternative price plan is selected) as a result of participating customers' switching price plans. Alectra believes this is a reasonable outcome for the benefit of providing more customers with more choice, and for allowing those customers a greater ability to manage their energy costs.

- Voluntary Opt-In/Opt-Out

Alectra is supportive of a voluntary opt-in feature for the proposed alternative non-RPP Class B price plan(s).

Anticipating some administrative complexity arising from customers opting into or out of price plans, Alectra would urge the OEB to adopt processes similar to other pricing options. That is, where a customer opts into an alternative price plan, the switch be made effective after the next meter read for the subsequent billing cycle. Alectra notes that there is potential for customers to request frequent switches between the default pricing structure and the alternative price plan.

Like the other pricing options available to other customer groups, Alectra anticipates that there may be some customers that attempt to benefit financially from switching price plans on a regular basis, which will increase the administrative burden for utilities. Despite the additional complexity, Alectra nevertheless supports the ability to opt in or out as the customer sees fit, so as to be aligned with pricing options available to other customer groups.

That said, Alectra would also raise for the OEB's attention that some customers' demand may fluctuate between rate classes (either to or from GS>50 kW and GS<50 kW customer class) on a periodic basis. LDCs perform reclassification reviews on annual basis. The introduction of pricing alternatives should not interfere with the annual reclassification review process, nor should it require utilities to undertake more frequent review, as it is a resource intensive effort to complete that process.

- General Eligibility Requirements

The presentation materials provided by OEB staff indicate that the alternative price designs are intended for Class B consumers who are not eligible for RPP, and who currently pay electricity commodity costs through the HOEP and the GA. Further specific guidance clarifying the eligibility requirements for the proposed alternative price plans for Class B consumers would be appropriate.

For instance, in Alectra's view, residential and small commercial customers (GS<50 kW) who are eligible for the RPP but who have opted out in favour of a retailer contract should not be eligible for the alternative price plans. These low volume consumers on retailer contracts are part of the non-RPP Class B consumer group but are not interval metered. Therefore, it is not technically feasible to include these low volume customers on retailer contracts on the alternative price plans based on metering and billing configurations. It is Alectra's view that permitting these customer groups access to the non-RPP Class B alternative price plan(s) would result in unnecessarily complex configuration outcomes and substantially increase implementation complexity. As a result, the OEB should be clear that this particular group of customers would not be eligible for the new price design being contemplated.

Alternatively, residential and small commercial customers (GS<50 kW) who are eligible for the RPP but have opted out in favour of spot market pricing should be eligible for the alternative price plan(s), if implemented. This group of non-RPP Class B consumers are interval metered in a manner similar to customers in the GS>50 kW customer class, and therefore there are no technical limitations that would otherwise increase complexity for these customers to participate.

Implementation Considerations

- Implementation Matters

It is challenging to identify specific implementation concerns, or to comment on differences (if any) in implementation depending on different alternative price plans based on the limited information

provided to date. Alectra advises that OEB staff should facilitate further consultation once the decision on which price plan is to be implemented is made. This will allow the sector to have more meaningful dialogue on specific issues pertaining to implementation.

For example, should the non-RPP TOU price plan be implemented, it is unclear whether the OEB expects that consumption data would flow through the MDM/R, and whether utilities would be permitted or required to implement the non-RPP TOU option through the MDM/R. Similarly, it remains to be confirmed what format or mechanism would be used to communicate hourly GA prices to utilities on a day-ahead basis. These issues may require that certain complex issues relating to communication protocols or billing systems be established to facilitate the chosen price plan.

Alectra suspects that the non-RPP TOU plan may be simpler to implement and administer, given the comparatively limited dynamism required to apply pre-set prices to three buckets of hourly data. Technically, both options are possible to implement, though perspectives may evolve on a preferred option as more information is made available.

Alectra cautions, however, that it would be challenging at best, and impossible at worst, to simultaneously implement multiple rate design options for the same customer group. It is therefore Alectra's recommendation that if more than one proposed alternative is to be implemented, that a reasonable implementation plan would allow for sequential or staggered implementation. As presented in the OEB staff's consultant analysis, the two proposed alternatives would likely benefit approximately one-third of the GS>50 kW customer class, and that there is significant overlap between the type of customers who are expected to benefit from each of the two proposed price plans. As a result, implementation of multiple price plans simultaneously could lead to more customer confusion than is necessary or beneficial.

Additionally, Alectra anticipates that the Non-RPP TOU option is likely to have higher up-take due to GA price predictability. For this reason, should both plans be implemented, in Alectra's view, it is preferable that the non-RPP TOU option would be first. It may be that customers would benefit from gaining exposure to the Non-RPP TOU option, given that it generally involves less risk due to price predictability and ability to forecast savings.

With that context, Alectra can generally comment that an implementation timeline of not less than 12 months should be provided for implementation of a single alternative price plan. Should integration with the MDM/R be mandated (for the non-RPP TOU option), Alectra estimates that no less than 18 months would be required to allow for the development and integration of systems. Previously, the rollout of the RPP ULO price plan permitted utilities to implement the price plan early (by up to six-months) before the required implementation deadline. Alectra believes this was a good and flexible approach that worked well and could be replicated. Alectra would note that utilities are simultaneously working to implement other initiatives which are currently at various stages of completeness and anticipates future additional changes may be required in

order to implement a low-load factor rate for electric vehicle charging customers, each of which draw on utility resources.

- Customer Facing Materials

A bill calculator tool will be required to ensure that customers can make informed decision to determine the ideal plan for their particular needs. Utilities would of course support customers who are seeking to explore price plan options by guiding them through administration of the switching across price plans, however, a bill calculator tool would be valuable for customers Similar to previous customer choice options that have been implemented, Alectra believes the OEB should again develop a bill calculator and communication materials so that there is consistent messaging across the province.

Alectra anticipates that customers will have the opportunity to opt-in to the price plan via a web-based form made accessible on utility websites (or paper forms if preferred). Customers have expressed an interest in Alectra performing an analysis to simulate participation in the alternative price plan options to assist customers in making informed decisions on their price plan selection. It should be noted that utilities will not have the ability to advise customers of their ideal price plan option, or to lead one-to-one discussions with prospective participants, in the same way that Alectra supplies a cost comparison for prospective Class A participation as part of the ICI program on an annual basis in advance of the June 15th opt-in deadline. Alectra communicates with approximately 700 prospective Class A customers as part of the annual ICI registration process. Clearly, the utility could not undertake similar activities for non-RPP Class B customers vis-a-vis the alternative price plan(s). Utilities can provide general advice on billing options but should not be expected to lead discussions on the best rate plan for each customer in this group, which, for Alectra, includes more than 10,000 customers. The opt-in process for alternative non-RPP Class B price plans should more closely mirror the RPP ULO opt in process, in Alectra's view

Alectra supports the introduction of customer choice throughout all consumer classes and makes hourly interval usage data available to customers via the MyAlectra portal and via Green Button. Access to data, a bill calculator derived by the OEB, and administrative processes to support opt in should allow customers the information they need to make informed decisions.

In summary, Alectra believes that with a reasonable implementation timeline, either of the proposed price plans for non-RPP Class B consumers can be facilitated. An OEB-developed web-based bill calculator and opt-in form(s) to administer the program as were provided for other alternative price options would be of great benefit to the sector and for consumers.

- Settlement

Alectra notes that establishing a new sub-account under account 1589 RSVA GA to specifically capture the GA variance and any unaccounted-for energy loss may be necessary if this proposal is implemented. It is not clear to Alectra whether this would require any alterations to the current GA Workform. As a result, further guidance from the OEB on the potential implications such a

new sub-account could have for the current GA Workform, as well as clarification on appropriate disposition processes for the sub-account, if approved, would be helpful.

Alectra would also like to note for the OEB that the introduction of the Market Renewal Program ("MRP") by the IESO will be taking place in 2025. Under the renewed market, the HOEP used for billing non-RPP customers will be replaced by the Day-Ahead Market Ontario Zonal Price (DAM_OZP), combined with the Load Forecast Deviation Adjustment (LFDA). While the introduction of the MRP is not expected to have a direct bearing on a utility's ability to facilitate different GA price designs for non-RPP Class B customers, it is nevertheless advisable to manage through these changes in a coherent and orderly fashion. Alectra's concern is that attempting to introduce too many changes contemporaneously increases the probability for human error and/or confusion. The OEB should factor this into its considerations for implementation.

Alectra appreciates the opportunity to provide these comments and looks forward to continuing to work with stakeholders on this important policy file.