

BY EMAIL AND RESS

January 31, 2025

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 Charging Rate Overview – Draft Report

OVERVIEW

In his November 29, 2023, Letter of Direction, the (then) 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 Ontario Energy Board (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 May 30, 2024, the OEB released materials in support of an Electric Vehicle Charging Rate (EVC Rate) as part of the Electric Vehicle Integration (EVI) Initiative (EB-2023-0071). Hydro One provided feedback on the OEB's proposal at a June 13, 2024, stakeholder meeting and by way of written comments submitted on June 27, 2024.

On January 7, 2025, the OEB circulated for comment a revised proposal for the EVC Rate. This proposal aims to support the efficient integration of electric vehicles in Ontario by reducing Retail Transmission Service Rates (RTSRs) for participating EV charging stations. The OEB requested written feedback from stakeholders by January 31, 2025.

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

SUMMARY OF KEY FEEDBACK

Hydro One restates and updates the primary recommendations made in our June 2024, submission:

- **We recognize 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;
- **We support the revised proposal for the 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;
- **We support 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; and,
- **We recommend 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, 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 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.

Additionally, Hydro One makes the following new recommendations based on the revised proposal:

- **Hydro One recommends streamlining the opt-in-opt-out process.** The requirement for customers to submit a new opt-in form on an annual basis is unnecessary and will be burdensome to administer. Given that customers can opt in or out at any time and with unlimited frequency, it is strongly recommended that the OEB considers this approach as sufficient in terms of customer choice without the requirement for an active annual renewal. While Hydro One supports LDCs using reasonable due diligence, there must not be any further obligation or burden on LDCs to determine whether eligibility criteria have been met. Nothing in the rules should put any onus on LDCs to "police" the program, nor place any consequences on LDCs in cases where customers are breaking the rules.; and,

- **Hydro One supports additional measures and initiatives to promote EV penetration across Ontario.** Hydro One notes that the RTSR components represent less than 20% of the total delivery cost to a typical Hydro One customer that would be eligible for the EVC rate. Hydro One supports ongoing discussion with the OEB to pursue additional initiatives to help increase EV uptake in our service territory.

Hydro One also offers more detailed commentary, which mirrors the content and format of the OEB's [Electric Vehicle Charging Rate – Companion Report](#), captured below.

COMMENTS IN RESPONSE TO THE OEB REVISED EVC RATE PROPOSAL:

2.1 DEMAND

Hydro One recommends that the OEB clarify the eligibility requirements for the EVC Rate. The revised [OEB EVC Rate Overview Report](#) (at 3.3) confirms that in order to be eligible for the EVC Rate, “EV charging stations must have a monthly peak demand that is equal to or greater than 50 kW but less than 5,000 kW”, but the [Companion Report](#) makes reference to an “applicable general service >50 kW rate class” (at 2.1).

Hydro One understands this to mean that all customers in their applicable rate classes (specifically for Hydro One, including the General Service rate classes and the Sub Transmission rate class) with demand between 50 kW – 4,999 kW would be eligible for the EVC Rate, irrespective of their rate classes. Hydro One asks that the OEB confirm this interpretation in its final Decision on this matter.

2.2 LOAD FACTOR

Hydro One supports the change to a higher load factor which will allow for additional access to the EVC Rate. Hydro One notes that the proposed approach to assessing load factor based on an annual period is preferred over monthly, allowing this to be performed during existing annual electricity monitoring processes.

2.3 SEPARATELY METERED

Hydro One supports the requirement that the EV charging facility be separately metered to ensure transparent separation from any other load at a facility.

2.4 NOT FOR FLEETS

Hydro One recommends that the OEB provide further guidance with examples of ineligible scenarios including if charging facilities at retail car dealerships would be considered fleets.

2.5 AUXILIARY LOADS

The OEB's proposal for allowable auxiliary load may be difficult for some customers to assess, especially if they are already connected/established. Customers may require direct support from the LDC in calculating electricity usage. As such, Hydro One recommends that the OEB provide clear instructions on how this should be reasonably assessed within the attestation templates provided.

2.6 NON-DCFC CHARGERS

As this requirement will need to be declared by the customer, Hydro One recommends the OEB prescribe the attestation format and requirements related to it.

2.7 DERs AND NET METERING

If a charging station is paired with a DER facility behind the customer's meter, Hydro One supports allowing the EVC Rate to be applied to the charging station and associated DER facility.

Hydro One recommends the OEB consider that the DER nameplate capacity could be permitted to exceed the charging station facility's demand to optimize the use of the DER's capabilities as a load displacement facility. However, the OEB may want to consider limiting the ability for a DER facility associated with a charging station from injecting into the grid, unless permitted by the distributor.

Furthermore, the OEB should clarify that the assessment of the total peak demand of the participating EV charger also includes auxiliary load. Hydro One recommends that the goal of preventing misuse of the EVC Rate for a primarily DER-oriented development can be achieved if other restrictions are in place including that the facility is separately metered, the 10% threshold is applied to any auxiliary load and the facility is used for non-fleet purposes.

3.0 Mandatory to Offer by Electricity Distributors, Optional for Eligible Customers

Hydro One has no substantive comments at this time.

4.0 Implementation Timing

Hydro One has no substantive comments at this time.

5.0 Process for Opting In

Hydro One supports the proposed approach for voluntary opt-in for the EVC rate and the OEB making available a detailed template for an opt-in form.

Opt-in must be voluntary. While LDCs should communicate the availability of the EVC rate and the enrolment process generally, LDCs must not be responsible for reaching out to specific customers, based on load profile, to confirm eligibility or not, as this would be administratively burdensome.

Hydro One supports a template that provides strong wording regarding abuse, for example, providing knowingly inaccurate information. Hydro One expects the OEB will undertake stakeholder review and feedback of the proposed template ahead of publication.

Hydro One further recommends that, when determining whether a customer meets the 'load factor' requirement, LDCs use historical information to assess this requirement if sufficient historical information is available.

The OEB should be clear in the requirements regarding timing for receiving a complete and acceptable opt-in declaration in advance of the start of the next billing period. The notion that a distributor can determine if a customer deliberately/recklessly provided false information may be very difficult to prove from an LDC perspective, especially when it comes to load forecasting, which is typically a fundamental challenge for customers/customer representatives.

While Hydro One supports LDCs using reasonable due diligence, there must not be any further obligation or burden on LDCs to determine whether eligibility criteria have been met. Nothing in the rules should put any onus on LDCs to “police” the program, nor place any consequences on LDCs in cases where customers are non-compliant with the rules.

6.0 Permitted Frequency of Opting in and Out

The requirement that customers must submit a new opt-in form on an annual basis will be extremely burdensome to administer. This is especially true as customer 12-month “opt-in” periods can differ, and the outreach/form processing efforts will be significant or require advanced technical solutions to improve efficiency.

There is no benefit to opting out under the proposed rate methodology. Consideration of a one-time attestation is therefore reasonable. The process for removal would flow through annual electricity monitoring in which Customers are required to be notified of changes to eligibility at least one bill period in advance of change being executed.

Given that customers can opt in or out at any time and with unlimited frequency, it is strongly recommended that the OEB considers this approach as sufficient in terms of customer choice without the requirement for an active annual renewal.

This proposal is aligned with existing processes, including the Ontario Energy Rebate (OER).

7.0 Monitoring Ongoing Eligibility

Hydro One supports the approach where distributors are being able to leverage their existing annual monitoring process for meeting this requirement. Annual Monitoring should coincide with Annual Electricity & Demand Monitoring, once per calendar year.

8.0 No New Rate Classes

Hydro One has no substantive comments at this time.

9.0 The EVC Rate

Hydro One has no substantive comments at this time.

10.0 Provincewide EVC Rate Parameter

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

11.0 The RTSR Workforms and Rate Generator Model

Hydro One expects that the OEB will be seeking feedback on the RTSR Workform and any required updates to the Rate Generator Model under separate cover. As such, Hydro One has no substantive comments at this time.

12.0 RTSR Deferral and Variance Account (RTSR DVA)

Hydro One has no substantive comments at this time.

13.0 No Sunset Date, EVC Rate to be Reviewed in the Future

Hydro One continues to recommend 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, we observe 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.

14.0 DVA to Record Implementation Costs

Hydro One has no substantive comments at this time.

15.0 Information and Reporting

Hydro One recommends that LDCs be consulted to assist with determining reporting requirements as they may have insights that would be helpful to the OEB.

This could include:

- what is exempt from different sections and included in other sections, ensuring no double-counting; and
- whether to include formerly eligible customers based on attestation, which no longer qualify for the EVC Rate due to load profile.

ADDITIONAL CONSIDERATIONS:

Hydro One supports the continued development and implementation of innovative, efficient, and principled policy solutions or pilots that will enable the efficient 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,

A handwritten signature in black ink, appearing to read "Kaleb Ruch", written over a horizontal line.

Kaleb Ruch
Director, Regulatory Policy & Strategy
Hydro One Networks Inc.