



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

February 3, 2025

VIA E-MAIL

Nancy Marconi
Registrar
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

**Re: Electric Vehicle Integration (EVI) Initiative (EB-2023-0071)
Revised Proposal re Electricity Delivery Rates for Electric Vehicle (EV)
Charging
Submission of the Vulnerable Energy Consumers Coalition (VECC)**

Please find attached VECC's submission on the above referenced matter, pursuant to the Board's letter of January 7, 2025. Please contact me if any clarification is required (bharper.consultant@bell.net)

Yours truly,

William Harper
Consultant for VECC/PIAC

cc. G. White, PIAC

ELECTRIC VEHICLE INTEGRATION (EVI) INITIATIVE (EB-2023-0071)

VECC'S COMMENTS RE OEB DRAFT REPORT (JANUARY 2025)

RE: ELECTRIC DELIVERY RATES FOR EV PUBLIC CHARGING

A. INTRODUCTION

The OEB commissioned a consultant, Power Advisory, to analyze the impact delivery costs have on EV charging and explore alternative delivery rate designs to support EV adoption while adhering to sound ratemaking principles. Power Advisory's report, Electricity Delivery Rates for EV Charging, was released on April 13, 2023. The OEB held a stakeholder meeting on May 24, 2023, to get feedback on the report and subsequently also sought written feedback from stakeholders.

Based on stakeholder feedback, and additional analysis conducted by its consultant, OEB staff developed a proposal¹ for an electricity delivery rate for public EV charging stations that have a low load factor. A stakeholder meeting was held on June 13, 2024 to discuss the proposal and solicit feedback. Participants were also invited to provide written comments by June 27, 2024.

On January 7, 2025 the OEB issued a revised draft proposal for an electricity delivery rate for public EV charging stations that have a low load factor that incorporated the feedback that the OEB received from stakeholders on the OEB Staff's initial EV Charging Rate proposal. Interested parties were invited to provide comment by January 31, 2025.

Set out below are VECC's written comments.

B. VECC's COMMENTS

VECC's comments have been organized according to the sections in the Electric Vehicle Charging Rate Overview – Draft Report dated January 7, 2025².

1. ELIGIBILITY (Section 3)

1.1. Non-DCFC Chargers

OEB Staff's May 2024 Draft Proposal³ acknowledged that participating stations might also provide lower voltage charging (e.g., level 2 charging). The Draft Proposal did not propose to require distinct meters for DCFC and other charging types at participating EV charging stations. However, it did request stakeholder views on whether, for EVC Rate eligibility purposes, a limit should be prescribed on the share of charging station load that may come from non-DCFC chargers.

The January 2025 Draft Report proposes⁴ that charging stations must have at least one Direct Current Fast Charger (DCFC) stall to be eligible for the EVC Rate. At the same time, it proposes that DCFC stations participating in the EVC Rate may also include

¹ Draft Proposal: Adjusted Retail Transmission Service Rate for Low Load Factor Electric Vehicle Charging, May 30, 2024. Referred to in these submissions as the "Draft Proposal".

² Referred to in these submissions as the "Draft Report".

³ Page 11

⁴ Page 5

lower-level, non-DCFC chargers. Furthermore, it proposes that any lower-level, non-DCFC chargers that are included behind a participating EVC Rate meter would not be considered auxiliary loads (see Section 1.2 below) for the purposes of determining EVC Rate eligibility.

In its June 2024 comments⁵ VECC expressed the view that “sites that include both DCFC stations as well as Level 2 chargers should be eligible for the rate as long as the DCFC stations represent most of the total power requirements (i.e., kW) for the stations on site”. However, as noted in the Companion Report⁶, the Draft Report does not propose there be any limit on the proportion of charging station demand from non-DCFC. Reasons cited are two-fold:

- i. To facilitate administrative ease and encourage participation, and
- ii. While lower-level chargers could increase a station’s load factor (all else being equal), EVC Rate will be based on the load factor of the entire participating charging station, including any non-DCFC chargers.

With respect to the first reason cited, if administrative ease is the concern then a more simplified basis for the limit on non-DCFC charging could be used such as requiring that the number of non-DCFC charging stations be equal or less than the number of DCFC charging stations. As a result, VECC does not consider “administrative ease” to be sufficient justification for not limiting the proportion of charging stations/charging station demand associated with non-DCFC stations.

With respect to the second point, the load factor eligibility requirement will only address this issue if the load factor is appropriately measured. As discussed below in Section 1.4, the Draft Report’s proposed use of the site’s annual load factor to determine eligibility is inconsistent with the analysis used to determine the EVC Rate parameter of 0.17 which is based on monthly load factors. Indeed, allowing DCFC sites with annual load factors up to 20% will result in sites with average monthly load factors in excess of 20% being eligible for the rate.

Overall, VECC continues to support eligibility criteria that would limit the proportion of charging station chargers/charging demand from non-DCFC chargers. Furthermore, the need for such criteria is heightened if a site’s annual load factor is used for purposes of determining eligibility.

1.2. Auxiliary Loads (Section 3.2)

OEB Staff’s May 2024 Draft Proposal⁷ required that EV charging stations must be separately metered to participate in the EVC Rate. However, it also acknowledged that EV charging stations that are separately metered may also have auxiliary loads that are either required to provide or complement charging services. The Draft Proposal then went on to set out a list of eligible auxiliary loads.

The January 2025 Draft Report does not include a list of eligible auxiliary services but rather proposes that at least 90% of the charging station’s total monthly peak demand must relate to EV charging (i.e., the total auxiliary load at the charging station must not

⁵ Pages 8-9

⁶ Electric Vehicle Charging Rate – Companion Report, January 7, 2025, page 12

⁷ Pages 10-11

exceed 10% of its total monthly peak demand). The Draft Report also clarifies that non-DCFC chargers are not to be considered as auxiliary load but rather included in the EV charging load percentage⁸.

VECC acknowledges that it is likely impractical to develop a definitive list of appropriate auxiliary loads and supports the proposed approach of limiting non-EV charging load to a certain percentage of the site's monthly peak demand. VECC also has no issue with in non-DCFC charging station load not be treated as auxiliary load provided there is some limitation established on the proportion of non-DCFC demand or stations.

However, VECC submits that further clarity is required as to how potential EVC Rate customers and LDCs are to determine if the 90% criterion has been satisfied. While the charging site's overall monthly peak demands are measured, the aggregate monthly peak demands for either the charging stations or the auxiliary loads are not. The OEB should clarify how the charging station load as a percent of the site's monthly peak demand is to be calculated by: i) customers when they are making their attestations in applying for the EVC Rate and ii) LDCs when reviewing whether customers are eligible/continue to be eligible for the EVC Rate.

One approach would be to calculate the percent of EV charging load based on the aggregate capacity of the site's charging stations relative to the site's monthly peak demand. However, if this approach is adopted then customers applying for the EVC Rate should be required to provide (as part of their application): i) the number of charging stations on the site (DCFC and non-DCFC) and ii) their overall capacity requirements. Furthermore the requirement for this information should be included in the template opt-in form the OEB plans⁹ on providing to LDCs.

1.3. Demand Between 50 kW and 4,999 kW (Sections 3.3 and 4.1)

The Draft Report proposes¹⁰ that the EVC Rate be available to customers with demands between 50 kW and 4,999 kW. Furthermore, the Draft Report clarifies¹¹ that peak demand and billing demand for the purposes of the EVC Rate are to be measured according to the applicable electricity distributor's methodology for customers in its applicable >50kW rate class or classes.

VECC has no issues with either of these proposals.

1.4. Load Factor Criterion (Sections 3.4 and 4.2)

The May 2024 Draft Proposal¹² stated that "the EVC Rate would apply to participating public EV charging stations that have a load factor of 15% or lower".

The current Draft Report proposes¹³ that "EV charging stations must have an annual load factor equal to or less than 20% to be eligible for the EVC Rate." The two key

⁸ Pages 5 and 14

⁹ Draft Report, January 2025, page 9 and Companion Report, January 2025, page 17

¹⁰ Page 6

¹¹ Page 7

¹² Page 8

¹³ Page 6

changes are the increase from 15% to 20% and use of the annual as opposed to monthly load factor.

With respect to the increase from 15% to 20%, the change reflects comments from stakeholders that: i) too low of a threshold might require a revision in the short term and ii) a customer's transition from the EVC Rate to the base RTSR would be more pronounced from a 15% threshold than from a higher threshold¹⁴. At the same time, the value of the EVC Rate parameter has been increased from 0.13 to 0.17¹⁵. According to the Companion Report:

"The value of 0.13 as originally proposed in the OEB's Staff Discussion Paper reflected the estimated average coincident peak-related cost for the range of load factors from 0% to 15%. The new value of 0.17 uses the same underlying analysis and methodology, but accounts for the new range of load factors, from 0% to 20%. In this way, the EVC Rate will maintain the idealized relationship between load factor and coincident peak-related costs that was approximated in Figure 9 of the 2024 Analysis and Rate Design consultant report commissioned by the OEB, which informed the OEB's proposed EVC Rate design."

In its March 2024 Addendum 1 Power Advisory provides figures¹⁶ summarizing the data used to determine the initial EVC Rate parameter. In its subsequent June 2024 comments¹⁷ VECC made the following observation:

"From both figures it is clear that most of the observations for DCFC stations are based on load factors of less than 5% and that the number of observations in each subsequent five percentage point range decreases significantly. Given the lack of data points with a load factor of more than 10% (and even less with a load factor exceeding 15%), the validity of the regression analysis results and their applicability for DCFC stations with load factors in excess of 10% let alone 15% becomes questionable. As a result, VECC supports limiting the eligibility for the EVC Rate to charging stations with a load factor of 15% or less."

VECC acknowledges the concerns that led to the proposed increase in load factor eligibility to 20%. However, such an increase is only justifiable if accompanied by an appropriate increase in the EVC Rate parameter. VECC notes that figures similar to those provided in the March 2024 Addendum 1 have not been provided for the data set used by the Consultants to derive the 0.17 factor. As result, VECC is unable to assess whether there were sufficient observations for load factors in the 15% to 20% range to yield a valid result for load factors up to 20%. Given this lack of information, VECC is unable to support the proposed increase in load factor eligibility to 20%, particularly given VECC earlier concerns¹⁸ regarding the ability of the data used in the original analysis to produce a reasonable EVC Rate parameter for monthly load factors exceeding 5% (let alone up to 15%).

¹⁴ Companion Report, pages 5-6

¹⁵ Draft Report, page 10

¹⁶ Figures 5 & 6

¹⁷ Page 8

¹⁸ VECC's Jun 2024 Comments, pages 7-8

With respect to the use of an annual as opposed to monthly load factor in establishing eligibility, the Companion Report claims¹⁹ that the proposed change is to “further support consistency and predictability”. VECC disagrees with this change and submits that the use of the monthly load factor (e.g., averaged over 12 months) better supports consistency and predictability:

- Use of average monthly load factors is consistent with the LDCs’ use of average monthly demand (not maximum annual demand) when assessing whether or not to classify (or subsequently reclassify) GS customers as between the various GS classes offered.
- Use of average monthly load factors is likely to yield a more stable result on a year over year basis.
- Use of average monthly load factors is consistent with the Power Advisory’s analysis used to derive the EVC Rate parameter which relied on the relationship between a DCFC station’s monthly coincidence factor and its monthly load factor²⁰.
- The Draft Report²¹ sets out the calculation of an DCFC stations annual load factor as follows:

$$\text{Load Factor}_{\text{year}} = \frac{\text{Electricity Consumed (kWh)}_{\text{year}}}{\text{Maximum Demand (kW)}_{\text{year}} \times \text{Number of Hours}_{\text{year}}}$$

As a result, the use of an annual load factor for purposes of eligibility will result in DCFC stations with average monthly load factors in excess of 20% being eligible for the rate such that the predicted EVC Rate parameter of 0.17 will no longer be valid (i.e., should be higher).

Finally, in VECC’s view, the Draft Report’s proposal to not set any limit on proportion of non-DCFC demand or stations (see Section 1.1 above) further strengthens the need for the load factor definition used for purposes of determining eligibility to be aligned with the load factor as defined for purposes of determining the EVC Rate parameter.

1.5. Fleet/Venue Eligibility (Sections 3.5, 4.3 and 4.4)

The Draft Report states²² that “EV charging stations that primarily serve commercial and/or public sector EV fleets are not eligible for the EVC Rate”. However, The EVC Rate will not be limited to EV charging stations that are located on specific types of sites or venues²³. As a result, charging stations that may participate in the EVC Rate include those that are located:

- on or near highways,
- on the site of a retail establishment, plaza, shopping centre,
- on the site of a municipal, university, school or hospital building,
- on a site associated with a multi-unit residential building, such as a condominium,
- on employee parking lots.

¹⁹ Page 6

²⁰ Per Power Advisory Addendum 1, March 2024, pages 8-11

²¹ Page 7

²² Page 6

²³ Pages 7-8

Further the Draft Report²⁴ clarifies that “a charging station’s eligibility for the EVC Rate does not depend on the public or private nature of the site on which it is located or on whether the site has restricted or unrestricted access”.

This approach to determining the eligibility of different venues differs from that set out in the OEB Staff’s May 2024 Draft Proposal²⁵ which focused on public accessibility.

In its June 2024 comments VECC expressed the concern that the derivation of the EVC Rate parameter was based on the load characteristics of publicly accessible DCFC stations and that other venues proposed for inclusion by OEB Staff (e.g. employee parking lots, condominium, etc.) may have different load profiles. However, the additional analysis of charging station data conducted by the OEB’s consultant (Memo dated October 15, 2024) indicated that while DCFCs for fleets have materially different consumption patterns compared to public EV chargers, public EV chargers at different venues have similar consumption patterns during peak times. Based on this analysis, the Companion Report states²⁶: “the OEB is willing to extend the EVC Rate to non-fleet DCFC stations that meet the size and low load factor eligibility criteria and that are separately metered, regardless of venue or whether the chargers have full public access or restricted access”.

VECC has a number of concerns with the OEB’s use of the consultant’s analysis to support the extension of the eligibility for the EVC rate to non-fleet EV chargers regardless of the venue or whether the chargers have full public access for restricted access:

- First, the Consultant’s memo specifically notes²⁷ that “data was not available for DCFCs with restricted access (e.g. private parking at a condominium or private employee parking)”.
- Second, there was only limited data available²⁸ for some of the other venues considered (e.g. multi-residential buildings).
- Third, the analysis simply compares aggregate hourly load profiles for different venues to determine if they were similar. However, the critical question is whether, at the various venues identified, individual DCFC stations with low monthly load factors will have a low degree of coincidence with the utility’s monthly peak demand (i.e. similar to that determined for public DCFC stations in Power Advisory’s Addendum 1 prepared in March 2024²⁹), thereby justifying the use of the EVC Rate parameter when applying the RTSRs. The analysis performed by the Consultant did not address this question. Indeed, on this point, the graphs³⁰ presented in the Consultant’s memo would suggest a high degree of coincidence as the hourly load for each venue type tends to be highest between the hours ending 15 to 19 (i.e. the peak demand period identified in the Addendum 1 report) such that the application of the EVC Rate parameter would not be justified.

²⁴ Page 7

²⁵ Page 9

²⁶ Pages 9-10

²⁷ Page 3

²⁸ Consultant Memo, page 2

²⁹ Pages 8-11

³⁰ Figure 1 and Figure 2

In VECC's view there is no evidence to support the extension of the EVC Rate to venues beyond those used in the analysis by Power Advisory's to establish the proposed EVC Rate parameter (i.e., public DCFC charging stations).

The Draft Report also clarifies³¹ that "a charging station does not have to offer charging service to all EV models to be eligible for the EVC Rate". As noted in its June 2024 comments³², VECC agrees with this aspect of the proposed eligibility criteria.

1.6. DER Capacity (Section 3.6)

The Draft Report states³³:

"Charging stations that participate in the EVC Rate may include Distributed Energy Resources (DERs) behind the participating EVC Rate meter.

The total DER nameplate capacity behind a participating EVC Rate meter may not exceed the total peak demand of the charging station that is participating in the EVC Rate. For example, if a charging station that participates in the EVC Rate has a maximum peak demand of 1,000 kW, then the total DER nameplate capacity behind the meter of that charging station may not exceed 1,000 kW."

The Companion Report acknowledges³⁴ that:

"Adding DER load to the coincident peak demand of a participating EV charging station could change an EV charging station's coincident peak demands (net peak demands). If enough DER load is added to a charging station's demand during coincident peak periods, that could reduce the cost causality basis for the charging station's eligibility for the EVC Rate".

However, the Companion Report also notes³⁵ that:

- DER loads could increase the load factor of participating DER charging stations. However, the 20% load factor eligibility criteria will encourage some self-correction to the behaviour of DER and EV charger combinations.
- DER loads such as storage will tend to operate in production mode rather than in charging mode during coincident peak periods – the risk of adding DER demand to EV charging station demand during coincident peak periods might be more hypothetical than likely.
- the EVC Rate eligibility criteria requires that at least 90% of a charging station's total monthly peak demand must relate to EV charging.

With respect to the first of the preceding points, VECC agrees that DERs (both storage and embedded generation) will tend to increase an EV charging station's load factor assuming: i) they are operated so as to reduce the station's peak billing demand and ii) load factors are calculated using the EV charging station's metered (i.e., net) peak demand. However, this may/will not be the case if the EV charging station's peak load is based on gross load (either for all EV charging stations or just those subject to gross load billing of the RTSR charges). At the same time, a DER's impact on a charging station's coincident peak demand (i.e. the EV Station load at the time of the hosting

³¹ Page 7

³² Page 5

³³ Page 6

³⁴ Pages 13-15

³⁵ Pages 13-14

LDCs monthly peak) will depend on whether the EV charging station's peak demand occurs at the same time as the LDC's monthly peak demand and whether the EV charging station's contribution to the LDC's monthly peak demand is subject to gross load billing.

With respect to the second point, the suggested outcome only occurs if the EV charging station's monthly peak demand (absent the operation of the storage facility) occurs at the same time as the LDC's monthly peak demand. Otherwise, there is a risk that the storage facility's demand will contribute to the LDC's monthly peak demand.

With respect to the third point, assuming the storage facility is operated so as to reduce the EV charging station's billing demand, VECC considers that the EVC Rate eligibility criteria requiring at least 90% of a charging station's total monthly peak demand must relate to EV charging to be the key factor limiting the potential negative impact of DERs on the cost causality basis for the proposed EVC Rate parameter. As indicated in the third point, DERs are not directly related to EV charging and therefore become part of the total auxiliary load at the charging station site which must not exceed 10% of the station's total monthly peak demand. As noted in Section 1.2 (above), clarification is required as to precisely how the contribution of EV chargers will be measured for purposes of assessing the 90% eligibility criterion. As a result, using the rated capacity of the EV chargers or some similarly reasonable measure will likely prove to be more restrictive than the proposal that "the total DER nameplate capacity behind a participating EVC Rate meter may not exceed the total peak demand of the charging station that is participating in the EVC Rate stations". To avoid any confusion, VECC submits that it is important for the eligibility criteria to clearly state that: i) DER load/capacity is not considered as being relate to EV charging but rather forms part of the non-EV charging load and ii) the application of the 90% EV charging load criterion equally applies to EV charging stations with DERs.

1.7. Separate Metering

The May 2024 Draft Proposal³⁶ included the requirement that EV charging stations must be separately metered to be eligible for the EVC Rate. In the Draft Report, the need for separate metering has not been included as an eligibility requirement. The Companion Report provides the following rationale³⁷:

"Since then, the OEB has refined its approach to addressing auxiliary load and ensuring that an EVC Rate participant's demand relates primarily to EV charging. As discussed further below, the OEB proposes that auxiliary load at a charging station may not exceed 10% of a participating charging station's total peak demand (e.g., the OEB will not prescribe specific auxiliary end-uses that are eligible or ineligible). Together with the OEB's refined requirement that at least 90% of the charging station's demand must relate to EV charging, this removes the need for an explicit requirement for separate metering."

The rationale provided in the Companion Report assumes that the "participating station's total peak demand" will be based on its billing demand and therefore

³⁶ Page 10

³⁷ Page 7

established using the appropriate LDC's metering. VECC notes that the proposed Standard Conditions³⁸ state that

"2. To be eligible for the EVC Rate, a customer's account must meet the following eligibility requirements:

b. At least 90% of the account's total monthly peak demand must relate to electric vehicle charging (i.e., the DCFC and any lower level, non-DCFC chargers). Auxiliary loads (e.g., for vending machines, tire inflation or restrooms) may not exceed 10% of the total monthly peak demand.

While one may assume that the references to the customer's account and total monthly peak demand would imply that the "participating station's total peak demand" will be based on its billing demand and therefore established using the appropriate LDC's metering it does not explicitly state that this is case. In VECC's view further clarity regarding the basis for determining the account's total monthly peak demand is required if the explicit requirement for separate metering is to be removed.

2. IMPLEMENTATION

2.1. Mandatory for LDCs to Offer (Section 5)

The Draft Report states³⁹: "All rate-regulated electricity distributors must make the EVC Rate available to eligible customers."

VECC has no issues with this requirement. In VECC's view it is important that all eligible customers have the opportunity to participate regardless of which LDC they receive service from.

2.2. Implementation Timing (Section 6)

The Draft Report states⁴⁰: "Electricity distributors must begin to make the EVC Rate available to eligible customers in 2026, once their OEB-approved 2026 distribution rates become effective".

In principle, VECC has no issues with this requirement assuming timely approval by the OEB of the EVC Rate and details regarding the application of the eligibility criteria. Otherwise, LDC should be permitted to request a delayed implementation date, if sufficient justification is provided.

VECC also agrees with the Draft Report's statement⁴¹ that: "The EVC Rate will not be applied to customers on a retroactive basis before they have opted in to the EVC Rate, or before the EVC Rate has become effective for them."

2.3. EVC Rate Optional for Eligible Customers (Section 7)

The Draft Report states⁴²: "Eligible customers who wish to have the EVC Rate applied to them must opt in to the EVC Rate."

³⁸ Draft Report, page 14, Appendix A

³⁹ Page 8

⁴⁰ Page 8

⁴¹ Page 9

⁴² Page 9

As indicated in its June 2024 comments⁴³, VECC agrees that the EVC Rate should be optional and eligible customers required to opt in.

2.4. Process for Opting-In (Section 8)

The Draft Report states⁴⁴:

- “An eligible customer may opt in to the EVC Rate at any time by submitting a form to the distributor.”
- “Where a distributor receives an opt-in form that is not incomplete or otherwise deficient, it must begin charging the customer the EVC Rate at the beginning of the next billing period or as soon as reasonably practicable thereafter.”
- “To determine a customer’s eligibility, the distributor is entitled to rely on the information provided by the customer on the opt-in form and in response to any questions from the distributor.”

VECC agrees with the first two points and notes that they are consistent with VECC’s June 2024 comments⁴⁵.

With respect to the third point, VECC notes that the May 2024 Draft Proposal⁴⁶ included the following provision:

“Electricity distributors would be expected to take reasonable steps and due diligence in accepting the attestation of eligibility provided by customers who opt into the EVC Rate. Also, as stated previously, electricity distributors would be required to periodically review the ongoing eligibility of participating EVC Rate customers.”

No similar provision is included in the current Draft Report (or Companion Report). VECC is concerned that this (implicitly) implies that LDCs should be able to rely entirely on the attestation provided by the potential EVC Rate customer and are not required to undertake any reasonableness or due diligence checks on its own. VECC submits that, at a minimum, the LDC should be expected/required to:

- i. Apply its standard criteria for determining the GS classification applicable to the customer when determining whether the customer meets the 50-4,999 kW eligibility criterion.
- ii. For existing customers, use historical data to check the reasonableness of the potential EVC Rate customer’s claim that its anticipated load factor for the coming year will not exceed 20% and follow-up with the customer if further explanation is required.
- iii. For existing customers, compare the attested to EV Charger capacity with the customer’s historical peak monthly peak demand to check the reasonableness of the potential EVC Rate customer’s claimed ability to satisfy the 90% eligibility criterion and follow-up with the customer if further explanation is required.

⁴³ Page 1

⁴⁴ Page 9

⁴⁵ Page 2

⁴⁶ Page 11

To support the foregoing prudence/reasonableness checks the opt-in form needs to consist of more than simple boxes to be checked off for each eligibility requirement. The form should require the potential EVC Rate customer to provide details regarding:

- The existing number and capacity of both DCFC and non-DCFC chargers as well as for any planned additional chargers during the upcoming year.
- The basis the customer's expectation that its load factor will not exceed 20%.
- The basis for the customer's expectation that EV charger related capacity will represent at least 90% of peak monthly demand (on average).

VECC notes that the first item is important not only for determining eligibility but also for reporting purposes (see section 2.13 below).

2.5. Permitted Frequency of Opting In or Out (Section 9)

The Draft Report states⁴⁷:

- "A customer's eligibility is valid for 12 months from the beginning of the first billing period in which the customer is charged the EVC Rate. To remain on the EVC Rate beyond that 12-month period, the customer must submit a new opt-in form."
- "The customer may opt out of the EVC Rate at any time."

VECC does not have any issues with either of these requirements. While the Draft Report is silent on the issue of when a customer may reapply for the EVC Rate after having either opted out or been determined by the LDC to be ineligible, the Companion Report states:

"At this time, the OEB does not see the need to limit how often customers may opt in or out of the EVC Rate. Customers will be able to opt in or out of the rate at any time. As the number of eligible customers in each distributor's service territory is limited, and the likelihood of frequent switching seems low, the administrative burden of processing opt-in or opt-out requests is not expected to be significant."

As noted in its June 2024 comments⁴⁸, VECC does not anticipate the participants themselves will choose to opt-out when they would otherwise be eligible for the rate. Rather it is more likely that customers (other than those renewing their annual eligibility) choosing to opt in (again) were at some time deemed to be ineligible and removed from the EVC Rate. In those instances, VECC would expect the LDC to be particularly diligent when considering the application.

2.6. Monitoring Ongoing Eligibility

The Draft Report states⁴⁹:

"If at any time a distributor determines that the customer no longer meets the eligibility requirements (for instance, if the annual rate classification review required under the Distribution System Code results in the reclassification of the customer outside the 50 kW-4,999 kW class), the distributor must remove the customer from the EVC Rate and revert to charging the regular RTSR."

⁴⁷ Page 9

⁴⁸ Page 1-2

⁴⁹ Pages 9-10

The Companion Report provides additional details:

“As noted above, a customer will need to submit the opt-in form every year, each time attesting that it meets the eligibility criteria. If a customer is enrolled in the EVC Rate one year but does not opt in for the following year, it will be removed from the EVC Rate.

Aside from the annual rate classification review required under the Distribution System Code, where a distributor might determine that a customer no longer falls in the 50 kW – 4,999 kW rate class, distributors will not need to monitor their customers’ ongoing eligibility. Distributors may rely on the customer’s attestation in the opt-in form that the customer meets the eligibility criteria.”

VECC’s primary concern with the forgoing is the implication that distributors do not need to look beyond the customer’s attestation form when assessing eligibility for either the first time or during the annual re-application process. Given that distributors will not need to monitor customers’ ongoing eligibility, VECC submits that, in order to maintain the integrity of the EVC Rate, distributor’s should be required (at a minimum) to undertake the reasonableness checks set out in section 2.4 (above) each time a customer submits an application to opt in (or re-applies) for the EVC Rate.

2.7. No New Rate Classes (Section 11)

The Draft Report states⁵⁰:

“Charging stations that participate in the EVC Rate will be placed within the applicable General Service 50 kW to 4,999 kW rate class that has been established by their electricity distributor. Electricity distributors are not required to establish new rate classes specifically for charging stations that participate in the EVC Rate.”

VECC agrees that electricity distributors should not be required to establish new rate classes specifically for charging stations that participate in the EVC Rate. VECC’s reasons are set out in its June 2024 comments⁵¹.

2.8. EVC Rate Derivation (Sections 12 and 13)

The Draft Report states⁵²:

“The EVC Rate is a numerical parameter that the OEB will provide to electricity distributors. The value of the EVC Rate parameter is 0.17. It does not change depending on a participant’s load factor.”

And

“A customer’s total monthly RTSR payment under the EVC Rate is to be calculated by multiplying the EVC Rate (0.17) by the base RTSR (including the network RTSR and the transformation and line connection RTSR) and then by the customer’s billing period peak demand (kW).”

The Report also confirms that⁵³:

⁵⁰ Page 10

⁵¹ Page 11

⁵² Page 10

⁵³ Page 11

“The value of the EVC Rate parameter (0.17) will be the same for all participating EVC Rate customers initially, regardless of which distribution service territory they are located in.

In the future, as electricity distributors gain more experience with EV charging stations, they might wish to propose EVC Rates that are specifically tailored to their own service territories.”

The May 2024 Draft Proposal⁵⁴ identified three different rate design options for implementing the EVC Rate. Option A utilized a single parameter that would apply to all participating customers and did not change depending on the specific load factor, so long as the load factor was between 0% and the applicable cut-off threshold. Option B was similar to option A, except the value of the parameter would depend on a customer’s monthly load factor. Option C resembled option B in that its rate increases with higher load factors. However, unlike options A and B, option C was derived on a \$/kWh basis, instead of on a \$/kW basis.

The Companion Report notes⁵⁵ that most stakeholders who provided comments on this issue supported option A. The Companion Report explains that the choice of Option A was based on its simplicity (as compared to the other options) which makes it easier to communicate the EVC Rate to interested parties and facilitate its implementation and administration⁵⁶.

VECC’s June 2024 comments⁵⁷ expressed a preference for Option A. As a result, VECC has no issues with Draft Report’s proposal to adopt this option. However, VECC’s comments also noted that Option A does not align as well as the other two options with the principle of cost causality. In this regard, VECC submits that the choice of Option A increases the need for monitoring of the load characteristics of EV charging stations and re-assessment of the EVC Rate parameter (as well as possibly the choice of rate options) as more Ontario-based data becomes available.

Also, as noted in its June 2024 comments⁵⁸, VECC has no issues with the initial use of a single province-wide EVC Rate parameter at this time. However, as sufficient EVC charging station data become available for individual Ontario electricity distributors it will be important for the OEB to assess whether the use of a single parameter is appropriate or whether. Variations in the timing of individual distributor’s monthly peak demand⁵⁹ and/or variations in charging station operations across utilities could result in individual electricity distributors having different EVC Rate parameters.

2.9. The RTSR Workforms and Rate Generator Model (Section 14)

The Draft Report notes⁶⁰:

“The RTSR Workform and Rate Generator Model incorporate Reporting and Record-keeping Requirement (RRR) volume data for setting rates. While the

⁵⁴ Pages 13-15

⁵⁵ Page 23

⁵⁶ Page 24

⁵⁷ Page 12

⁵⁸ Pages 12-13

⁵⁹ See VECC’s June 2024 comments, page 13

⁶⁰ Page 11

RRR data is collected at a rate class level, the volume data is needed on a per-rate level. Distributors will be required to identify the portion of general service volume associated with charging station customers.

The starting point EVC Rates will then be calculated on the entry worksheet using the EVC Rate parameter (0.17) multiplied by the approved RTSRs for the rate class. This will enable the model to calculate the adjustment to all RTSRs required to achieve full recovery.”

The Companion Report further clarifies that⁶¹:

“Data inputs will need to be adjusted on Tab 3 of the RTSR workform. In particular, entry of charging station kWh and kW will be required. The model will calculate the input rate based on the EVC Rate Parameter.”

One issue that is not addressed in either Report is the basis for the charging station kW and kWh that will be used in Tab 3 of the RTSR Workform. The customer class usage data used in Tab 3 is typically based on the RRR data for the most recent year available. This means that it usually reflects usage two years prior to the test year (e.g. rates for a 2026 test year would use 2024 RRR data). The OEB will need to clarify whether the same approach is to be used for developing the kWh and kW input data for charging stations. VECC notes that the starting point behind the RTSR Workform (and the associated Rate Generator Model) is to assess the extent to which historical RTSR revenues have under/over recovered historical Network and Connection charges using a common year’s data. Basing the charging station data on values other than actual values for the same year as the RRR data would be inconsistent with this approach. However, using historical charging station data is likely to result in a systematic under recovery of Network and Connection charges as the identity of the charging stations will only be known after they have made application for the EVC Rate. Furthermore, there may be no data available for the historic year if the known EVC charging stations are relatively new customers. In VECC’s view the use of actual data is preferable as it removes the need for the LDC to attempt to determine and justify what the appropriate adjustment should be which, in all likelihood, will still result in a variance in cost recovery.

2.10. RTSR Deferral and Variance Account (Section 15)

The Draft Report states⁶²:

“The existing RTSR DVAs, accounts 1584 and 1586, will continue to be used without modification. Any variance resulting from the EVC Rates will accumulate with variances resulting from other causes and be recovered from all ratepayers.”

This suggests that:

- A distributor’s Retail Network Transmission Charge (#1584) and Retail Connection Transmission Charge (#1586) DVA balances will be continue to be calculated in the same manner.
- The balances (including any impact resulting from the introduction of the EVC Rate) in each account will continue to be allocated to customer classes.

⁶¹ Page 27

⁶² Page 12

The Companion Report then goes on to state⁶³:

“When the EVC Rates are initially set, the rate models will design rates to achieve full recovery in the presence of the EVC Rates. No systemic variance is expected.”

And

“The variances will be disposed of or recovered from all customers, in the same proportion as their revenue responsibility. As a result, the charging station customers will be charged or will receive variance dispositions in proportion to their rates.”

With respect to the first of the above references, VECC expects that there will be systematic variances. As already noted in Section 2.9 (i.e., the comments regarding the RTSR Workform), the fact historical RRR data/charging station usage data will be used in the derivation of the rate will lead to a systematic under recovery of Network and Connection Transmission charges.

With respect to the second reference, the Retail Network and Connection Charge DVA balances are not currently allocated to customer classes based on “revenue responsibility” but rather based on the forecast kWh by class. As result, clarification is required. However, VECC assumes the OEB is not proposing to change the basis for allocating the balances to classes and does not support making any such change at this time.

In terms of the recovery of the Retail Network and Connection Charge DVA balances allocated to GS classes in the 50 kW to 4,999 kW range, this is currently done on a kW basis. Again, clarification is required as to whether the balances in these account will be recovered from EVC Rate customers using the same kW charge as applied to other customers in the same GS class or whether the recovery charges will be determined using the EVC Rate parameter. If the later approach is to be used then significant changes will also be required to the Rate Rider Calculation Tab in the DVA Continuity Schedule.

2.11. No Sunset Date, EVC Rates Might Be Reviewed In The Future (Section 16)

The Draft Report states:

“No expiration or “sunset” date is being established for the EVC Rate.

The OEB might initiate a review of the EVC Rate within five years of its implementation. The timing and scope of any future review of the EVC Rate will be determined by the OEB in due course.

The review might consider electricity distributor and customer experiences, lessons learned and other relevant considerations. It is expected that the OEB’s decision on the timing and scope of any future review of the EVC Rate would be informed by stakeholder input.”

VECC has no issue with the Draft Report’s proposal that no expiration or sunset date be established for the EVC Rate provided the OEB is committed to reviewing the rate (i.e.,

⁶³ Page 29

the eligibility criteria, EVC Rate parameter determination and reporting requirements) when sufficient experience has been gained to appropriately inform such a review.

The Companion Report states⁶⁴ that there are limitation and approximations associated with the analysis supporting the proposed EVC Rate. VECC agrees and notes that these include:

- The reliance on a publicly accessible dataset of public DCFC charging sessions in the United States whereas the EVC Rate will be applicable to Ontario charging stations and made available to a wider range of charging stations (e.g. those with restricted access).
- The reliance on a linear regression between the average monthly CPC on weekdays and monthly load factor for HE 18 in the U.S. datasets to determine the EVC Rate parameter, whereas the peak hour for Ontario electricity distributors will vary.
- The limited availability of data for higher load factor DCFC charging stations.
- Uncertainty as to the impact of DERs on the load profiles for EV charging sites.

Given the limitations associated with the derivation of the current EVC Rate, VECC submits that a firm commitment to a review within the next 5 years than just “might” is required. By the five year mark, Ontario distributors will have 3-4 years of both load profile data and experience with the EVC Rate. In VECC’s view this should be sufficient to test the validity of EVC Rate parameter and the reasonableness of the eligibility criteria.

2.12. DVA To Record Implementation Costs (Section 17)

The OEB proposes to issue a generic accounting order to establish a deferral account relating to incremental and material EVC Rate implementation costs. The deferral account will allow electricity distributors to track the revenue requirement impacts of their incremental and material costs of implementing the EVC Rate in a deferral account⁶⁵.

The Draft Report notes that⁶⁶:

“Electricity distributors will be expected to track costs at a sufficiently detailed level or category to assist in a prudence review of the costs incurred. The OEB will assess any claimed costs recorded in the account at the time the disposition of the account balances is requested, subject to the applicable disposition criteria.”

VECC has no issues with the proposed DVA.

2.13. Reporting Requirements (Section 18)

The Draft Report states that “the OEB will establish a new RRR related to the EVC Rate”. More specifically, the Draft Report states:

“Specifically, the OEB will require electricity distributors to record information on the hourly kW demand of each of its participating EVC Rate customers by facility

⁶⁴ Page 5

⁶⁵ Draft Report, page 12

⁶⁶ Pages 12-13

or metered service. The information would assist with any possible review of the EVC Rate and may support EVC Rate customization that electricity distributors might propose in the future. The OEB will work with electricity distributors to establish a template for recording this information and to ensure confidentiality as appropriate.

The OEB may also ask for the following information from electricity distributors from time to time, but will not establish a new RRR related to it:

a. Participant count:

- Number of participating customers in the EVC Rate

b. Participant attributes:

- Chargers: number of chargers that each participating EVC Rate customer has by type (DCFC, Level 2, other)

- DERs: Total installed capacity and fuel type of any DER that a participating customer has behind the EVC Rate meter.”

In VECC's view a major shortcoming of the proposed Reporting Requirements is that there will be no information readily available on a public basis regarding the extent to which the EVC Rate is being used or the characteristics of its users. A minimal amount of information needs to be made publically available in order to inform stakeholders as to the success of the EVC Rate and to reassure them that the characteristics of the users align with the eligibility criteria. Further publically available details regarding the use of the rate will be necessary if, as the Draft Report suggests, “the OEB’s decision on the timing and scope of any future review of the EVC Rate would be informed by stakeholder input”⁶⁷.

In VECC's view, at a minimum, the following information regarding the usage of the EVC Rate should be collected as part of the RRR filing requirements and made publically available:

- a) The number of customers (by GS rate class) participating.
- b) The sum of the monthly demands and the annual kWh for participating customers (by GS rate class)
- c) The total EV charging capacity (by GS rate class).

3. CONCLUSION

Overall, VECC submits that the EVC Rate should not be implemented as currently proposed. In VECC's view, in order for the EVC rate to be consistent with sound rate making principles (including adherence to cost causality and public acceptability):

- The eligibility criteria and implementation plan need to be revised to address the issues raised in the preceding sections of these submissions.
- Details regarding the determination of the revised EVC Rate parameter of 0.17 need to be made publically available.
- There needs to be a firm commitment as to when a future review of the EVC Rate will be initiated.
- There needs to be more detailed public reporting through the OEB's annual RRR regarding the usage of the EVC Rate.

⁶⁷ Page 12