February 5, 2025

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

Dear Ms. Marconi:

Re: **Revised Proposal: Electric Vehicle Charging Rate (EVC Rate)**

The Electricity Distributors Association (EDA) represents local electricity distribution companies (LDCs) across Ontario. Ontario's electricity customers rely on their LDC as their frontline representative in the electricity system. Distributors know their customers best, and more importantly, their needs from both a global and specific rate class perspective. LDCs aim to meet their customers' expectations and needs from both a policy and operational perspective and through rate consideration by actively contributing to being a 'part of the solution'.

Background

The Ontario Energy Board (OEB) issued revised EVC materials to stakeholders on January 7th, 2025. The EVC rate consultation led by the OEB responds to the direction from the Minister of Energy and Electrification issued to the OEB to consider rate design options for EV charging and aims to support the efficient integration of EVs in Ontario. The EVC rate reduces the Retail Transmission Service Rates (RTSRs) which participating EV charging stations will pay. The EVC rate and revisions to the proposal were informed by comments received from stakeholders, including the EDA's 2023 submission and 2024 submission on a Staff Discussion Paper that the OEB published in May 2024. The discussion paper proposed draft elements of an EVC rate.

We invited and hosted OEB staff to a meeting with our membership to present the revised proposal in January 2025. While reviewing the materials with our members, we were pleased that the OEB's revisions to the EVC proposal were broadly supportive of our submission comments and incorporated many of the key supporting concepts to support the proliferation of electric vehicles charging infrastructure in Ontario. However, as we move forward and support the new EVC rate structure, we would like to address a few remaining areas of concern where additional clarification may be required.

LDCs greatly appreciate the OEB's decision to include traceable explanations of how conclusions were made regarding stakeholder feedback received between the initial proposal and the issuance of the revised proposal. This includes acknowledgement of the obstacles and complexities LDCs will experience implementing this policy initiative in practice, and to monitor

Electricity Distributors Association
3700 Steeles Ave. W., Suite 1100, Vaughan, Ontario L4L 8K8 Tel/Fax 647.EDA.5300 1.877.262.8593 email@eda-on.ca www.eda-on.ca

and enforce policy in practice. As stated in our 2024 submission, LDCs are not equipped to police and validate their customers' specific eligibility.

This submission provides our members' comments on the revised materials in the above-named consultation, and we hope OEB staff can incorporate or clarify these final details in the future development and implementation steps of the EVC rate process to protect both customers and distributors alike. Our comments are listed in order of the Electric Vehicle Charging Rate Companion Report.

(1) <u>The EVC Rate General Comments:</u>

We are pleased with the OEB's decision to adopt Option A from the May 2024 OEB Staff discussion paper, and our recommended option for the 2026 implementation of the EVC rate. Option A presents the simplest alternative rate in terms of implementation, while also providing benefit to eligible customers. Options B and C required relatively extensive billing system customizations, whereas Option A is the easiest option for communicating benefits with our customers.

The provincewide EVC rate to be established by the OEB will be the most administratively simple option for electricity distributors and customers. It will also ensure consistency and predictability across the province for charging station customers. In addition, an initial provincewide EVC rate will facilitate the baseline analysis that would support a future review of the EVC rate's performance.

(2) <u>Province Wide EVC Rate parameters:</u>

We appreciate the OEB's revision, consistent with our recommendation, to establish a general EVC rate parameter to distributors through the RTSR work forms and rate generator models that the OEB develops and updates from time to time. As distributors gain more experience with public EV charging stations, they will have the opportunity to propose EVC rate parameters specifically tailored to their own service territories. The provincewide EVC rate to be established by the OEB will be the most administratively simple option for the OEB and LDCs. It will also ensure consistency and predictability across the province for charging station customers.

In addition, an initial provincewide EVC rate might facilitate the baseline analysis that would support a potential review of the EVC rate's performance. However, **we propose that OEB staff set a firm date for five years following the EVC rate implementation for the review of RTSR impacts**, in a collaborative consultation.

(3) <u>Customer Eligibility Requirements:</u>

We applaud the OEB for the revised proposal materials which includes several eligibility requirements that we recommended for consideration of the EVC rate.

Below is a list of the general eligibility criteria which is in the revised proposal.

- *Demand between 50 kW and 4,999 kW*
- *Load factor up to 20%*
- *At least 90% of demand is for EV charging (10% auxiliary)*
- *No requirement to be separately metered – the OEB believe this is implicit within the requirement that at least 90% of the charging station's demand must relate to EV charging.*
- *Not for fleets*
- *The OEB will allow some auxiliary load to be included in the demand of EV charging stations (Must not exceed 10% of total peak demand)*
- *Requires at least one Direct Current Fast Charger (DCFC) Stall*
- *DER may be included behind the EVC Rate meter, total DER capacity may not exceed total peak demand of participating EV charging station demand*

<u>Eligibility Criteria: Measurement and Monitoring</u>

Many of the criteria in the list above require the validation of data not measured or monitored by LDCs or customers. These items, such as load factor, or the level of auxiliary load, are not easily validated by either the customer or most utilities. As a result, customers may inquire with their utility about their potential eligibility, and LDCs will be unable to provide the information required. This will leave customers and their LDC speculating as to their potential eligibility and this ambiguity could lead to customer frustration and confusion. Further, it is unclear how distributors or customers will be able to uphold the eligibility criteria or be in a position to identify and acknowledge any potential "fraudulent activities". This could result in an unintended consequence arising from the qualification process, and customers who are not truly eligible to be able to benefit from the EVC rate, resulting in inappropriate cost subsidization.

Without measurement through separate metering, the eligibility criteria rely entirely on the customer's attestation. In its revised proposal, the OEB chose not to require a qualified engineer or energy consultant to confirm the criteria, as well as to require separate metering which was generally supported by stakeholders. While we respect the OEB's decision-making, we are uncertain how distributors or customers will uphold the standard for the eligibility criteria or acknowledge "fraudulent activities". Our concerns are based on previous experiences with customer programs which relied on customer attestation, e.g., Ontario Clean Energy Benefit, and Ontario Fair Hydro Plan. To mitigate long term risk for unintended consequences, or to embrace potential future opportunities, **we recommend that OEB establish a firm policy review date five years following the implementation of the EVC rate to mitigate this potential risk to the EVC rate policy**, as previously mentioned in this submission**.**

Eligibility Criteria: Load Factor Realization and True Up Process:

We are also concerned with the load factor eligibility process, and the possibility that some customers may produce a very high utilization rate at their charging location, a load factor (LF) of 20% and above. We would like to better understand the details of the OEB's proposal and process that should occur if a customer exceeds 20% LF on its actual basis, as compared to its estimated and attested to eligibility. We would like to work with OEB staff to better understand the process that should be followed in the event of this occurring, as it may not be considered "fraudulent activity" but is a potential scenario customers could experience and cause a point of friction between the LDC and customer. **We propose that OEB staff work with the industry to provide a clear process of eligibility for the EVC rate, customer communication which details the process, and that the customers certify their eligibility for the entire next 12 months.**

(4) Mandatory to Offer by Electricity Distributors, Optional for Eligible Customers:

We appreciate and support the OEB's revision of the proposal and the recognition that LDCs do not have visibility into the customers' end use consumption. We also appreciate the acknowledgement that the EVC rate will be applied to participating customers on a "**go-forward basis only**", after the customer has opted in and once the rate has become effective.

We request the OEB's clarity to the industry that the definition of "go-forward basis only" is interpreted as the following monthly billing period which occurs after the LDC's receipt of a customer's completed opt-in form, which thereby aligns the EVC rate with RTSR rate charges for the following customer bill which avoids complicated, and labour-intensive practices of partial billing and retroactive billing verification.

We also seek clarity on a number of billing items not mentioned in the revised proposal. For instance, in the event a customer is found to be engaged in fraudulent activities, we question whether LDCs should rebill full charges for only the one-year eligibility opt-in period, or whether the billing settlement standard would supersede the EVC rate guidelines and if the 24-month period would be required.

Our members support the flexibility feature that will be granted in cases where distributors receive an incomplete or deficient opt-in form. The revised proposal allows distributors to begin charging the customer the EVC rate at the beginning of the next billing period or as soon as reasonably practicable thereafter, once any deficiencies on the form have been addressed.

However, there has been no mention of the need for flexible timelines or guidance in the case where forms are not deficient but are perhaps received too late for the rate to be applied to the next billing cycle. We recommend including language that states that the rate will be applied on the next billing period in which the utility is able to facilitate the billing change. For example, if a form is received two days prior to the beginning of the next billing cycle, it is not reasonable for the rate to be applied to the following billing period in such a short timeframe.

In such cases, applying the rate on the next billing cycle would be appropriate. Language to this effect is found in the Standard Supply Service Code Section 3.5.4 to provide guidance for distributors on appropriate timelines for applying a new rate for customers opting out of Time-of-Use rates. Section 3.5.4 reads as follows:

> *(a) at the beginning of the first billing period for that RPP consumer after the notice of election is received, if*
>
> *(i) it is received at least 10 business days before the beginning of that billing period; or*
>
> *(ii) it is received less than 10 business days before the beginning of that billing period but it is practicable for the distributor to begin charging the consumer tiered prices or ultra-low overnight time-of-use prices, as the case may be, at the beginning of that billing period; or*
>
> *(b) at the beginning of the second billing period for that RPP consumer after the notice of election is received, if it is received less than 10 business days before the beginning of the first billing period and it is not practicable for the distributor to begin charging the consumer tiered prices or ultra-low overnight time-of-use prices, as the case may be, at the beginning of the first billing period.*

We request that the OEB consider many of these billing aspects in the development of the customer Opt-In attestation form, and that FAQ or guidelines are also published to support a clear understanding of the billing expectation and process across the industry, as well as potential process for breach of the attestation form.

(5) <u>Implementation: Aligning with 2026 Rates:</u>

We appreciate the OEB incorporating an implementation timeline which aligns with LDCs' regular RTSR rate process within its rate-setting period and avoids the expected Market Renewal Program impacts during 2025. In addition to this consideration and acknowledging that LDCs either set their rates in January or May rate periods, we believe that to avoid any customer confusion across jurisdictions in Ontario, **the OEB should provide clear communication to customers on its website to support the two implementation dates**, as was previously used during the successful U-LO implementation.

(6) <u>Process for Opting In:</u>

We appreciate the OEB incorporating our submission recommendations in the revised EVC charge proposal for a customer opt-in approach to the EVC rate and a standardized Opt-in attestation template. LDCs support the OEB's rationale for customer attestation that it expects to meet the eligibility requirements for the EVC rate for the following 12 months of their participation. **We propose that during the development of a draft Opt-in attestation form, OEB staff continue to collaborate and consult with distributors.** We believe that if these materials are developed through collaboration and consultation with LDCs, there is potential for administrative efficiency and burden reduction to be gained simply from having the customer attest to their qualifications and providing necessary information for tracking purposes.

We understand that the OEB's template opt-in form will include a warning that customers can be penalized for providing false information. In the development of the customer opt-in and attestation, we recommend that the OEB consider producing and providing customers with **clear communication materials which define their responsibilities and demonstrate the LDCs' ability to review accounts throughout the process**, the risk of their account being investigated and that they can be found to have deliberately or recklessly provided false information concerning their eligibility.

Below is an illustrative, but not exhaustive, list of subjects to consider when drafting the opt-in process and customer communication FAQ document:

- Opt-In form should explicitly state that the rate will cease to be applied after the initial 12-month eligibility period and that re-enrolment by the customer is required prior to rate expiry or else there will be an interruption in the application of the rate.
- Unless a renewal form is received, the rate will expire using a rate expiration date (12 months after the initial application of the rate) and cease to be applied. Distributors should not be tasked with making exceptions and rebilling for "gap" periods if customers are late with their renewal opt-in forms. The onus should be on customers to ensure that they submit their forms ahead of time to continue receiving the EVC rate without interruption.
- The Opt-In form should advise customers that the utility may audit the customer's eligibility if warranted, and a review of the eligibility, mainly rate classification review, can occur at any increment aligned with an LDC's internal review practices.
- Language clearly states that the rate will apply for the next billing period in which the utility is able to facilitate the billing changes, generally the next billing cycle.
- However, for example, if a form is received 2 days prior to the next billing cycle, it cannot reasonably be applied to the customer bill; therefore, the next billing cycle will be appropriate.
- Rate reclassifications continue as scheduled and if customers become ineligible for the EVC rate, they should be removed based on the LDC's evaluation.

Authorized Representative:

While our proposal for an engineer representative was not accepted, we believe that **the OEB should define what it considers an "authorized representative" of the customer**. We recommend that the "authorized representative" be defined as, and reflect the ownership of, the customer account.

(7) <u>Permitted Frequency for Opting In & Out:</u>

The OEB's revised proposal states that it does not intend to limit how often a customer may opt in or out. We also noted that the revised proposal did not address the process for a waiting time between customer EVC rate applications if a customer is denied eligibility or removed from eligibility during the year.

We continue to propose that the OEB include a clear criterion which states if the customer has been denied eligibility or removed from eligibility within the calendar year, that customer is then not qualified to re-apply for the EVC rate until the following calendar year.

An annual opt-in and opt-out procedure will limit the administrative burden of enrolments on the LDC's part, and this freezing period will balance the administrative burden of enrolments and put onus on the customer to properly apply for the EVC rate. **We propose this process is reviewed for effectiveness in five years' time from EVC rate implementation during a scheduled EVC rate review of the program.**

(8) <u>Monitoring Ongoing Eligibility:</u>

We appreciate the OEB's revised proposal, consistent with our submission, and a streamlined consideration of the EVC rate eligibility with the LDC's current internal processes for rate classification review. **We recommend that on the Opt-In attestation form it is clearly communicated to customers that customer rate classification reviews, and ongoing eligibility reviews can occur any time, and are performed by LDCs at intervals specified by the LDC. Also, it must be clear in the development of this process the difference between being removed from the classification and the determination of a customer deliberately and recklessly providing false information concerning its eligibility in its opt-in form.** The clearer the categorization process, the better the communication with our customers can be.

(9) <u>No New Rate Classes:</u>

We understand the current complexity of establishing the EVC rate for the first time in Ontario and the potential for adding consideration of a new rate class. As stated above, **we propose that the OEB establish a firm review date for the EVC rate,** which is five years from the implementation date and when a subset of historical data has been collected, and potential new rate class consideration is included in that review process.

(10) <u>RTSR Work form & Rate Generator Model:</u>

We appreciate the OEB's plan to amend the current RTSR Workform and process through addition of a data input adjustment to facilitate the EV charge. However, there are a few remaining issues that should be addressed through further consultation. We request that the OEB consider the uncertainty behind EVC estimates for the EV sub-category of RTSR. While this will be an individual estimate provided by each LDC through the knowledge of its own customer base, this will be very difficult to produce in Year One, without any record of historical data for the EV charge and in advance of customers opting for the EV charge. Without guidance from the OEB, there is potential risk of distributors over or under estimating total recovery that would flow into 1584 and 1586 variance accounts.

(11) <u>RTSR Deferral and Variance Account RTSR-DVA:</u>

We agree that it would be difficult to track the variance for the RTSR DVA subaccount without individual metering or the establishment of an EV charge rate classification. In the case of revenue side charging, it would be best practice to separate the EV charge subgroup from the generic rate classification as is done with RTSR-Interval meters. This could also identify the number of instances this rate class required manual intervention for 'fraudulent' activities.

(12) <u>DVA for Implementation Costs:</u>

We thank OEB staff for incorporating our recommendation to establish a deferral account associated with distributors' incremental costs of EVC implementation. We appreciate the acknowledgement from the OEB that LDCs will incur incremental implementation and ongoing costs to support the new EVC rate and the Ministry directive which were not anticipated. While distributors intend to track costs at sufficiently detailed levels to assist in the prudential review of costs incurred, as recommended by the OEB, **we request that the OEB authorize that this DVA come into force as of January 1, 2025,** as LDCs are already planning, and beginning their internal changes required to support the EVC rate implementation prior to the 2026 rate year.

(13) <u>Reporting and Record-Keeping Requirements (RRR) Information and Reporting:</u>

We appreciate the OEB's revision consistent with our recommendation to incorporate the RTSR – EVC Rate into the Rate Generator and RTSR Models in section 2.1.5 Demand and Consumption reporting under an existing process, particularly as the output results in rate consideration which is clear to our customers and consistent with current processes. The consideration to mitigate and reduce the reporting burden on LDCs is greatly appreciated.

In addition to this change, we look forward to collaborating and commenting on the OEB's commitment to work on a template with distributors which reports the following listed requirements on the EVC Rate on a limited **'time to time' basis** and **not** on an unnecessarily burdensome annual (or more frequent) basis:

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)

- Distributed Energy Resources (DER: Total installed capacity and fuel type of any DER that a participating customer has behind the EVC rate meter.

We also noted that the OEB committed to working with LDCs to ensure that the information is appropriately reflected in the opt-in information that EVC rate participants provide to LDCs. This is a crucial consideration given our earlier concern in the Customer Eligibility Criteria section that distributors have limited to no visibility of these characteristics of the EVC rate customers. We note that the billing system, meter reading system, and customer classification do not house these added attributes, and our resources do not inspect or have visibility to customer attributes on their premises. Therefore, the only viable solution and **our recommendation to overcome this hurdle in data collection is that customers provide and attest to this information on their Opt-In form.**

(14) **<u>No Sunset Date, EVC Rate to be Reviewed in the Future:</u>**

In its revised proposal the OEB stated that it "*might*" initiate a review of the EVC rate after some experience and historical information has been gained through this policy. As mentioned throughout this submission, **we encourage OEB staff to include in the proposal a commitment to monitoring the economic rate impact of the EVC rate program and the effectiveness of the policy for customers five years after implementation.** We noted that most stakeholders agreed with our original submission to create a sunset review date. Others also raised concerns, consistent with mitigating risk to consumers through a review of the EVC rates and their downstream impacts in the future on the rate at which EV charging stations will be built.

History has demonstrated that problems could develop when customer benefit programs are developed and not revised in the context of a changing customer landscape, thereby resulting in unintended consequences. Therefore, we believe that the OEB should establish a future review in five years to fully protect the interests of LDCs and customers alike and that will produce an appropriate amount of data and experience to evaluate opportunities and suitability of the policy. This will aid the OEB in determining the overall effectiveness of the program across the province.

<u>Conclusion</u>

We appreciate the opportunity to provide our comments to the OEB as it continues to develop an EVC rate structure which supports LDCs and their customers. Moreover, we believe this is a good starting point for the inclusion of the EVC rate in Ontario. Our members found the stakeholder conversations to be collaborative, and we applaud the OEB for the traceability of decision making on each aspect of this proposal.

We encourage the OEB to continue engaging with us in the development of EVC rate/RTSR models and customer communications as we move forward to implementation in 2026. As we have expressed throughout this submission, we also encourage the OEB to include in this proposal a fixed date for reviewing the policy once experience is gained, and historical and customer data is available for further evaluation. Establishing a set review of this process in five years from the implementation date will protect both distributors and customers from any unintended risk associated with the introduction of this policy and protect all stakeholders with downstream impacts in this process.

We look forward to working with the Ontario Energy Board to find the most appropriate process, opt-in attestation and models for which LDCs can successfully implement the EVC rate in 2026. Please do not hesitate to contact Brittany Ashby, Senior Regulatory Affairs Advisor, at bashby@eda-on.ca or at 416.886.4420, if you have any questions or require anything further.

Sincerely,

Ted Wigdor
Vice President, Policy, Government & Corporate Affairs