LRC

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Cc: "Foster, Robert (CAB)" <robert.foster@ontario.ca>, "Moore, Karen (CAB)" <karen.moore4@ontario.ca>, "Brezer, David (CAB)" <david.brezer@ontario.ca>, "Scott-Vickers, James (CAB)" <james.scott-vickers@ontario.ca>
Date: Tue, 13 Dec 2016 16:42:03 -0500
Attachments: Pink note - REG-11287_ID47672_LRC_Committee_Note Dec 12.docx (52.13 kB)

Hi,

Further to James' email, below is a snapshot of the energy RPP item. Megan is updating the note to reflect the discussion today.

As you would imagine concerns around rate increases, timing. Neither the Minister, DM, nor CoS were at LRC, was Kaili and an MO and Megan presenting so perhaps with cabinet tomorrow there will be more said by energy to explain (not that Kaili, MO and Megan don't know it!). We understand Murray supported it but others were concerned with timing. Phil was not at LRC but Megan has updated him.

On retail hours, David has spoken with mgcs and they are working with MMA on reaching out to amo. There nis a letter of support I understand from amo for this but it dates back to 2010 so lrc wanted a more recent letter or some means of public support for this (extending the ability to extend retail hours at muni discretion, Toronto has already, this proclaims the ability for other munis to do this). The other issue raised was workforce implications and concerns that may be raised. MGCS did work with MOL on the submission but there may be further discussions among the relevant ministers.

Happy to discuss either of these if you'd like.
Thanks,
Martha

From: Chochla, Megan (CAB)
Sent: December-13-16 3:39 PM
To: Greenberg, Martha (CAB)
Cc: Moore, Karen (CAB); Frndova, Lucia (CAB); Scott-Vickers, James (CAB)
Subject: RPP pilots proposal at LRC

Martha,

ENERGY's Regulated Price Plan pilots proposal was not approved at LRC today but will be recommended to Cabinet tomorrow.

Original cabinet approval came through JEP/Cabinet in 2014, minute stated that ENERGY "continue to develop and rollout conservation initiatives identified in the Conservation First Framework and the LTEP 2013, including alternative Time-of-Use pricing plans and critical peak pricing … to assist the province in achieving its energy conservation objectives". Here is a summary:

Context

- Since April 2005, the Ontario Energy Board has administered the Regulated Price Plan , an energy price plan that provides stable and predictable electricity pricing, encourages conservation and ensures the price consumers pay for electricity better reflects the price paid to electricity generators.
- Smart meters have enabled time of use pricing – this means that the price consumers pay for electricity now better reflects the cost of producing it at peak and off-peak times.
- Following the release of the 2013 Long Term Energy Plan, the Ontario Energy Board initiated a review of the Regulated Price Plan to look at the effects of different time of use pricing structures.

Proposal

- The Ministry of Energy is proposing flexible pilots for households to test different approaches to pricing structures.
- These pilots are intended to reduce system peak, support an efficient electricity system, and give consumers additional incentives and opportunities to better manage their electricity bills.
- The effect of the proposed amendment would be pilots that bill customers with an off-peak period that is different from the off peak period that is specified in regulation.
- Current 'shadow' testing is done by testing different pricing schemes, providing both bills to customers and having customers pay whichever bill is lower. The OEB prefers the method proposed here because it would incent behaviour change and be simpler administratively.

Rollout

- As many as 5 pilots are expected to be implemented in Ontario, although the Ontario Energy Board will make the final decision.
- As many as 23,000 Regulated Price Plan customers (households) would participate in the pilots, but the number will depend on how many applications are approved and the number of customers who choose to participate in the pilots.
- Households will have the option to opt out of all pilots.

Cost

- The pilot programs would not impact the government's fiscal plan.
- All consumers (including residential, commercial and industrial) will pay a portion of the cost of the pilots on their bill through the Global Adjustment.
- The cost for a typical residential household would be $2 in one year, and for a typical small business would be $7 in one year. These estimates are based on an assumed total cost of $30 million for the pilots.

The Chair supported the item and reinforced that it did not vary from Cabinet direction, however committee members raised concerns about energy prices being contentious overall and the cost of the pilots seeming high. Members explained that although it did follow cabinet direction, they were not completely comfortable approving the rollout details. They also referenced possible confusion of stakeholders with the electricity price mitigation changes set for Jan 1st. Members also ask ENERGY to look at ways to have less or no cost impact to ratepayers.

ENERGY explained that these pilots would contribute to the bigger picture described by Minister Thibault at the Empire Club a couple of weeks ago – possible different pricing schemes depending on lifestyle/household size/location etc. The pilots would take about a year to wrap up. From our discussions with Phil, any other pricing changes could be considered in the spring document.

Our note was fact checked by MOF, MEDG, OMAFRA and MCSS. ENERGY provided some very late information that is shown in the LRC note in yellow (attached). I'll provide a draft of the CBN with summary notes from today to Lucia.

Megan