Context/Questions:

iPolitics reporter asking whether the government is willing to look at different ways of pricing electricity.

We propose providing the reporter with information on OEB RPP pilots:

Response (CRED and ESP ADM-approved):

The government has been making important investments in a cleaner and more reliable electricity system, but these investments have led to higher electricity bills.

Ontario's Fair Hydro Plan has lowered electricity bills by 25 per cent for a typical residential consumer, and will hold increases to the rate of inflation for four years. As many as half a million small businesses and farms are also benefitting from a reduction.

These measures include the 8 per cent rebate introduced in January 2017, which is equivalent to the provincial portion of the HST, and build on previously announced initiatives to deliver broad-based rate relief on all electricity bills.

Lower-income Ontarians and those living in eligible rural communities are receiving even greater reductions, as much as 40 to 50 per cent.

Taken together, these changes have delivered the single largest reduction to electricity rates in Ontario's history.

Our government, with the leadership of the Ontario Energy Board (OEB), is also looking to give consumers greater flexibility and choice in their electricity price plans.

We believe Ontarians should be able to purchase electricity based on the pricing plans that best suit their lifestyles.

As part of its review of the Regulated Price Plan (RPP), the OEB is partnering with local distribution companies (LDCs) to test innovative time-of-use (TOU) price plans.

Note: TOU pricing currently consists of off-peak, mid-peak and on-peak prices.

TOU pricing has enabled customers to better manage their costs by reducing or shifting their consumption to off-peak times when electricity is less expensive to produce.

TOU pricing also ensures that the price consumers pay for electricity better reflects the cost of producing it.

The pilots are being undertaken by select LDCs across the province, including Alectra, London Hydro, Oshawa PUC, Hydro One and six of the Customer First LDCs. These pilots are testing a variety of innovative price plans, including:

- *Critical peak pricing (CPP)* - increases prices for a fixed number of days/hours of the year when demand is expected to be high. This price is overlaid with the current OEB TOU prices. May include short notice ("quick ramping") of a price increase during electricity system peaks.
- *Enhanced TOU* - increases the current on-to-off peak TOU ratio.
- *Super Peak TOU* - eliminates the mid-peak period and drastically increases the on-to-off peak ratio in the summer and winter periods.
- *Variable Peak TOU* - eliminates the mid-peak period and the on-peak price will vary depending on forecasted day-ahead demand.
- *Seasonal TOU* – offers flat rates in the shoulder seasons of spring and autumn, eliminates the mid-peak period, and increases the on-to-off peak ratio in the summer and winter.
- *Two-Period TOU* - eliminates the mid-peak period and increases the on-to-off peak ratio.
- *Real Time Pricing* – changes the summer and winter periods and offers a single price in all hours in winter period and a price that changes each hour in the summer period.

Some of the pilots will be combined with smart technologies, such as smart thermostats, energy use apps, and electric vehicles, to give customers additional ability to manage their electricity use.

The pilots have begun rolling out and will run for at least one calendar year. The OEB will require the LDCs who are running the pilots to conduct evaluations and to publicly report on the results of their pilots.

The pilot results will guide OEB decisions on potential new price plans that could give customers greater control, reduce their bills and help improve system efficiency

For more information on the RPP Roadmap and price pilots please visit the OEB website at:

https://www.oeb.ca/industry/policy-initiatives-and-consultations/rpp-roadmap