



**EB-2006-0306**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, Schedule B;

**AND IN THE MATTER OF** a proposal by Oakville Hydro  
Electricity Distribution Inc. to implement a Time-of-Use  
Pricing Pilot Project under section 3.9.1 of the Standard  
Supply Service Code.

BEFORE: Pamela Nowina  
Presiding Member and Vice Chair

Paul Vlahos  
Member

### **DECISION**

On July 28, 2006, the Ontario Energy Board (the "Board") amended the Standard Supply Service Code (the "SSS Code") to allow electricity distributors, as part of a pilot project, to charge time-of-use ("TOU") prices for consumers on the Regulated Price Plan (the "RPP") with eligible time-of-use meters. This SSS Code amendment requires prior Board approval before any such new pilot project can be implemented.

On October 24, 2006, Oakville Hydro Electricity Distribution Inc. ("Oakville Hydro") submitted information regarding the implementation of a pilot project involving TOU electricity prices and eligible TOU meters in relation to three multi-residential condominiums (the "proposed pilot project"). Oakville Hydro has informed the Board that Oakville Hydro also had an existing TOU pricing pilot project in place before April 1, 2005 (i.e., the first term commencement date as defined in the SSS Code) that involves residential homes. Any pilot project that existed prior to the first term commencement date did not need Board approval. Any pilot project proposed to be implemented after the first term commencement date requires prior Board approval. Since the proposed

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pilot project is being implemented after the first term commencement date, it requires Board approval. This matter has been assigned Board File No. EB-2006-0306.

The Board has proceeded without a hearing in this matter in accordance with section 1.3.3 of the SSS Code. The Board has completed its review of the proposed pilot project and has decided to approve it subject to certain conditions.

The Board identified several factors that the Board would take into account when deciding whether to approve a TOU pilot project. These factors were identified in the Board's Notice of Proposal to Amend a Code (July 12, 2006), the Board's Notice to Amend a Code (July 28, 2006), and the Board's letter of August 14, 2006 on this subject. The proposed pilot project is approved for the reasons set out below. The reasons set out below are consistent with the three Board documents referenced above.

Oakville Hydro's existing billing system is already capable of charging TOU prices and will therefore not require incremental material costs to be incurred in order to proceed with the proposed pilot project.

The proposed pilot project is complementary in nature to the Board's TOU pricing pilot project and Newmarket Hydro's Board-approved pilot project. Since the proposed pilot project will involve the testing of RPP TOU prices within the context of three residential condominiums that have been sub-metered, and since no other pilot program in Ontario is currently testing prices in condominiums, the proposed pilot project is complementary in nature to the other TOU commodity pricing projects operating in Ontario.

The proposal contemplates having the proposed pilot project results independently evaluated. The proposal also includes a commitment to share the results of the proposed pilot project with the Board. Lastly, Oakville Hydro has stated that it will allow customers to opt out of participating in the proposed pilot project.

As noted above, the attribute that makes the proposed pilot project unique and sets it apart from the pilot projects of the Board and Newmarket Hydro is that the proposed pilot project would involve bulk-metered condominiums which have been sub-metered. The Board is of the view that it would be useful to gain knowledge regarding how electricity usage changes in response to TOU pricing in such cases. With most condominiums currently bulk-metered in Ontario, sub-metering alone is expected to

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have an impact on a consumer's consumption. This is primarily due to the relative lack of incentive to use electricity efficiently when the cost of electricity is included in the common element fee for condominiums. The application of TOU pricing is also expected to have an incremental impact on electricity usage. If the appropriate analysis is undertaken, the proposed pilot project has the potential to both isolate and aggregate the benefits of:

- (a) sub-metering alone; and
- (b) sub-metering plus RPP TOU pricing.

As stated above, the Board's approval is subject to a few conditions.

1. Firstly, customers must be informed of their right to opt out of the proposed pilot project.
2. Secondly, Oakville Hydro is required to consult Board staff before the independent analysis referenced above is carried out in order to ensure consistency with the analytical approach being used by the Board and Newmarket Hydro in relation to their pilot projects. Since certain costs will be incurred in order to implement the proposed pilot project, it is important that the benefits realized from the proposed pilot project be maximized. If Oakville Hydro's proposed pilot project evaluation is not consistent with the analytical approach being used for the Board's Ontario Smart Price Pilot project and Newmarket Hydro's TOU pricing pilot, it would reduce the benefits of the proposed pilot project.
3. Thirdly, Oakville Hydro's results from the proposed pilot project must be shared with the Board.
4. Lastly, if there are any material changes to the proposed pilot project, Oakville Hydro must inform the Board of those material changes.

The Board finds that the proposed pilot project is in the public interest. The Board approves the proposed pilot project subject to the conditions set out above.

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**DATED** at Toronto, December 1, 2006

**ONTARIO ENERGY BOARD**

*Original Signed By*

Pamela Nowina  
Presiding Member and Vice Chair