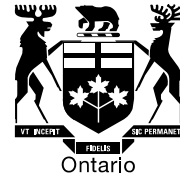


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## **BY E-MAIL AND WEB POSTING**

December 6, 2010

**To: All Licensed Electricity Distributors  
All Licensed Electricity Retailers  
All Participants in Consultation Process EB-2007-0672  
All Other Interested Parties**

**Re: Consultation on Regulated Price Plan Time-of-Use Pricing  
Board File No.: EB-2010-0364**

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On October 18, 2010, the Board announced that it was commencing a consultation on the price setting methodology and structure of time-of-use (“TOU”) prices under the Regulated Price Plan (“RPP”). As stated in the Board’s October 18, 2010 letter, this initiative to review the RPP, and in particular TOU pricing, was identified as part of the Board’s 2010-2013 Business Plan issued in April 2010 and is intended to ensure that the design of TOU prices is fair and meets the objective of ultimately reducing overall power system costs.

This letter sets out further detail regarding the consultation and how to participate in it.

### **Consultant’s Report**

As indicated in the Board’s October 18, 2010 letter, the Board has retained The Brattle Group to prepare an analysis of the current TOU pricing structure and price setting methodology, and of the impact of alternative options that could be considered by the Board going forward, using customer data from a representative group of Ontario distributors. The Board expects that The Brattle Group’s report will be available shortly, and will be posted in advance of the stakeholder meeting referred to below.

## Stakeholder Meeting and List of Issues

As also indicated in the Board's October 18, 2010 letter, a stakeholder meeting will be held to provide interested parties with an opportunity to ask questions of The Brattle Group regarding their report, and to provide their views on issues relevant to this consultation.

The stakeholder meeting will take place on **Tuesday, December 21, 2010** in the Board's West Hearing Room on the 25<sup>th</sup> floor at 2300 Yonge Street, and will commence at **10:00 a.m.** The meeting will also be webcast, and further instructions regarding participation by webcast will be issued in due course.

To stimulate discussion at the stakeholder meeting, Board staff has prepared the list of issues set out in Appendix A to this letter. The list is not intended to be exhaustive, and the Board encourages participants to identify additional issues that they believe should be examined in this consultation.

Persons interested in participating in the stakeholder meeting are asked to send an e-mail to Stephen Vetsis at [Stephen.Vetsis@oeb.gov.on.ca](mailto:Stephen.Vetsis@oeb.gov.on.ca) by December 15, 2011. Please include file number EB-2010-0364 in the subject line of your e-mail.

## Invitation to Comment

The Board invites written comment from all interested parties on the analysis set out in The Brattle Group's report, as well as on the issues listed in Appendix A and any others discussed at the stakeholder meeting. Written comments should be submitted by **January 10, 2011** in accordance with the filing instructions set out below.

## Next Steps

Board staff will prepare a staff report to the Board with staff's summary of the consultations and proposals for any changes to the TOU price structure and/or price-setting methodology. This staff report will be posted for stakeholder comment. Following receipt of comments from interested parties, the Board will advise interested parties regarding any material changes that it proposes to make to the TOU price structure and/or price setting methodology. Any changes to the Standard Supply

Service Code will be effected through the necessary notice and comment process, and material revisions to the Board's RPP Manual will similarly be issued for comment.

### **Cost Awards**

Cost awards will be available to eligible persons under section 30 of the *Ontario Energy Board Act, 1998* in relation to their participation in this consultation process. The costs to be awarded will be recovered from all rate-regulated licensed electricity distributors based on their respective distribution revenues. **Appendix B contains important information regarding cost awards for this consultation, including in relation to eligibility requests and objections, and eligible activities.** In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

### **Filing Material with the Board and Posting of Materials Received**

Two (2) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto, Ontario M4P 1E4

Please submit electronic copies of your filings in searchable/unrestricted Adobe Acrobat (PDF) format through the Board's web portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca). You will need a user ID for this. If you do not have a user ID, visit the "e-filings services" webpage on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca), and fill out a user ID password request. Please use the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at [boardsec@oeb.gov.on.ca](mailto:boardsec@oeb.gov.on.ca).

If you do not have internet access, please provide a CD or diskette containing your filing in PDF format.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2010-0364** and include your name, address, telephone number and, where available, your e-mail address and fax number.

All written comments and filings relating to cost awards received by the Board in relation to this consultation will be available for viewing at the Board's offices and will be placed on the Board's website.

If the written comment or request for cost award eligibility is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the written comment or request available for viewing at the Board's offices or placing the written comment or request on the Board's website, the Board will remove any personal (i.e., not business) contact information from the written comment (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the written comment or cost award eligibility request will be available for viewing at the Board's offices and will be placed on the Board's website.

Any questions regarding this consultation process should be directed to Russell Chute at [Russell.Chute@oeb.gov.on.ca](mailto:Russell.Chute@oeb.gov.on.ca) or at 416-440-7682. The Board's toll-free number is 1-888-632-6273.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary

Attachments:

Appendix A - List of Issues  
Appendix B – Cost Awards

## Appendix A

### List of Issues Identified by Board Staff

#### 1. Structural Issues

- Are the current three price periods still appropriate given changes in Ontario's electricity demand profile and supply mix? What are the advantages/disadvantages of fewer price periods? Are there significant system cost issues associated with changing the number of price periods?
- Is the current seasonal structure appropriate on a go forward basis? Does the change in Ontario's peak demand and the supply mix affect the seasonal nature of TOU? Are there significant system cost issues associated with changing the approach to seasonality?
- Given that the Ontario electricity system is summer peaking, would it make sense to adopt a structure which specifically addresses the summer peak. i.e., a summer only super peak or critical peak pricing that operated during predetermined peak hours? What type of costs would be associated with implementing such a system?

#### 2. Price Setting Methodology

- The Board has established in the RPP Manual target ratios of 1:2:3, are these targets still appropriate?
- Should the Board increase its focus on the price ratios when setting prices or continue emphasizing RPP supply cost recovery as the primary objective? To achieve the target ratios, should the Board focus on one price, i.e., increase peak prices or decrease off-peak prices?
- What are the advantages or disadvantages of differentiating the recovery of the variance account such that the variance account balances could be used to either enhance price ratios or buffer consumer bill impacts through accelerated or decelerated recovery?
- Currently the Board allocates forecast Global Adjustment ("GA") costs to be recovered in the price period, which relates to the portion of the load curve that the GA-eligible contract serves. Should the Board continue this practice? If not, what other method should the Board use to recover forecast GA costs?
- Should the Board use the GA cost assignment to enhance the time of use price ratios regardless of "cost causality"?

## Appendix B

### Cost Awards

#### Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person requesting cost eligibility must file with the Board a written submission to that effect by **December 13, 2010**, identifying the nature of the person's interest in this process and the grounds on which the person believes that it is eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board's website.

Rate-regulated licensed electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. If an electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **December 16, 2010**. Any objections will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting participants.

#### Eligible Activities

Cost awards will be available to eligible persons in relation to their participation in this consultation as follows:

1. Preparation for, attendance at and reporting on the stakeholder meeting, to a maximum of actual meeting time plus 50% of meeting time for preparation and reporting.
2. The provision of written comments on the analysis set out in The Brattle Group's report, the issues listed in Appendix A and any other issues discussed at the stakeholder meeting, to a **maximum of 30 hours**.
3. The provision of written comments on Board staff's report to the Board, to a **maximum of 30 hours**.

#### Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that

groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the Board's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) on the "Rules, Guidelines and Forms" webpage.