



April 14, 2020

**BY WEB POSTING**

**To: All Interested Parties**

**Re: Regulated Price Plan for May 2020**

**November 1, 2019 Prices and Winter Time-of-Use Periods and Tier Threshold Remain in Place**

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The Ontario Energy Board (OEB) has determined that electricity commodity prices under the Regulated Price Plan (RPP) will not be reset at this time, and that the winter time-of-use (TOU) price periods and tier threshold will remain in place. For consumers on TOU pricing, this means that the RPP prices as set by the OEB for November 1, 2019 will apply once the emergency TOU pricing implemented by the government ceases to have effect,<sup>1</sup> and that those prices will be applied based on the winter TOU price periods. Consumers on tiered pricing will see no change relative to the RPP prices and tier threshold in effect today.

The OEB is required by legislation to set RPP prices at least once a year, with a view to ensuring that the prices recover the forecast cost of supplying electricity to RPP consumers.<sup>2</sup> The OEB last set RPP prices on October 22, 2019, for the period November 1, 2019 to October 31, 2020.<sup>3</sup> Pursuant to the OEB's RPP Manual, the OEB reviews RPP prices every six months to determine if they need to be adjusted.

Normally, the six-month review is underpinned by an updated supply cost forecast. As recognized in the [April 3, 2020 letter](#) to the OEB from the Minister of Energy, Northern Development and Mines, the unprecedented uncertainties associated with the ongoing COVID-19 emergency cast significant doubt on the reliability of forecasting supply costs

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<sup>1</sup> Emergency Order issued on March 24, 2020 under the *Emergency Management and Civil Protection Act*.

<sup>2</sup> *Ontario Energy Board Act, 1998*, s. 79.16; O. Reg. 95/05 (Classes of Consumers and Determination of Rates), s. 6(1).

<sup>3</sup> *Regulated Price Plan Report*, October 22, 2019.

or consumer demand. The OEB therefore considers that the prudent course is to leave RPP prices at the levels at which they were set on November 1, 2019.

The OEB has also determined that it is appropriate to leave the winter pricing structures in place beyond May 1, 2020. Normally, the pricing periods for RPP consumers on TOU pricing (on-peak, off-peak and mid-peak) change twice a year. For the winter season (November 1 to April 30), the on-peak periods on weekdays are 7 AM to 11 AM and 5 PM to 7 PM, while the mid-peak period is 11 AM to 5 PM; in summer (May 1 to October 31), the on-peak and mid-peak periods are inverted. Similarly, the tier threshold for residential RPP consumers on tiered pricing normally changes twice a year on a seasonal basis: from 1,000 kWh per month during the winter season (November 1 to April 30) to 600 kWh per month during the summer season (May 1 to October 31). The threshold for non-residential RPP consumers remains constant at 750 kWh per month for the entire year.

For consumers on tiered pricing, retaining the winter tier threshold of 1,000 kWh per month means that up to 400 kWh more consumption will be charged at the lower tier price. For consumers on TOU pricing, retaining the winter TOU periods means that the mid-peak rather than the higher on-peak price will apply in the afternoon, which can be a time of high electricity use for consumers at home especially during the summer. The OEB acknowledges that its decision to extend the application of the winter pricing structures has the potential to result in the under-recovery of supply costs that will eventually need to be recovered from RPP consumers through higher RPP prices in the future. However, given current uncertainties, the OEB is of the view that providing a measure of price stability and smoothing the recovery of any shortfall over future periods is in the best interests of consumers, and contributes to the government's efforts to support consumers when they are staying home as outlined in the Minister's letter.

The OEB will monitor the impact of the COVID-19 emergency on supply costs and electricity demand and may make pricing adjustments prior to November 1, 2020 if warranted.

Any questions relating to this letter should be directed to the OEB's Industry Relations Enquiry e-mail at [IndustryRelations@oeb.ca](mailto:IndustryRelations@oeb.ca).

Yours truly,

*Original Signed By*

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