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BY EMAIL AND WEB POSTING

February 28, 2019

**To: All Licensed Electricity Distributors
All Electricity Retailers
All Other Interested Parties**

**Re: Release of OEB staff research paper *Examination of Alternative Price Designs for the Recovery of Global Adjustment Costs from Class B Consumers in Ontario*
Ontario Energy Board File No. EB-2016-0201**

In 2015, the OEB published the [Regulated Price Plan \(RPP\) Roadmap](#). The *Roadmap* sets out a multi-year plan to redesign the RPP to better respond to policy objectives, improve system efficiency, enhance consumer literacy and understanding to better empower customers and give them greater control. To this end, the OEB launched a number of pilot projects testing alternative RPP price plans and other features last year.

Another key element of the plan is evaluating how to improve the way in which Global Adjustment (GA) costs are collected through electricity prices paid by consumers. The *Roadmap* points out that the price signal RPP time-of-use customers face gives an enhanced incentive for providing demand response relative to the uniform GA cost that a non-RPP Class B consumer must pay regardless of the time that power is consumed. *The Roadmap* proposes that a consistent approach to the recovery of GA costs from Class B consumers would be more equitable and could underpin the development of a range of price options that could more effectively address consumer expectations.

As a step towards improving electricity pricing structures, the OEB today released a staff research paper entitled [Examination of Alternative Price Designs for the Recovery of Global Adjustment Costs from Class B Consumers in Ontario](#). This paper describes analytical research evaluating a variety of generic GA pricing options on the basis of economic efficiency and consumer cost impact. The analysis considers all Class B consumers, both those who are enrolled in the RPP and those who are not.

OEB staff intends to solicit comments from interested parties – including, specifically, organizations which represent commercial customers – within the electricity sector on the

policy and economic merits of alternative price designs for recovering GA costs, especially in the context of those customers who pay GA costs directly.

Supported by the options analysis developed in the paper, OEB staff also intends to engage with a range of consumers and consumer groups to better understand their priorities and preferences regarding pricing as well as considerations such as the feasibility of integrating demand response into their business processes. It will also conduct further impact analysis at the consumer level, including looking at the impacts by business type, geography and other potentially relevant factors. The results of RPP pilots, when available, will also inform further pricing work as it pertains to residential and other low-volume consumers.

These steps are key inputs to the development of a robust framework for future price plans for all Class B customers. Such a framework is expected to include new pricing plan(s) for customers eligible for the RPP. Potential also exists for a proposal for a revised pricing framework for other Class B customers. As indicated in the Roadmap, the OEB is committed to working with the government and the Independent Electricity System Operator (IESO) to put in place a pricing framework for all Class B customers that better supports policy objectives, promotes efficiency and enhances customer control.

Stakeholder Event Details and Invitation for Written Comments

To discuss the methodology and results of the paper and to answer any questions interested parties may have, the OEB will host a **stakeholder meeting** on **March 21, 2019** in the West Hearing Room, 25th floor, 2300 Yonge Street, Toronto from 2:00 p.m. to 4:00 p.m. It will be broadcast over the web to allow remote participation.

Stakeholders who intend to participate in the meeting are asked to email notice of their intention to ruta.budininkas@oeb.ca by **March 14, 2019**. Emails should include “EB-2016-0201 Class B GA Discussion Paper” in the subject line and provide the following information:

- participant / organization name;
- name(s) of attendees to be registered;
- whether the participant intends to attend in person or by web; and
- a contact name, telephone number and e-mail address.

Materials for this event will be posted on the OEB’s website.

All interested parties are welcome to submit written comments on the staff research paper by **April 18, 2019**.

Cost Award Matters

Cost awards will be available to eligible participants under section 30 of the *Ontario Energy Board Act, 1998* for a) participation in the stakeholder meeting and/or b)

submission of written comments as set out in this letter. Costs awarded will be recovered from all licenced electricity distributors. Further information regarding cost awards is included in Attachment A to this letter.

Submitting Comments on the Staff Research Paper

The OEB requests that interested parties make every effort to provide electronic copies of their filings on the staff research paper in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice/>. A user ID is required to submit documents through the OEB's web portal. If you do not have a user ID, please visit the "e-filings services" services" [webpage](#) on the OEB's website at www.oeb.ca, and fill out a user ID password request.

In addition, interested parties are requested to follow 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 OEB's web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@oeb.ca or by mail to the address below. Those who do not have computer access are required to file two (2) paper copies.

Filings to the OEB must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number EB-2016-0201 and include your name, address, telephone number and, where available, your e-mail address and fax number. All filings received by the OEB in relation to this consultation will be available for viewing at the OEB's offices during normal business hours and will be placed on the OEB's website.

If the filing is from a private individual (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 filing available for viewing at the OEB's offices or placing the filing on the OEB's website, the OEB will remove any personal (i.e., not business) contact information from the written comment (e.g., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the filing will be available for viewing at the OEB's offices and will be placed on the OEB's website.

ADDRESS:

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

Attention: Board Secretary

Any questions relating to this initiative should be directed to Justin Malecki at Justin.Malecki@oeb.ca or at 416-544-5178. The Board's toll-free number is 1-888-632-6273.

Sincerely,

Original signed by

Kirsten Walli
Board Secretary

Attachment: Appendix A Cost Awards Matters

Appendix A Cost Award Matters

Cost Award Eligibility

The OEB will determine eligibility for costs in accordance with its [Practice Direction on Cost Awards](#). Any person intending to request an award of costs must file with the OEB a written submission to that effect by **March 12, 2019**. The submission must identify the grounds on which the person believes that it is eligible for an award of costs (addressing the OEB's cost eligibility criteria as set out in section 3 of the *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 OEB's website.

If an OEB licensed electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the OEB by **March 18, 2019**. Any objections will be posted on the Board's website. The OEB will then make a final determination on the cost eligibility of the requesting participants.

Eligible Activities

Cost awards will be available in relation to the submission of written comments on the staff research paper and participation in the associated stakeholder meeting.

The maximum number of hours allowed per participant for the eligible activities are:

Written Comments on staff research paper	12 hrs
Preparation, Attendance and Reporting on Stakeholder Meeting.....	6 hrs

Cost Awards

When determining the amount of the cost awards, the OEB will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Cost Awards Tariff will also be applied. The OEB 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. In accordance with section 12 of its *Practice Direction on Cost Awards* 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 OEB's *Practice Direction on Cost Awards*.