

Enabling Customer Choice for RPP TOU Customers

EB-2020-0152

- Please mute yourself when entering the meeting.
- Participants will then be able to unmute themselves if they wish to speak.
- To ask questions or provide comments please use the chat feature. Address questions to All Participants.
- When the moderator calls your name, ask your question via audio by unmuting yourself.
- Please state your name and organization when speaking.

Enabling Customer Choice for RPP TOU Customers

Stakeholder Meeting

June 9, 2020

EB-2020-0152

Agenda

- 9:30 a.m. – Welcome and logistics
- 9:45 a.m. – Presentation and discussion
- 10:45 a.m. – Break
- 11:00 a.m. – Presentation and discussion
- 12:00 p.m. – End

Background and Context

- On June 1, 2020, the government announced that it intends to introduce customer choice for consumers on the RPP who pay TOU prices.
- This initiative would allow RPP TOU customers to opt out of TOU pricing in favour of tiered prices starting November 1, 2020.
- The Ministry of Energy, Northern Development and Mines has indicated that it is looking to the OEB to develop, in consultation with electricity distributors and other stakeholders as appropriate, the rules to implement the customer choice initiative.

Purpose

- The purpose of this consultation is for stakeholders to provide input to OEB staff in order to inform the rules that the OEB will develop to implement customer choice
- Proposed amendments to Codes will be issued for comment by all interested stakeholders
- In order to achieve a November 1, 2020 implementation date, it is important for this consultation to move forward on an expedited basis

Objectives

The objectives for implementing customer choice are to:

- Ensure that the TOU opt-out mechanism is in place for November 1
- Smooth the transition between price structures for customers
- Smooth the implementation for regulated entities – including finalizing the rules as early as feasible
- Minimize costs of implementation
- Maximize consistency of implementation across the province
- Support informed decision-making by customers – what their options are and how to choose the price structure that is best for them

Topics for Discussion

- The topics for discussion at today's meeting include:
 - What needs to happen November 1?
 - Process design
 - Frequency of switching
 - Dependencies and critical path - including billing systems
 - Customer-facing information
 - Approach to work

What Needs to Happen on November 1?

What Needs to Happen on Nov 1?

According to the government's June 1, 2020 news release:

“Starting November 1, 2020, customers will be able to choose a plan that best suits their household and lifestyle with the option of either TOU electricity rates or tiered pricing, which will provide a set rate for electricity up to a certain level of consumption.”

What Needs to Happen on Nov 1?

Customers are switched from TOU to tiered as of the first day of the billing period that starts on or after November 1, provided they have given required notice

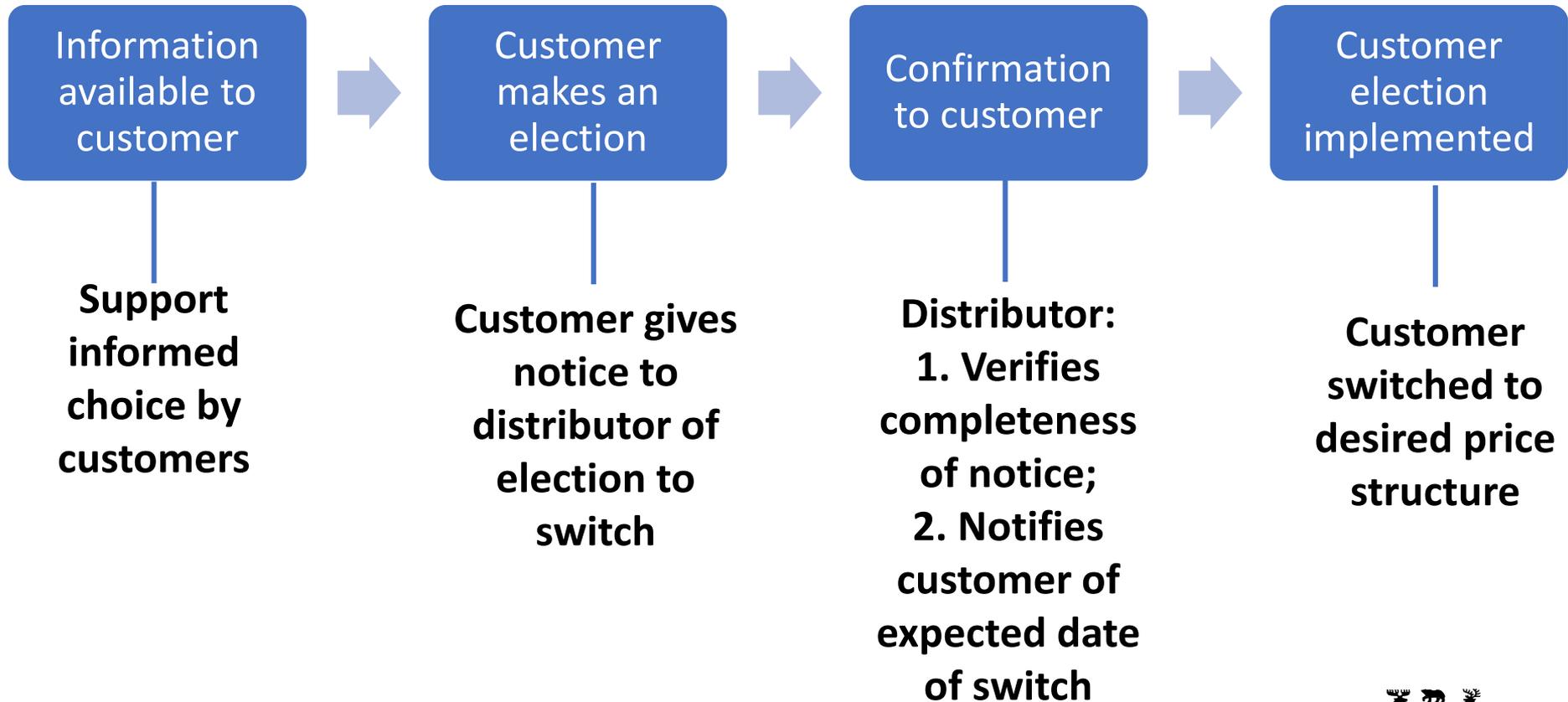
- Provides customer choice starting November 1
- Use of billing period facilitates implementation and can help to manage volumes of change
 - Avoids all early elections to tiered being implemented on November 1
- As a complement, options for delivering a seamless price transition between November 1 and the date of switch will be explored as part of RPP price setting
 - This may help customers, who will have been on fixed pricing since late March

What Needs to Happen on Nov 1?

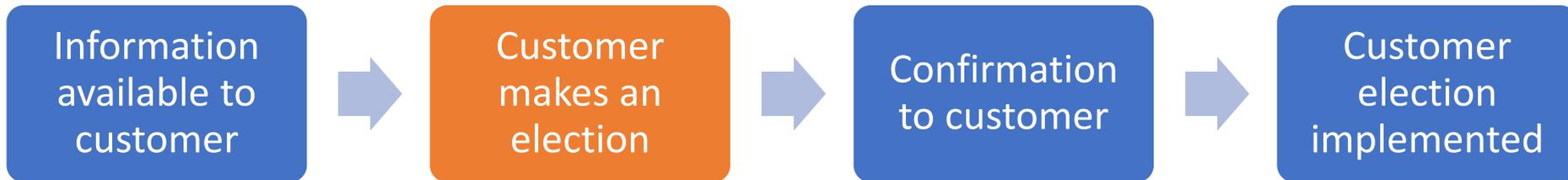
- Any questions about this approach?
- What other issues or context require consideration?

Process Design

Process Design

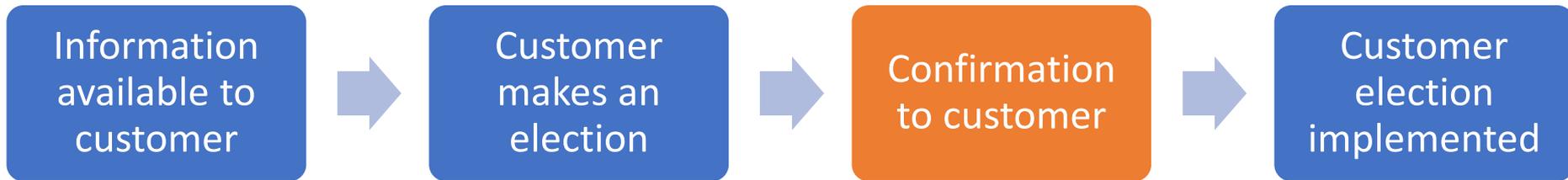


Customer Election



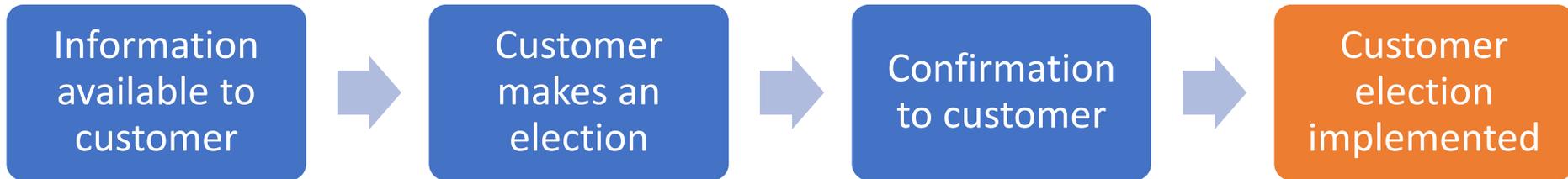
- What is the minimum amount of information required from a customer?
- What options should be available for giving notice of election (i.e., e-mail, mail, telephone etc.)
- What features should the election form have to make the election process as simple and efficient as possible?

Confirmation to Customer



- Two steps:
 - review a customer election for completeness
 - confirm with customer that election has been accepted and indicate when the switch will take effect
- How long would each step take?

Customer Election Implemented



Staff's view: For discussion

Elections should only be processed prospectively – i.e., the change in price structure would apply starting only as of a future date (or future billing period). The change in price structure should not be applied back to the beginning of the billing period in which the election is received.

Customer Election Implemented

- Based on similar kinds of changes that take place today (e.g. switching from RPP to spot or vice versa), what is the minimum time in which a customer switch can take effect once the customer's election is accepted as complete?

Frequency of Switching

Frequency of Switching

RPP Prices set by the OEB November 1, 2019

| TOU RPP Prices | Off-peak | Mid-peak | On-peak | Average price |
|----------------------|----------|----------|---------------|---------------|
| Price per kWh | 10.1¢ | 14.4¢ | 20.8¢ | 12.8¢ |
| % of TOU Consumption | 64% | 18% | 18% | |
| Tiered RPP Prices | Tier 1 | Tier 2 | Average price | |
| Price per kWh | 11.9¢ | 13.9¢ | 12.8¢ | |
| % of TOU Consumption | 55% | 45% | | |

- What is the minimum time a customer should be required to spend on the selected price structure following an election; in other words, the permissible frequency of opting out of and back into TOU pricing?
 - Even though RPP price structures are set to recover the same average cost, customers may pay less or more under one structure than another.
 - Seasonal consumption patterns can drive significant differences in cost consequences. This may incent customers to switch frequently.
- Should there be more flexibility early on, to accommodate the risk that some customers' choices may not be well-informed?

Dependencies and Critical Path

Billing Systems – Types of Changes

The introduction of customer choice suggests that new billing system capabilities will need to be developed.

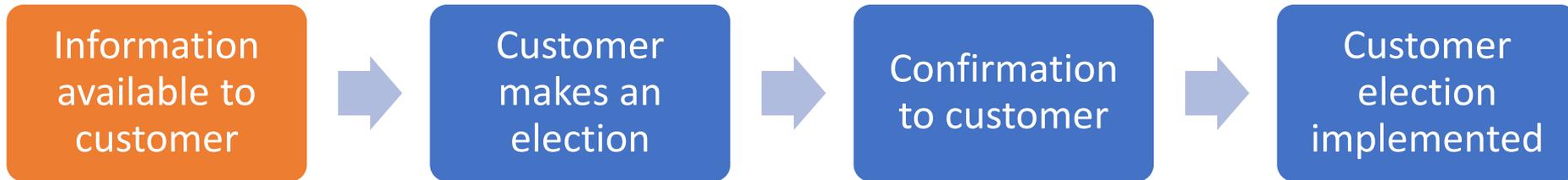
- What new functionality needs to be introduced to enable TOU customers to switch pricing plans?
 - To what degree does the scope of new functionality vary according to how customer choice is implemented?
 - To what degree does the scope of new functionality required vary by billing system provider/software?
- What are the main drivers of the cost of changes? Are there some implementation choices that are likely to be lower cost to implement?

Billing Systems – Timing of Changes

- With a November 1 implementation date, what kind of timeline is required for billing system changes?
- Are any changes to common systems required, such as those administered by the Smart Metering Entity?
- Are some types of billing system changes more critical than others, and for which the rules therefore need to be defined earlier?

Customer-Facing Information

Customer-Facing Information



- The information available to customers is a large topic which will be covered at separate meeting(s) with stakeholder communications staff in attendance.
- Two general topics to discuss today:
 - What might customers be looking for?
 - To what extent is it feasible for customized analysis to be made available to customers via existing channels to support informed customer choice?

Approach to Work

Approach to Work

- The plan is to stage and stagger the work:
 - As a primary step, identify and focus on those items that need to be the subject of requirements (e.g., minimum notice, effective date of switch, switching frequency)
 - Move to other items (e.g., development of customer information materials, etc.)

Working Group Meetings

- Propose to proceed with Working Group and subgroup meetings. Proposed WG subgroups:
 - Processing of customer election and billing systems
 - Customer information materials
- Dates, timing and specific topics for discussion to follow. For now the proposed dates and topics are as follows:

| Date | Topic |
|--|------------------------------------|
| Tuesday, June 16 – 9:30 a.m. – 3 p.m. | Customer election |
| Thursday, June 18 - 9:30 a.m. – 3 p.m. | Implementing the customer election |
| Tuesday, June 23 – 9:30 a.m. – 3 p.m. | TBD |
| Thursday, June 25 - 9:30 a.m. – 3 p.m. | TBD |

- All interested parties will have the opportunity to comment on proposed code amendments through the notice and comment process
- Separate meetings may be held with retailers and USMPs to address issues and new regulatory requirements that are unique to them

- OEB Consultation: EB-2020-0152
- Project webpage: <https://www.oeb.ca/industry/policy-initiatives-and-consultations/implementing-process-enabling-customers-opt-out-time>