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June 1, 2020

BY E-MAIL AND WEB POSTING

**To: All Licensed Electricity Distributors
All Licensed Unit Sub-Meter Providers
All Licensed Electricity Retailers
Independent Electricity System Operator
All Other Interested Parties**

Re: Changes to Pricing for Time-of-Use Customers

On May 30, 2020, the Government of Ontario announced changes to the electricity price that consumers on time-of-use (TOU) pricing under the Regulated Price Plan (RPP) will pay. Starting June 1, 2020, RPP consumers on TOU pricing will pay a fixed price of 12.8 ¢/kWh, which the government refers to as the COVID-19 Recovery Rate, for electricity consumed in any hour of the day, on any day of the week. The government has stated that this price will be in effect until October 31, 2020.

The 12.8 ¢/kWh COVID-19 Recovery Rate replaces the emergency price of 10.1 ¢/kWh, which was introduced by way of an Emergency Order under the *Emergency Management and Civil Protection Act* on March 24, 2020 and which expired at the end of the day on May 31, 2020.¹ The 12.8 ¢/kWh price is equivalent to the forecast average cost of supply for RPP consumers for the November 1, 2019 to October 31, 2020 period as set out in RPP Price Report issued by the Ontario Energy Board (OEB) on October 22, 2019.

This letter provides guidance to distributors and other regulated entities on the implementation of this price change.

¹ That Emergency Order was amended to introduce the COVID-19 Recovery Rate effective June 1, 2020.

On June 1, 2020, the government announced its intent to enable customer choice, an initiative that would allow RPP TOU customers to opt out of TOU pricing and to pay tiered prices instead. This flexibility is expected to be available to RPP TOU consumers on November 1, 2020. The Ministry of Energy, Northern Development and Mines has indicated that the government will be looking to the OEB to develop, in consultation with distributors and other stakeholders as appropriate, the rules to enable customer choice. Further details regarding the OEB's plans in that regard will be available shortly.

Electricity Distributors

Distributors must ensure that their invoices reflect 12.8 ¢/kWh as the price for each of the on-peak, mid-peak and off-peak periods for electricity consumed starting from the beginning of the day on June 1, 2020 until the end of the day on which the COVID-19 Recovery Rate ceases to have effect.

The change from 10.1 ¢/kWh to 12.8 ¢/kWh will not affect the manner in which distributors settle with the Independent Electricity System Operator (IESO).

To assist distributors with the implementation of the change from 10.1 ¢/kWh to 12.8 ¢/kWh, the IESO, in its capacity as the Smart Metering Entity, is implementing an automated global price change process. This is the same process used for the regular seasonal price changes, so distributors will not need to submit segmented bill requests to reconcile their billing cycle submissions for the correct pricing period.

Distributors are also reminded that the winter TOU price periods remain in place, as [announced](#) by the OEB on April 14, 2020. In that announcement, the OEB also confirmed that tiered prices as set for November 1, 2019 and the winter tier threshold for residential customers will remain in place.

Distributors are referred to the guidance provided by the OEB on [March 24, 2020](#) in respect of the emergency TOU pricing. In particular, distributors are reminded of the importance of customer communication. The OEB confirms that the requirement under section 3.8.1 of the Standard Supply Service Code for distributors to post a notice of an RPP price change on their website 15 days in advance does not apply in the circumstances. Nevertheless, the OEB expects every distributor to advise its TOU customers of the COVID-19 Recovery Rate by means of a posting on its website as a minimum, for as long as that pricing remains in effect. Distributors should also make their best efforts to inform customers by other mechanisms, such as social media and e-mail, in order to reduce the number of customer enquiries. The OEB has prepared

materials regarding the introduction of the COVID-19 Recovery Rate and can make those available to distributors and other regulated entities on request.

Unit Sub-Meter Providers (USMPs)

USMPs are reminded that they must pass on the pricing change to their customers. Where a building served by a USMP is on RPP TOU prices, the USMP must ensure that the COVID-19 Recovery Rate of 12.8 ¢/kWh, which applies to each of the on-, mid- and off-peak periods and will be reflected on the bulk bill from the distributor, is flowed through to the USMP's customers.

Retailers

The COVID-19 Recovery Rate does not apply to consumers who have a contract with an electricity retailer. However, as explained in the OEB's March 24, 2020 letter, the OEB would consider it an unfair practice within the meaning of the *Energy Consumer Protection Act, 2010* if a retailer did not explain the COVID-19 Recovery Rate on their websites and in any other communications with low-volume customers prior to entering into a contract while the COVID-19 Recovery Rate is in effect.

Closing

Any questions relating to this letter should be directed to the OEB's Industry Relations Enquiry e-mail at IndustryRelations@oeb.ca. Please include "COVID-19 Recovery Rate" in the subject line.

Yours truly,

Original Signed By

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Vice President
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