Electric Vehicle Charger Discount Electricity Rate (EVC Rate) – Presentation Q&A

Stakeholder Meeting on June 13, 2024

Question & Answer Posted on June 21, 2024

Questions following (or based on) Power Advisory presentation on revised analysis:

1. As a part of your analysis, was there an examination of the Retail Transmission Service Rates (RTSR) for several/all electricity distributors. Can you share what the variation was, and what type of distributor (rural, remote, large, etc.) had a lower RTSR?
    - Yes, we did look at the current RTSR for all distributors. Please refer to the posted Power Advisory Addendum 1. There was no meaningful theme in terms of variation in RTSR and type of distributor, but details are provided in the addendum.
2. When you are trying to calculate the contribution to coincident peak for EV chargers, was your analysis able to account for the reality that many chargers, particularly along 400-series highways, are mainly used on weekends (as opposed to weekdays)? If yes, is that something you're able to fully account for, or only partially account for?
    - We did account for weekday versus weekend charging and that was in our data. However, for this analysis, we focused in on the weekdays only because when we looked at the transformer stations on the bulk system, they will typically peak on weekdays. As a result, the weekend contribution from public fast chargers is unlikely to have an impact on the coincident peak for the station as a whole.
3. What is the number of customers that could be impacted with the new rate? How many customers are eligible today and what are the projections for the next number of years?
    - Power Advisory used data from the Natural Resources Canada Electric Charging and Alternative Fuelling Stations Locator to estimate the number of DC fast charging stations and ports currently operating. See Note 6 in Power Advisory Addendum 1. As of April 1, 2024, there were 525 stations offering DC fast charging in Ontario and a total of 1,538 ports. These numbers have been growing at an annualized rate of approximately 25-30%, which we assumed would continue through 2026 in the bill impact analysis. Please note the data source includes all stations collected by NRCAN. Some stations may not meet the OEB’s proposed eligibility requirements.
4. Through discussions with EV charging station service providers, how many would opt in?
    - It is difficult to speculate on how many would opt in, but we anticipate eligible facilities would be motivated to participate, given the bill reduction. The opt-in nature of this rate

is, in part, to reduce administrative burden on distributors, since the distributor does not otherwise have visibility on end-use.

5. Did you conduct any analysis on what bill impacts for other customers might be based on the different design decisions listed?
    - Yes. We looked at multiple different options and permutations and presented details on the bill impacts for other non-participating customers in Power Advisory Addendum 1.
6. Did the calculations for estimated total bill impact for participants assume eligibility for the Ontario Electricity Rebate?
    - In the bill impact calculations, Power Advisory assumed that participants would not be eligible for the Ontario Electricity Rebate. When considering the results of the bill impact assessment, we focused on relative change in a customer's bill (i.e., the % change), which would not be affected by this rebate.
7. Are we able to see the bill impacts and the assumptions used for each of the three options? Using either the Bill Impact Model or the OEB calculator which is how customers would see them?
    - Table 6 in the Power Advisory Addendum reflects the bill impacts for option 2c using different parameters. The table below adds the bill impacts for options 2a and 2b.

Bill Impact Savings of Low Load Factor Rates for 300kW Public DCFC, Various Load Factors, Compared to Status Quo

Option 2a

Load Factor	Minimum ($/kWh)	Average ($/kWh)	Maximum ($/kWh)	Minimum (%)	Average (%)	Maximum (%)
5%	0.077	0.130	0.196	12%	30%	40%
10%	0.039	0.065	0.098	11%	23%	31%
15%	0.026	0.043	0.065	10%	19%	26%

Option 2b

Load Factor	Minimum ($/kWh)	Average ($/kWh)	Maximum ($/kWh)	Minimum (%)	Average (%)	Maximum (%)
5%	0.080	0.135	0.204	13%	31%	42%
10%	0.037	0.062	0.094	10%	23%	30%
15%	0.023	0.039	0.058	9%	17%	23%

Option 2c

Load Factor	Minimum ($/kWh)	Average ($/kWh)	Maximum ($/kWh)	Minimum (%)	Average (%)	Maximum (%)
5%	0.081	0.136	0.206	13%	31%	42%
10%	0.037	0.062	0.093	10%	22%	30%
15%	0.022	0.037	0.056	8%	17%	22%

Questions following OEB staff presentation on proposal:

8. Uniform Transmission Rate (UTR) allocation to each class of customers has not been done for many years. Does the OEB have plans to do a more thorough allocation of transmission costs by customer class?
    - Yes, the OEB intends to do a more general review of RTSR rates in the future. This EV Delivery Rates consultation will be one of the inputs into that review.
9. If a parking lot is restricted to employees, is it considered publicly accessible? Would EV charging stations qualify for the new rate in this scenario?
    - Yes, these EV charging stations would qualify for the new rate under OEB staff's proposal. Please refer to page nine of the OEB Staff Discussion Paper.
10. Would condos be eligible?
    - Yes. Please refer to page nine of the Staff Discussion Paper.
11. Is the eligibility factor (based on projections) also contingent on the number of EV adopters by January 1, 2026?
    - No, it was not a consideration.
12. Can a distributed energy resource (e.g., generation or storage) be connected alongside EV charging stations and its meter, to further reduce demand? Would net metering rules apply?
    - We remain open-minded and welcome feedback from stakeholders.
13. If the issue is how low load factor DCFCs contribute disproportionately to RTSRs related to their contribution to coincident peak demand, was consideration given to only apply the rate design options to the Network RTSR, since Network UTRs are charged based on coincident peak demand, vs. Connection which are charged based on non-coincident peak demand?
    - Although Network and Connection elements of UTR have different bases, even the Connection UTR is based on the peak demand at the Transmission Delivery Point (i.e., the transformer station). Accordingly, the rationale for a reduced RTSR applies to both the Network and Connection elements of the UTR.
14. There are two different RTSR rates: Transmission Network and Transmission Connection. The Transmission Network for the General Service (GS)>50 kW class is based on the 7 a.m. – 7 p.m. weekday peak in the month, and the Transmission Connection is based on peak for the month (any time). Would it also be expected that the EVC Transmission Network rate also be determined using the 7 a.m. – 7 p.m. weekday rate?
    - OEB staff proposes that LDCs should bill the EV rate RTSR to its customers on the same demand basis that they bill the base RTSRs. OEB staff welcomes any comments on this.
15. Will eligibility be determined by a self-declaration of the customer? Or will it be determined by a dedicated distributor staff?
    - OEB staff propose that customers attest to their eligibility. This is, in part, to reduce administrative burden on distributors. Please refer to page 11 of the Staff Discussion Paper for additional analysis.

16. Is the RTSR a component of the distribution demand charge or a completely separate charge on the bill?
    - RTSR is a separate charge, to recover transmission costs. Please refer to page four of the Staff Discussion Paper for additional information.
17. Will the OEB ensure that the RTSR savings are passed through to the EV owner? How are the rates set for EV customers?
    - The OEB does not set rates for EV charging station users (put another way, the OEB does not set the "price at the pump" for an EV charging station). Whether any savings are passed to EV charging station customers would remain the decision of the owner or operator of the EV charger.
18. In relation to the three EVC rate design options presented, has the OEB or Power Advisory used the OEB's bill calculator to illustrate the customer impacts for each option? Or analyzed the RTSR line?
    - The OEB's bill calculator was not used, but we appreciate the feedback on the opportunity to leverage it when the EVC Rate is offered.
19. There is not much transparency on how distributors evaluate whether someone is eligible for a particular rate class. With the introduction of this rate, that process may come under greater scrutiny as customers reach and exceed the 15% load factor. There may not need to be a standard approach across distributors, but have you considered requiring distributors to publicly communicate or document their process for reviewing eligibility criteria?
    - This will be considered during implementation, and we welcome feedback on this matter.
20. Do you see a risk of gaming the system, given there is likely a material jump in an EV charging station's electricity bill if it exceeds the cutoff load factor of 15%?
    - We welcome feedback on this matter.
21. Has the OEB considered Reporting and Recordkeeping Requirements related to this? Even if you do not anticipate reporting requirements, it may be beneficial to set out recordkeeping requirements so that distributors can ensure records are kept in a way that they can respond to future requests for information if the OEB is evaluating the rate at a later date.
    - This will be considered during implementation, and we welcome feedback on this matter.
22. If there is a customer who does not own charging stations, but otherwise meets the eligibility criteria (e.g., they have a low load factor), will they be able to take advantage of this rate? If not, is there a fairness concern?
    - No, the proposed rate is for public EV chargers only. The analysis underlying the rate is based on analysis of EV chargers, and the EVC Rate reflects the scope of that analysis. Insights from this work would be expected to inform future initiatives.
23. Why not establish a new rate class?
    - There were concerns that establishing a new rate class would increase complexity and administrative burden for distributors. For example, a new rate class would require revisions to the cost allocation models of distributors and could preclude availability of this rate, provincewide, by January 2026.

24. Why not offer a rate more specific to chargers near highways, which might be even less likely to contribute to coincident peak?
    - The proposed rate was designed to minimize administrative burden, and allow for a shorter implementation timeline.
25. Why not permit customers to have auxiliary loads up to a percentage of the charging station's peak demand, to allow flexibility in the types of loads that can be powered, rather than prescribe them?
    - We welcome feedback on this matter.
26. Acknowledging this rate offers an expedited path to implementation, why not consider a revised rate design linked to coincident peak charges? That way, improved price signals can be provided, and charging station owners can pass these signals to their customers, which can then encourage behaviour to reduce coincident peak demand or potentially encourage installation of storage?
    - At this stage, we have focused on reducing implementation burden and ensuring a streamlined timeline for distributors to offer this rate to the public. The insights gained from the EVC Rate would inform future work.
27. How is it that the impact on non-participating customers has been given for 2026, but for subsequent years the impact is not considered?
    - The cost shift occurs because there are existing low load factor EV charging stations that, today, pay the same RTSR as commercial and industrial customers of similar size. On January 1, 2026, low load factor EV charging stations that opt into the EVC Rate would pay a fraction of what they paid in December 2025, and that lost revenue would need to be recovered from other customers. In subsequent years, as new charging stations are built and enrolled in the EVC Rate, they would pay RTSRs that are reflective of the transmission costs that they cause. These new participants would not be expected to create a further cost-shift to non-participating customers.
28. Would the value of the parameter(s) be re-evaluated/reset periodically?
    - The issue is addressed on page 22 of the OEB Staff Discussion Paper. We welcome feedback on this matter.
29. What timeline would eligibility be determined on? If load factor rises above 15% for one month, would the customer lose eligibility for that month only? Or, like with the Industrial Conservation Initiative, would it be based on a 12-month average?
    - OEB staff propose that distributors would be required to periodically review the ongoing eligibility of participating customers, consistent with how they periodically review ongoing eligibility for customers within the GS 50 kW to 4,999 kW classes. We expect this would occur annually. We welcome feedback on this matter.
30. How should participating customers with a load factor that occasionally exceeds 15% be treated by distributors? a) If the customer generally has a load factor below 15%, but exceeds 15% in one billing period only, is the distributor required to configure the billing system to charge standard RTSR rates for that single billing period? b) Would the customer need to exceed the 15% threshold for a particular number of months to become ineligible for EVC rates on an ongoing basis?
    - Please see the answer to the previous question.

31. Would the value of the parameter(s) be re-evaluated/reset periodically?
    - This is to be determined and we welcome input on this matter. OEB staff contemplates on page 22 of the Staff Discussion Paper that the OEB might initiate a review of the rate, likely within several years of its implementation.
32. I don't understand what you mean by 'the RTSRs will be reset.' Won't the total Network and Connection charged to the distributor and the billing determinants used to determine the RTSRs stay the same as it would have been without this new rate?
    - The RTSRs will be reset in the sense that base RTSRs will continue to be updated from time to time to reflect updates to OEB-approved UTRs.
33. How long will this rate remain in place? Have there been any considerations for revisiting or changing the rate within a certain period? What might you anticipate would cause it to change?
    - OEB staff have not proposed an expiry date for the EVC Rate. We welcome feedback on an appropriate period for review. A review may be warranted as contemplated on page 22 of the Staff Discussion Paper.
34. Does only reducing the RTSR and not the distribution delivery charge really solve the problem of the impact of demand charges on the deployment of public EV chargers?
    - This rate aligns the RTSR paid by eligible customers, with the costs they cause on the transmission system. This rate is responsive to what was set out in the 2022 and 2023 Ministerial Letters of Direction to the OEB, and can be implemented on a reasonable timeline. Revisiting distribution charges would complicate the undertaking, delay its implementation, and risks unintended consequences that can be contained or managed by focusing on RTSR.
35. What is the timeline/next steps before this rate class is available for customers?
    - The rate would be made available to eligible customers in January 2026.
36. Has the OEB considered allowing distributors who are able to enact this rate design on a faster timeline to do so?
    - We remain open-minded. We note that, since this is linked to delivery rates (as opposed to the Regulated Price Plan), the most expedited path to provincewide implementation is through the IRM filing process, which occurs on an annual basis. That process has already started for 2025 rates for many distributors, and the setting of delivery rates occurs annually.
37. If a customer declares their load factor is less than 15%, is there a requirement for the distributor to accept that or will distributors need their engineering departments to review the customer to determine what class they should be in?
    - OEB staff proposes that distributors may rely on information that will be required to be provided to them by customers who register for the EVC Rate. OEB staff proposes that distributors should continue to undertake due diligence in cases where they may have some reason for doubting the customer's eligibility for the Rate.
38. Why not use Option C, but with no cap on load factor, so that the customer pays an energy-based rate for RTSR irrespective of their load factor?
    - OEB staff proposes a 15% load factor for reasons described on pages 10 and 17 of the OEB Staff's Discussion Paper. The available data is sparse for public EV charging

stations that exceed 15% load factor, especially in Canada. Increasing the load factor eligibility threshold above 15% could increase the risk of inappropriate rates, absent data and analysis to demonstrate otherwise.

- There are also limitations and approximations to the analysis that support a relatively narrow range of eligibility to minimize any undue impacts on non-participating customers. For example, the data sources used in support of OEB staff's proposed EVC Rate provide customer-level insight, but are not necessarily fully representative of existing customers and cannot capture future changes in consumption patterns. In OEB staff's view, the proposed load factor cutoff strikes a balance between providing for broad eligibility and accounting for the limitations and approximations to the analysis that supports a relatively narrow range of eligibility.

39. Will the OEB require distributors to share publicly how they validate eligibility for the rate on an ongoing basis so that is clear?

    - While the answer is to be determined, we welcome feedback on how best this can be done.