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Frequency of Regulated Price Plan Switching Under Customer Choice

October 2020 to September 2021

EB-2020-0152

Purpose

As part of the [Standard Supply Service Code amendment process to implement Customer Choice in October 2020](#), the Ontario Energy Board (OEB) committed to reporting on the frequency of Regulated Price Plan (RPP) customers switching between Time-of-Use (TOU) and Tiered price plans. This document reports the proportion of customer meters¹ that have switched between price plans and the number of customer meters that are reported to have switched price plans more than once within the first 12 months since the introduction of Customer Choice.

Key Findings

Of the more than 290,000 customer meters that have been reported to the Independent Electricity System Operator (IESO) Smart Metering Entity (SME) to have switched price plans between TOU and Tiered between October 13, 2020, and September 30, 2021, only 4% (13,261) of customer meters have switched price plans more than once.

The low percentage of multiple price plan switches attributed to a single customer meter indicates that unlimited switching does not pose a significant risk of cost avoidance through strategic behaviour on the part of customers nor does it impose a significant cost burden on utilities. In OEB staff's view, there is no need to impose limits on the frequency of switching at this time.

The OEB will continue to monitor the frequency of price plan switching and periodically re-evaluate the need to impose limits on the frequency of switching.

Background

Customer Choice is an option, enabled through a government regulation, that allows RPP customers to elect to pay either TOU or Tiered prices. The OEB designed the rules that would apply to customer switching through a consultation process that culminated in amendments to the Standard Supply Service Code effective October 13, 2020.

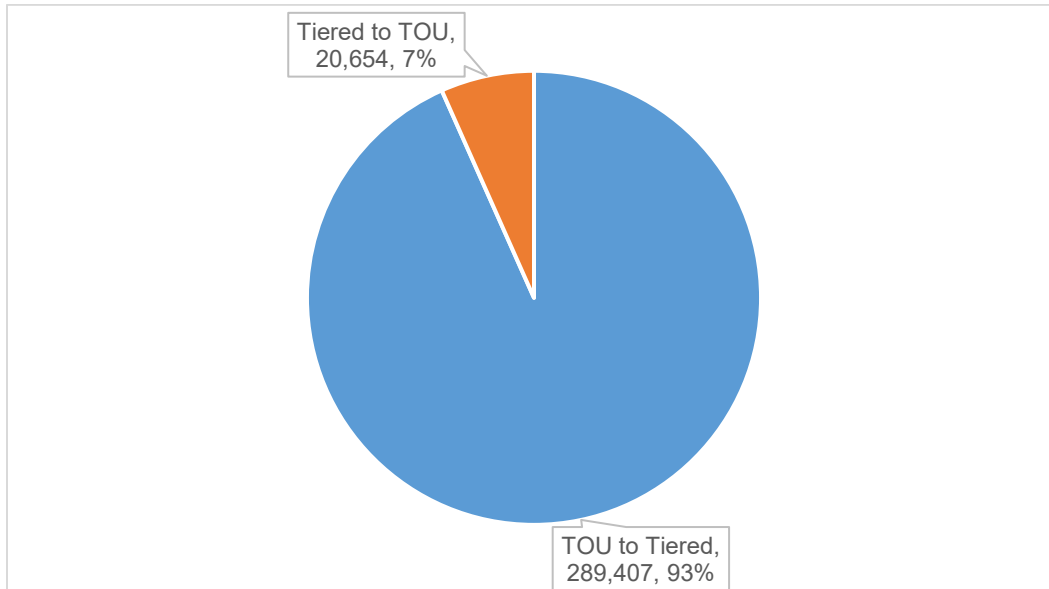
One issue arising within the consultation process pertained to whether there should be any limit to the number of times a customer could switch between price plans in a given period, since this could increase administration costs and workload for distributors and potentially exacerbate cross-subsidies between customers. In its initial [Notice of Proposal to Amend the Standard Supply Service Code](#), the OEB proposed not to introduce any limits but committed “to monitor the issue over time to see if any limitations to the frequency of switching are warranted.”

¹ The IESO SME records price option data at the level of the electricity customer meter and does not distinguish individual customer accounts. For this reason, all data references price option switches recorded and reported for individual customer meters rather than individual customers.

Analysis & Results

Since the introduction of Customer Choice, most changes in price plans have been from TOU to Tiered as shown in Figure 1. A smaller number of switches from Tiered to TOU have occurred during that time.

Figure 1: The total number of switches from TOU to Tiered pricing (blue) and from Tiered to TOU pricing (orange) between October 13, 2020, and September 30, 2021



Looking more closely at the customer meters that have recorded a change in price plans between TOU and Tiered (Table 1), the vast majority (96%) have switched price plans only once since October 13, 2020. Only 13,261 customer meters (4%) are reported to have switched price plans more than once.

Table 1: A tabulation of the customer meters that have switched price plans between TOU and Tiered at least once between October 13, 2020, and September 30, 2021

Number of Times Switched	Number of Customer Meters	Fraction
1	282,676	95.519%
2	12,452	4.208%
3	765	0.259%
4	34	0.011%
5	10	0.003%
Total number of customer meters that have switched price plans from Oct 13, 2020, until September 30, 2021	295,937	

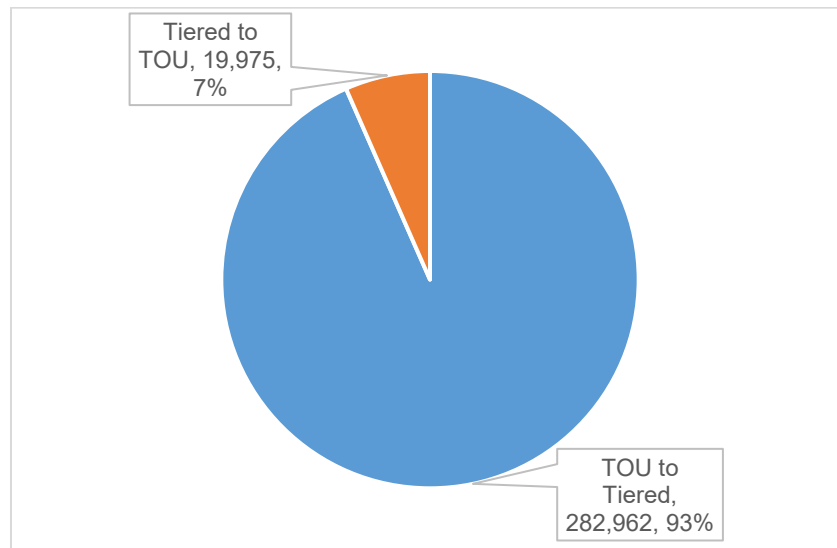
Appendix: Detailed Data and Analysis

All results and analysis are based on RPP customer meter data provided to the OEB by the IESO SME². The analysis includes customer meter price plan changes reported to the SME to have occurred between October 13, 2020, and September 30, 2021.

Table 2: The number of times that customer meters switched price plans between TOU and Tiered, segmented by Residential and Small Commercial³ customer meters

Price Plan Switches Between TOU and Tiered			
	Residential	Small Commercial	Total
TOU to Tiered	282,962	6,445	289,407
Tiered to TOU	19,975	679	20,654

Figure 2: The proportion of price option switching among RPP Residential customer meters



² The SME data represents RPP Residential and General Service (GS) <50kW class customer meters able to transmit smart meter data as reported to the IESO SME by individual electricity distributors. The data in this report is based on the time that a customer was recorded to have switched price plans by electricity distributors. Only price plan switches that occurred between October 13, 2020 and September 30, 2021 are included using SME data current to November 4, 2021 (note, there is some lag between when the customer meters switch price plans and when those switches are reported to the SME).

³ Small Commercial customers are defined here as RPP General Service customers with peak demand less than 50 kW

Figure 3: The proportion of price option switching among RPP *Small Commercial*³ customer meters

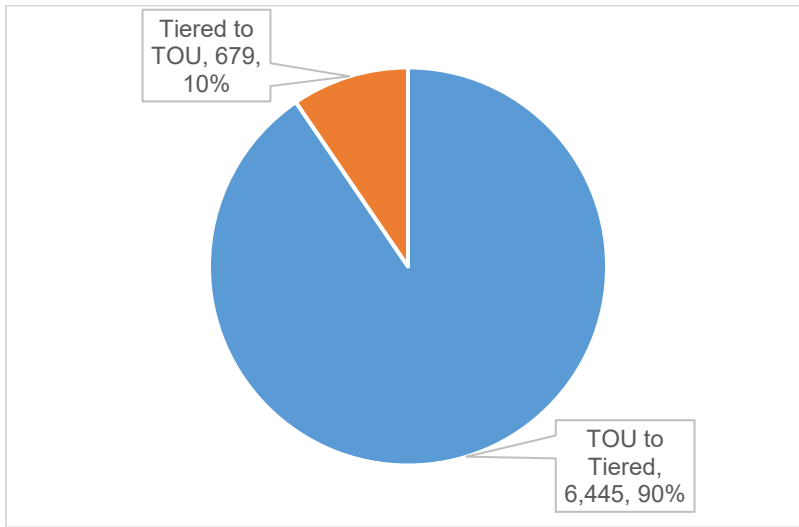


Table 3: The number of price plan switches by month among RPP *Residential* customer meters

RPP Residential Price Plan Switches		
	Tiered to TOU	TOU to Tiered
Oct 2020	205	2,346
Nov 2020	171	153,251
Dec 2020	536	40,739
Jan 2021	1,096	17,555
Feb 2021	1,113	9,267
Mar 2021	1,394	9,157
Apr 2021	2,108	11,637
May 2021	2,682	12,352
Jun 2021	2,774	9,834
Jul 2021	2,800	3,666
Aug 2021	2,666	5,338
Sep 2021	2,430	7,820

Table 4: The number of price plan switches by month among RPP *Small Commercial*³ customer meters

RPP Small Commercial Price Plan Switches		
	Tiered to TOU	TOU to Tiered
Oct 2020	35	55
Nov 2020	20	2,024
Dec 2020	65	997
Jan 2021	82	597
Feb 2021	57	415
Mar 2021	52	475
Apr 2021	63	430
May 2021	70	389
Jun 2021	58	361
Jul 2021	30	183
Aug 2021	63	234
Sep 2021	84	285

Table 5: The number of price plan switches by month among *all* RPP customer meters

All RPP Customer Price Plan Switches		
	Tiered to TOU	TOU to Tiered
Oct 2020	240	2,401
Nov 2020	191	155,275
Dec 2020	601	41,736
Jan 2021	1,178	18,152
Feb 2021	1,170	9,682
Mar 2021	1,446	9,632
Apr 2021	2,171	12,067
May 2021	2,752	12,741
Jun 2021	2,832	10,195
Jul 2021	2,830	3,849
Aug 2021	2,729	5,572
Sep 2021	2,514	8,105