



Ultra-Low Overnight Prices May 1, 2023 to October 31, 2023

**Addendum to the Regulated Price Plan Price
Report November 1, 2022 to October 31, 2023**

Ontario Energy Board

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Executive Summary

Recent changes to Ontario Regulation 95/05 (Classes of Consumers and Determination of Rates) under the *Ontario Energy Board Act, 1998* and the Standard Supply Service Code introduced a new pricing option for customers on the Regulated Price Plan (RPP). Customers with eligible time-of-use (TOU) meters will have a choice between three RPP pricing plans: Standard TOU, Tiered, and the new Ultra-low Overnight (ULO) price plan. The Regulation requires the OEB to set prices for the new ULO price plan effective May 1, 2023.

This addendum to the *Regulated Price Plan Price Report November 1, 2022 to October 31, 2023* (issued October 21, 2022)¹ establishes the electricity prices under the ULO price plan effective for the period May 1, 2023 through October 31, 2023. The methodology used to develop ULO prices is described in the RPP Manual.²

The ULO comprises four price periods. The OEB is required to set prices for each of the ULO's price periods in accordance with the pricing principles described in Table ES-1.

Table ES-1: ULO Price Plan Price Periods and Price Ratios

Price Period	Hours Applicable (Prevailing Time)	Price
On-Peak (ULO_{ON})	Weekdays: 4 p.m. – 9 p.m.	Approximately 10 times greater than the ULO _{NIGHT} price
Mid-Peak (ULO_{MID})	Weekdays: 7 a.m. – 4 p.m. and 9 p.m. – 11 p.m.	Equal to the Standard RPP TOU Price Plan Mid-peak price
Weekend Off-Peak (ULO_{OFF})	Weekends and Holidays: 7 a.m. – 11 p.m. ³	Equal to the Standard RPP TOU Price Plan Off-peak price
Ultra-low Overnight (ULO_{NIGHT})	Every day: 11 p.m. – 7 a.m.	Calculated so that the ULO price plan recovers the average RPP price.

¹ [Regulated Price Plan Price Report November 1, 2022 to October 31, 2023](#), October 21, 2022.

² [RPP Manual](#), January 1, 2023.

³ As is the case for Standard TOU pricing, for the purpose of ultra-low overnight TOU pricing, a holiday means: New Year's Day, Family Day, Good Friday, Victoria Day, Canada Day, Civic Holiday, Labour Day, Thanksgiving Day, Christmas Day, Boxing Day, and, if any of those days falls on a Saturday or Sunday, the weekday next following that day that is not one of those days: section 1 of the RPP Regulation.

The ULO price plan is designed to recover from RPP ULO customers the same average RPP price, referred to as the RPA, as RPP customers on the Standard TOU and Tiered price plans. Under the amended Regulation, the OEB is not required to develop a new RPP supply cost forecast when setting ULO prices for the May 1, 2023 to October 31, 2023 period. Accordingly, May 1, 2023 ULO prices have been established to recover an RPA of 9.34¢/kWh, consistent with the RPA used to set RPP Standard TOU and Tier prices for the period November 1, 2022 to October 31, 2023.

The ULO prices set by the OEB effective for the period May 1, 2023 to October 31, 2023 are specified in Table ES-2.

Table ES-2: May 1, 2023 to October 31, 2023 ULO Prices

ULO Prices	Ultra-low Overnight	Weekend Off-peak	Mid-peak	On-peak	Average Price
Price per kWh	2.4¢	7.4¢	10.2¢	24.0¢	9.3¢
% of ULO Consumption	33%	20%	31%	16%	

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1. Introduction

This addendum to the *Regulated Price Plan Price Report* issued on October 21, 2022 (November 1 Report)⁴ establishes the electricity prices under the ULO price plan effective for the period May 1, 2023 through October 31, 2023, and describes the processes and methodologies used to set them.

1.1 ULO Overview

On November 16, 2021, the Minister of Energy issued a letter to the OEB⁵ requiring the OEB to examine, report back, and advise on a TOU price plan that would further incentivize RPP customers to demand-shift away from peak periods to lower demand periods. The letter asked the OEB to consider the following objectives: incenting electricity usage behaviour that will benefit the electricity system under anticipated increased electrification and providing value for customers and with consideration for overall ratepayer impacts.

The OEB responded to the Minister with a report entitled “Design of an Optional Enhanced Time-of-Use Price”⁶ that reflected OEB analysis and considered stakeholder feedback collected during consultations and through written comments on the proposed price plan’s design. The OEB’s report to the Minister proposed a ULO price plan designed to provide the desired incentives to shift consumption, while also recovering the same average RPP price, or RPA, incurred by RPP customers on Standard TOU and Tiered price plans.

Amendments to Ontario Regulation 95/05 (Classes of Consumers and Determination of Rates) establishing the ULO came into force on January 1, 2023.

On the same day, amendments to the Standard Service Supply Code⁷ and RPP Manual⁸ implementing the ULO price plan came into force.

⁴ [Regulated Price Plan Price Report November 1, 2022 to October 31, 2023](#), October 21, 2022.

⁵ [Minister’s Letter to the OEB](#), November 16, 2021.

⁶ [OEB Report to Minister](#), March 2022.

⁷ [Standard Service Supply Code](#), January 1, 2023.

⁸ [RPP Manual](#), January 1, 2023.

This addendum describes how the OEB has applied the RPP Manual's processes and methodologies to arrive at the ULO prices effective May 1, 2023, referencing the November 1 Report as necessary.

1.2 Associated Documents

This addendum should be read in conjunction with the November 1 Report as well as the RPP Manual.

2. RPP Supply Cost

Normally, the OEB sets RPP prices once a year, for every November 1. The recent amendments to the Regulation require the OEB to set the first ever ULO prices outside the regular annual cycle, for the period May 1, 2023 to October 31, 2023. For this period, the OEB is not required to develop a new RPP supply cost forecast, or to reset prices for the Standard TOU or Tiered plans. The OEB will return to once-annual price settings on November 1, 2023.

The RPP Manual prescribes that the OEB set Standard TOU, Tier and ULO prices to recover the same RPA. Accordingly, the OEB has set electricity prices under the ULO price plan based on the RPP supply cost forecast from the November 1, 2022 RPP price-setting of \$93.40/MWh (9.34¢/kWh), as shown in Table 1 and further described in the November 1 Report. This is the same RPP supply cost forecast upon which current Standard TOU and Tier prices are based. ULO prices have been set so that expected revenue closely matches this amount, consistent with current Standard TOU and Tier prices.

Table 1: RPP Cost Summary

RPP Supply Cost Summary		
November 1, 2022 through October 31, 2023		\$/MWh
Forecast Wholesale Electricity Price - Simple Average		\$54.52
Load-Weighted Costs for RPP Consumers		
Wholesale Electricity Cost - RPP-Weighted		\$58.33
Global Adjustment	+	\$39.04
Adjustment to Clear Existing Variances	+	-\$4.97
Adjustment to Address Bias Towards Unfavourable Variance	+	\$1.00
Average Supply Cost for RPP Consumers	=	\$93.40

3. Calculating the ULO RPP Prices

This chapter explains how ULO prices, effective May 1, 2023, were calculated for customers that elect to be charged on the basis of the ULO price plan.

3.1 ULO Prices

Effective May 1, 2023, RPP customers of LDCs who are offering the ULO price plan and who have eligible TOU meters may elect to be charged on the basis of ULO prices by providing notice to their distributor in accordance with the OEB’s Standard Supply Service Code.⁹

The ULO is comprised of the four price periods shown in Table 2. Consumers that have elected the ULO price plan will pay these four prices, depending on the time of day they consume electricity.

Table 2: ULO Price Plan Price Periods and Ratios

Price Period	Hours Applicable (Prevailing Time)	Price
On-Peak (ULO_{ON})	Weekdays: 4 p.m. – 9 p.m.	Approximately 10 times greater than the ULO _{NIGHT} price
Mid-Peak (ULO_{MID})	Weekdays: 7 a.m. – 4 p.m. and 9 p.m. – 11 p.m.	Equal to the Standard TOU Price Plan Mid-peak price
Weekend Off-Peak (ULO_{OFF})	Weekends and Holidays: 7 a.m. – 11 p.m. ¹⁰	Equal to the Standard TOU Price Plan Off-peak price
Ultra-low Overnight (ULO_{NIGHT})	Every day: 11 p.m. – 7 a.m.	Calculated so that the ULO price plan recovers the RPA.

⁹ Distributors may begin offering ULO to their customers effective May 1, 2023, and all distributors are required to make the ULO available by no later than billing periods commencing November 1, 2023. Note: ULO prices can only be applied to consumption that occurs on or after May 1, 2023.

¹⁰ As is the case for Standard TOU pricing, for the purpose of ultra-low overnight TOU pricing, a holiday means: New Year’s Day, Family Day, Good Friday, Victoria Day, Canada Day, Civic Holiday, Labour Day, Thanksgiving Day, Christmas Day, Boxing Day, and, if any of those days falls on a Saturday or Sunday, the weekday next following that day that is not one of those days: section 1 of the RPP Regulation.

Per the RPP Manual, the ULO_{MID} price is required to equal the Standard TOU mid-peak price and the ULO_{OFF} price is required to equal the Standard TOU off-peak price, which are currently 10.2¢/kWh and 7.4¢/kWh, respectively. The two remaining ULO prices are required to be set such that the ULO_{ON} price is approximately 10 times greater than the ULO_{NIGHT} price, and the average revenue generated by all four prices from the typical ULO customer closely matches the RPA of 9.34¢/kWh.

The amount of revenue the ULO generates is dependent on the proportion of consumption that occurs during each of the ULO’s four price periods. Accordingly, the OEB is required to develop an expected load profile for the typical ULO customer. This load profile represents the OEB’s best estimate of the percentage of a typical ULO customer’s total consumption that is likely to occur during each of the ULO’s four price periods. The OEB is required to create expected loads profiles to set Standard TOU and Tier prices and uses historical data to do so, as described in Chapter 3 of the November 1 Report.

For a new price plan such as the ULO, there is no historical data upon which a load profile can be established. Instead, the OEB has analyzed the types of RPP-eligible customers most likely to switch to the ULO price plan (primarily residential electric-vehicle owners); how many of each type are likely to switch; and the expected load profile of each type of customer (i.e., how much of their consumption will occur in each ULO price period). Based on this analysis, the OEB developed the expected load profile of the typical ULO customer as shown in Table 3.

Table 3: Expected Typical ULO Customer Load Profile

Price Period	Hours Applicable (Prevailing Time)	% Consumption
On-Peak (ULO_{ON})	Weekdays: 4 p.m. – 9 p.m.	16%
Mid-Peak (ULO_{MID})	Weekdays: 7 a.m. – 4 p.m. and 9 p.m. – 11 p.m.	31%
Weekend Off-Peak (ULO_{OFF})	Weekends and Holidays: 7 a.m. – 11 p.m.	20%
Ultra-low Overnight (ULO_{NIGHT})	Every day: 11 p.m. – 7 a.m.	33%

Based on this profile, the OEB derived ULO_{NIGHT} and ULO_{ON} prices of 2.4¢/kWh and 24.0¢/kWh, respectively. These prices result in average revenue close to the RPA of

9.34¢/kWh while maintaining the required approximate 1:10 ratio between the two price periods.

Table 4 shows the three sets of RPP prices that will be in effect as of May 1, 2023, including Standard TOU and Tier prices (both unchanged since the November 1, 2022 price-setting), and ULO prices.

Table 4: May 1, 2023 RPP Prices

Standard TOU Prices	Off-peak	Mid-peak	On-peak	Average Price	
Price per kWh	7.4¢	10.2¢	15.1¢	9.3¢	
% of TOU Consumption	63%	18%	19%		
Tiered Prices	Tier 1	Tier 2	Average Price		
Price per kWh	8.7¢	10.3¢	9.3¢		
% of Tiered Consumption	61%	39%			
ULO Prices	Overnight	Weekend	Mid-peak	On-peak	Average Price
Price per kWh	2.4¢	7.4¢	10.2¢	24.0¢	9.3¢
% of ULO Consumption	33%	20%	31%	16%	