



EB-2007-0031
***Summary of
Issues and Options***

December 12, 2007



Jurisdictional Survey



- Initial environmental scan
 - web sites, published literature
 - additional info requests using email and/or by telephone contact with knowledgeable regulatory tribunal and utility staff
- Focus is on jurisdictions/LDCs that have deployed or are currently deploying Advanced Metering Infrastructure (AMI) and Demand Response (DR) Programs and Tariffs (including pilot projects).

Status of Modeling



- Additional Milton data received to complete Case 2 (replace volumetric component with Capacity Charge and a Demand Charge).
- The Capacity Charge will have all secondary costs assigned to it and will be collected based on service amperage.
- The Demand Charge will have all other costs assigned to it and it will be collected based on the customer's contribution to the distribution system peak.

Modeling Next Steps



- Runs with proposed new rate classes
 - Similar to the runs conducted using the existing rate classes
 - New rate class scenarios to be based on today's stakeholder input



Stakeholder Discussions: Overview

Two general approaches identified:

1. Focus on allocated cost

- Analytic efficiency (LR vs. SR)
- Challenge: Implementation details

2. Focus on consumer response

- Do what works
- Challenge: foresee behaviour

Stakeholder Discussions: Customer Classifications



- Large volume
 - Connection voltage
 - Customer specific (generator vs. load)
- Small volume
 - With demand charge, combine Res & GS
 - Intermediate class required (Large GS)?
- Interruptible Subclasses
 - With technology, option for all
 - Economic interruption can be flexible

Stakeholder Discussions: Small Volume Rate Structure



- Customer charge
 - Customer-related costs (narrowly defined?)
 - Low: value-based; environmental
 - High: SR cost-based; revenue stability
- Capacity/Demand charge
 - Cost-based
 - No obvious basis for optimal price signal (*ex post* or *ex ante*; capacity or demand)
- Commodity/Energy not cost-based
 - TOU may be a proxy for demand charge

Stakeholder Discussions: Billing Determinants



- Customer/demand (kW)/energy (kWh)
 1. Based on cost drivers (incurred vs future)
 - Capacity: use KV or KVA
 - Demand: use kW
 2. Consumer driven
 - TOU (kWh) with
 - high charge in hours where Dx peak may occur
 - low charge in other hours
 3. Demand/capacity charge pilots/options

Stakeholder Discussions: Fixed/Variable Split



1. Based on allocated costs:
 - Customer charge (broad vs. narrow)
 - Capacity charge (fixed but differentiates among customers)
 - Demand charge (variable)
2. Customer signal for Dx efficiency
 - Customer charge for revenue stability
 - TOU (energy) or “broad” demand charge (e.g., daily peak; peak in peak periods)



Remaining Issues

- Interruptible sub-classes
- Rate harmonization
- Charging for losses
- Generator charging methodology (DG)
 - Is a Working Group required



Staff Report

- Identify scope of options
- Provide details of “best” design for each approach:
 - Consistent with principles
 - Practical
 - High Benefit/cost ratio
- Identify pros and cons of each approach
- Make recommendation with rationale

Large Volume Rate Structure



- Given discussion of LV rate class:
 - What changes to rate structure are appropriate?
 - Are there any existing problems that can be addressed?
 - Note: revenue/cost ratios are out of scope