

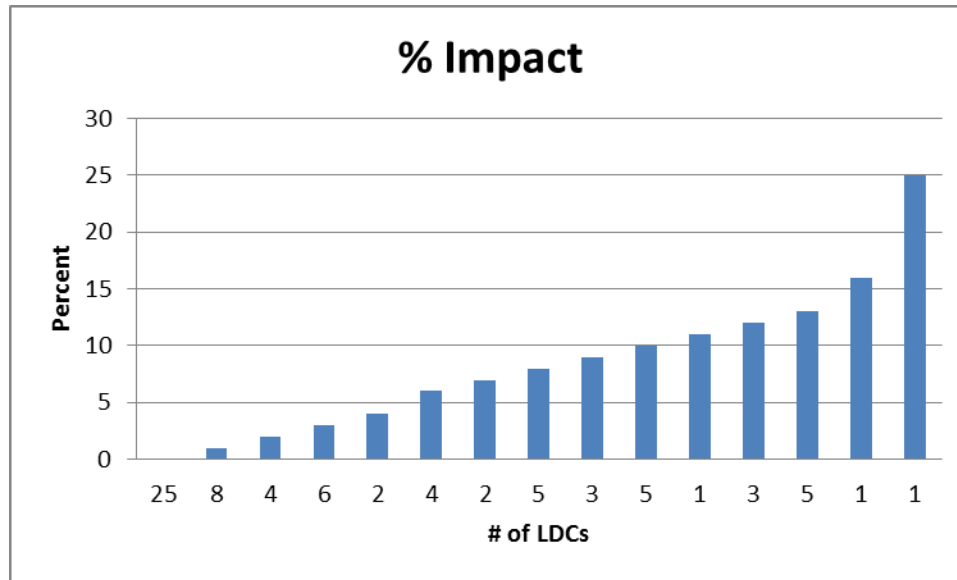
Stakeholder Workshop on Low Voltage Adjustments in Benchmarking

October 7, 2013

Overall Premise

- LV Charges are not representative of LDC costs
- Select LV charges should be removed from benchmarking
- Reasons for Removing
 - LV Charges are a result of system configuration and geography
 - Pooled nature of LV charges prevents accurate determination for specific LDCs
 - Rate structure (not to be discussed) do not distribute costs accurately
 - LDCs have limited control over the cost as system TX and DX development has pre-determined cost.
- For legitimate benchmarking – system costs which were not and are not in the control of the LDC should be removed

Impacts of LV Charges



LDCs with significant LV charges can only affect a portion of their total costs limiting their ability to show improvement.

$$\% \text{ Impact} = (\text{OM\&A} + \text{LV Cost Data Request} + \text{LVHON Revised} - \text{HV Charges}) / \text{LVHON Revised}$$

30 LDCs or 40% LDCs have an impact of greater than 5%

11 LDCs or 15% with an impact equal or greater than 10%

Listing of Charges

Component	Charge Determinant per Billing Month
Service Charge	\$/Delivery Point
Meter Charge	\$/Meter
Common ST Lines Charge	\$/KW
Specific Primary Lines Charge	\$/KM
LVDS	\$/KW
Specific ST Lines Charge	\$/KM
HVDS Low	\$/KW
HVDS High	\$/KW

Charges Comments Provided On

Component	Charge Determinant per Billing Month
Service Charge	\$/Delivery Point
Meter Charge	\$/Meter
Common ST Lines Charge	\$/KW
Specific Primary Lines Charge	\$/KM
LVDS	\$/KW
Specific ST Lines Charge	\$/KM
HVDS Low	\$/KW
HVDS High	\$/KW

Common ST Lines

- Common ST Line costs are pooled across the province
- LDCs with common ST line contribute to costs
- Based on demand charge
- Inaccurate costs
 - LDC with short km common lines but high demand – pays significant common charge
 - LDC with long km common line but low demand – pays low common charge
- Charges do not reflect accurate costs or controllable cost
- Remove from benchmarking

Common ST Lines (cont.)

- ST Lines within the LDC boundary
 - ST Lines within service territory attract cost in the OM&A
 - LDC has cost factor similar to LDCs that are supplied directly in their service territory
- Additional OM&A
 - LDCs supplied at LV are required to maintain DS's within their service territory
 - Supply at HV displaces a portion of this cost as fewer DS's are required (if any)
- Removing Common ST Line charges does not disadvantage others and removes the impact of geography and TX system design

LVDS

- Cost is driven by:
 - Number of metering points and voltage level
 - TX and DX system design determines supply point available for each LDC (LV)
 - Costing based on peak sharing for the station – LDC may represent 75% of load but 25% of facility
 - **Is coincident peak determined or just station?**
- Not an accurate reflection of cost nor controllable by LDC
- Remove from benchmarking

Metering Charges

- Similar to LVDS
- Baseline is one metering point
- Represents limitations of the TX and DX to supply at one point only and reflects the geography of the LDC
- Recommend that consideration be given for no more than one LV metering point be included in benchmarking

Specific ST Line Charges

- Constructed specifically for LDC
- Costing based on km of line
- Has some merit as a cost of the LDC although recognized geography and TX, DX design impacts
- Would suggest forms a cost of the LDC although not really controllable
- No recommendation whether to leave in or take out

Service Charge

- Service charge is applied for each delivery point
- Number of delivery points is impacted by TX and DX design – little choice for LDC
- Include one charge in benchmarking