

# Meeting Summary



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## Rate Design for Electricity Distributors

EB-2012-0410

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**Green Energy Coalition**  
**Energy Probe Research Foundation**  
May 26, 2014

### ***General comments on the policy of moving to a fixed rate design***

In response to questions, staff clarified that each distributor would calculate its own rate for the affected customer class. This is not intended to be one provincial distribution rate.

Stakeholders stated that expanding the Lost Revenue Adjustment Mechanism was second best to some form of full decoupling.

There were general comments regarding effects that this might have on cost allocation and rates.

### ***Comments on proposal 1***

This proposal does not take into account cost causality for capacity: the difference between the minimum system and the actual system and the allocation of profiles to estimate contribution to peak.

Low income consumers that might see less of a bill impact under proposal 1 still need a signal to conserve. They should be targeted for other help rather than a fully fixed distribution rate.

### ***Comments on proposal 2***

It is preferable to base the rate on something that is measured rather than policed and to take advantage of smart meter capability. It is not clear that the distributors would have authority to inspect for service connection in order to police this proposal. There was general concern over feasibility and fairness with this option.

### ***Comments on proposal 3***

Some method of grouping consumers by use is preferable to provide a link between charge and peak demand as a cost driver. The long-term nature of utility investment suggests a long-term move to a sub-group approach. The stakeholders felt that coordinating distribution rates with the Time-of-Use hours was a good approach. Simplifying the 3 time periods used for the commodity to peak and non-peak hours would be better. If the annual reclassification is a problem, then a quarterly reclassification would allow customers to see a more immediate benefit. There was a suggestion that the minimum system might be a better starting point for rates than the generator charge.

The relativity of the groupings in proposal 3 could be a problem. It would be better to have hard boundaries and raise the rate for each subgroup each year if necessary as more customers decrease their use and move to the lower groups. Distributors could have a variance account to keep them whole but it would not likely involve large sums of money.

An alternative to proposal 3 was suggested whereby customers would have contract amounts with overage fees. (e.g. a defined peak demand for a set charge with a penalty for going over it.) The idea of using a (3 year) rolling average to set a customer's group or establishing a 'forgiveness band' was also discussed. More groups would reduce boundary issues and hardship in moving from one group to another.

The ultimate design of a subgroup rate will be largely driven by the communication message.