

# Meeting Summary



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## Rate Design for Electricity Distributors

EB-2012-0410

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**Consumer groups including members of:  
Financial Advisory Working Group for the Low-income Energy Assistance  
Program; and  
Consumers Council of Canada  
May 16, 2014**

Board staff began by presenting a brief summary of the draft Report of the Board available on the Board's website.

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

Staff clarified several items such as the policy applying across the province but each distributor having its own rate case and charge depending on its revenue requirement and number of customers. Staff also reiterated that the policy is intended to be revenue neutral i.e. it is about how the money is collected from customers, not about how much money is collected. The residential class, as a whole, will pay the same amount as it would under the current rate design.

The representatives of consumers and low-income consumers were generally supportive of the objectives of the initiative (i.e. more stable bills, the link to costs and the ability of consumers to manage their bills). However, there was only mixed support for the proposed policy to move to a fixed rate design.

The stakeholders raised concern about the transparency of the change. Customers must be given information about the change and what it means for them. The possibility of a period of 'shadow' billing as was used for the Time-of-Use commodity change was discussed.

The stakeholders questioned what distributors actually use to plan their systems in terms of capacity at higher voltages of the system. Staff stated that their understanding

that it was based on historical average demand of customers in the class which has fallen for residential customers over the past decade. Some of the stakeholders also suggested that the lack of discussion about the issues and alternatives suggested to them that the project was more focused on the objective of revenue stability for distributors. One of the consumer representatives emphasized that this is primarily a messaging exercise to gain customer acceptance. Others also stressed the need to inform customers about the change, the rationale and how it operates. The stakeholders would like more information on the effects on low-income consumers beyond what is in Appendix A. One of the representatives indicated that there are electrically-heated, geared-to-income homes in the Toronto area where the winter electricity bill is as much as the rent and they would provide information to staff. The stakeholders indicated that if impacts are expected to be high then there should be a phase-in approach or some other mitigation strategy. Before implementing any new design, there needs to be more information about individual LDCs and the impacts.

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

The challenge in this proposal is the link to conservation but consumers can save on commodity. There is concern about the fairness of the same charge for very small and very large users. The rate design should give consumers the ability to manage their bill which proposal 1 does not.

It is possible to deliver the message that distribution is a public good or at least a benefit that we should all pay for equally. We all have poles and wires, therefore we should all pay for them.

### ***Comments on Option 2***

The view of the consumer groups was that this option was not very practical from the perspective of existing homeowners or renters who would not be able to change group unless landlord changed panel. They felt that consumers would not easily understand this option.

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

Support for Option3 as it does provide some control for customer and has a conservation message. An improvement on proposal 1 would see some kind of grouping based on use. However, proposal 3 as stated in the staff example is practically unworkable because of difficulties around reclassification or other movement of customers, i.e. the relative approach of grouping customers based on percentages and their position in relation to other customers means that others may change their behaviour in a way that affects you means there may be less control over the bill. Other options for subgroups of consumers all seem to have this same difficulty.