

# Meeting Summary



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## Commercial and Industrial Rate Design Meeting

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**Meeting Date:** June 19, 2015

**Attendees:** Representatives of Coalition of Large Distributors and OEB staff.

**Meeting Date:** July 6, 2015

**Attendees:** Representatives of EDA and OEB staff.

The Meeting Summary provides a high level review of the discussions at the **C and I rate design meeting**. The summary identifies key issues that arise and any conclusions or recommendations by the group. It will not attribute comments to any individual organization besides presenters.

### Drivers

- Driver for this project : customers, LDCs, or the OEB
  - Primarily driven by the OEB , looking ahead to deal with problems proactively
  - Concern over “death spiral” and appreciate that the OEB is looking forwards, especially with how quickly storage is becoming a viable option
    - Problems seem to be 10 years out and we don’t want to be behind solving the financial health of distributors
  - Want to see a shift from pricing for the sake of it to pricing for the value of the distribution system do not want to see customers invest more than they need to
  - Want to avoid stranded assets
  - Lessons from Hawaii due to grid parity
    - Higher income groups were installing solar to go net zero due to volumetric charges causing prices to spike for lower income groups
- EDA members mention there will always be a challenge to come up with a new rate design, not all customers are going to like it and that there will be issues,

however status quo is no longer feasible -- need to move forward with option that will meet the most objectives but may not satisfy the public opinion

- Don't typically have system constraints right now, these new price signals may require additional capacity if we don't send the right price signal
- What is the % of distribution revenue that is fixed and variable that is due to GS and industrial customers?
- Charging stations for EVs being considered as they are essentially reselling energy may be a separate rate class or not
  - if individuals want to set up a station they can come to the distributor
  - Concern over lack of regulation over charging stations (e.g., Apartments can charge different rates for their charging stations but not be clear as to why that is the case)

### Rate classifications

- Concern over rate stability of GS>50 class due to the group being fairly large and the range of customers contained within that group – should consider creating distinct groups and assessing them separately
  - Concern over being able to do Rate Design with a long term view and not effect cost allocation
  - Commercial customers currently have capacity (demand) rates but not with a time element
- Industrial customers see GA as an issue - large customers already have instability in rates due to GA component
  - There should be a suite of options for large customers, it can't just be one for all.
- Group discussed potential rate structures for GS classes – concern whether customers are sophisticated enough to work within these models and whether or not these models are too reminiscent of bill models in other industries
  - Dependent on the provincial system peak or a specific distributors peak
  - Would geographic/locational pricing make sense?
    - locational on a different feeder or where they are in terms of it being disparate
- Some distributors do not have intermediate classes, OEB should consider this in its plan, specifically what the rate design is going to look like for this class and whether it will be uniform
- See value in capacity as logical next step from TOU rates, however this may upset RPP customers
- Stand-by rate: The intention is to replace the current stand-by rates with a more sophisticated rate design
  - Make sure to not manage two peaks based on commodity and distribution side.
- EDA members stress that each rate class will most likely require a separate Rate Design due to how heterogeneous the classes are

- EDA members state there are companies that will provide UPS service for companies that are critical, (e.g., Car companies suffer a momentary blip during a car painting cycle will have to redo their whole process)
- EDA members state that reliability and GA are primary issues for GS customers
- Staff emphasizes that GS<50 was removed from first part of Rate Design due to 'boundary' issue
- EDA members express that GS customers are concerned about rate AND reliability, customers see reliability as an important factor
  - Staff asks whether EDA members get the impression that GS customers want a certain level of reliability or are willing to choose a certain level of reliability
    - EDA members confirm that GS customers would pay more if they could get an assurance that there are no momentary interruptions
    - EDA members also state they can never guarantee that there will be no outages, however isolation points can be added to reduce the probability of a momentary outage happening
- Is anyone hearing interest in distribution off peak prices from the GS customers Staff asks if GS customers could recognize savings
  - Some have not asked
- Concern over fixed rates and how customers may be driven out of business, EDA member stress they need flexibility in what they do in order to meet customer needs

#### Transition and mitigation

- EDA members ask whether a transition process will be constructed for GS customers that will be similar to Residential customers, OEB staff confirm this will be the case
- EDA members stress that in order to transition more effectively LDC specific implementation issues must be dealt with early on and the changes must be communicated clearly to customers
- Question on whether GS rate design project will be rolled out similar to Residential Rate design or if it will be part of a COS application—OEB staff mentions that it would be dependent on the size of the impacts to GS customers
  - Depends on size of impacts—lots of pressure on residential to get it out there
- Discussions with business groups have not occurred yet due to cost eligibility
- Need to be aware of transitional phase for this project – potentially a long education piece to help large customers understand why a new rate design is needed
  - Customer engagement and having customers being on board was also stressed

- OEB should also consider boundary issues between customer classes: some customers straddle boundaries and switch classes periodically

#### Net Metering

- “Any discussion with taxing authorities about how net metering does or does not affect revenue and whether it’s a taxable income or not?”
  - Falls under the ministry
- Is there a change coming on the net metering side?
  - Staff states there will be a change looking at removing micro fit contracts and changing that to net metering
- EDA members bring up issue of businesses making planning decisions for solar and offload now based on current rates, may make a certain decisions based on what will occur with this project
- MOE is putting together a working group that is connecting members with operational experience to inform them about net metering and distribution rate changes