

Meeting Summary



Commercial and Industrial Rate Design Meeting

Meeting Date: August 24, 2015

Time: 9:30 am – 12 pm

Location: Ontario Energy Board, Meeting Room # 2752

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.

Attendees: Representatives of various stakeholders (environmental & CDM - Efficiency) and OEB staff.

- Value of peak capacity
 - This is not a black and white issue, however, the closer you are to the customer, the more the cost is related to the number of connections; and on the other hand, the closer you are to the transmission system, the more the cost is related to the peak demand.
- Value of distributed generation
 - Flow control issues need to be addressed; system has been previously designed mainly to be one-way flow directional and therefore, there will be some cost involved to make it bi-directional. Some of the benefits of DG systems are Lower losses due to lower loads and ability to perform islanding, in case of a power outage; these issues result in higher

reliability and therefore higher fixed charges. Locational pricing can be a possibility due to existence of old assets (e.g. transformer stations) and the opportunity in upgrading them.

- Car lease example – paying monthly payments regardless of whether you drive it or not; premium cost applies if you drive more than the millage limit.
 - Re-designing/upgrading approach for a short term would be different from a long term strategy.
 - Distributors differ when it comes to future needs: Some are expanding services and needs to forecast for future needs. Others are dealing with aging assets in city cores and are trying to find a way to reduce the infrastructure based on the future forecasts. Other distributors are somewhat stuck in between; no reduction or expansion in their service territory.
- Different rate designs for different rate classes
 - Simplicity is good but does not capture some elements that may be of significance. Comparing one customer living in a downtown condominium unit with another one in a remote area is not an accurate comparison. One possibility is a simple rate design for $GS < 50$ kW and something a bit more complex for $GS > 50$ kW. For large customers it should be quite detailed and that makes it more complex.
 - Large customers pay based on demand (kW); avoiding their peak demand to be on the coincidental peak, i.e. systems peak and large customers' peak occurring at the same time.
 - Real-time pricing may be more acceptable/appropriate for businesses?
 - One possibility for smaller customers/businesses is a peak demand kWh package. E.g. “phone plan approach”. For instance they can purchase a 400 kWh for the peak time and pay a premium if they surpass that limit.

Packages can have various limits, similar to cellphone packages; e.g. 200, 400 kWh or an unlimited package.

- **Locational Pricing**

- Not a good idea for a small commercial customer (a pizza shop) that wants to do business in a high density location; but it might be a good idea/acceptable for a large customer (e.g. a large manufacturing plant) to be fairly remote and in return, benefit from locational pricing to pay less.

- Behavioural change is also important and necessary, since issues are not cost-driven only.

- Demand response and distribution rates

- Yes; it might happen in future; but the rate design should be based on facts and things that can be precisely measured, not based on forecasts etc.

- Renewable energy + Battery storage technology (as opposed to being grid connected) is being investigated. A MaRS think tank has already or is currently looking at that.

- London Hydro's work might be relevant and helpful in this case.

- The legal issues in regards to the Behind-the-meter (BM) control

- e.g. in case of a damage to a customer resulted from BM control, who is responsible?

- There is a possibility for an over-ride. Eventually customers should agree to the terms and conditions and sign up.