



Ontario Energy Board

Commission de l'énergie de l'Ontario

Common Cost Allocation Principles for Standby Rates

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Objectives of Present Filings

Develop common distribution-sector cost allocation principles for standby rates to customers with load displacement facilities

- will apply to LDCs with current standby rates, or with load displacement customers
- filing questions will gather other useful information



Modeling Approach 1

Applicability: Where load displacement customers are not separate rate classification

Initial Step: Use new unit costs from main rate class

Next Steps: Make adjustments for significant quantifiable additional costs or benefits

- Working group cautions detailed local studies of savings may not be available – alternatives?



Modeling Approach 2

Applicability: Where load displacement customers are separate rate classification

Initial Step: Use new unit costs based on separate data and costs for this classification

- Working Group cautions reliable load data difficult; materiality threshold would help



Modeling Approach 2

Next Steps: Make adjustments for significant quantifiable additional costs or benefits

- suggested adjustments to be provided

Treatment of Diversity Benefit:

- FERC rules under examination
- Working Group suspects diversity benefits will grow as number of facilities expands



Future Steps

Filing Load Data requirements to be finalized
Default = Actual metered usage to be used when allocating demand-related costs

Role of option (add to above actual or estimated generator load displacement) tbd?

Rate design aspects to be focus of Electricity Distribution Rate Review (later 2006)

- present Working Group forwarding suggestions for consideration

