

Fwd: URGENT - Fixed delivery rates

From: Rosemarie Leclair <rosemarie.leclair@ontarioenergyboard.ca>
To: "Teliszewsky, Andrew (ENERGY)" <andrew.teliszewsky@ontario.ca>
Date: Sun, 05 Feb 2017 08:11:40 -0500
Attachments: 12015-03-26 Rate Design - Ministry of Energy_V3.pptx (509.68 kB); ATT00001.htm (298 bytes); 1Rate Design Bill Impact Analysis 14-07-2014.docx (550.83 kB); ATT00002.htm (298 bytes); 1Aggregated Rate Design Analysis Dec 4 2014.docx (758.16 kB); ATT00003.htm (267 bytes)

See below. I've included Brian's email as it provides context for the 2 attachments.

One reminder, all of this is about distribution rates only. The latest version of the OEB 5 point plan deck included fixed transmission (something we have not done) .
I have a chart that shows the fully fixed ie tx and dx for all utilities which I will send along separately.
Let me know if there's anything more you need.

Sent from my iPhone

Begin forwarded message:

From: "Brian Hewson" <Brian.Hewson@ontarioenergyboard.ca>
To: "Rosemarie Leclair" <Rosemarie.Leclair@ontarioenergyboard.ca>
Cc: "Lynne Anderson" <Lynne.Anderson@ontarioenergyboard.ca>, "Mary Anne Aldred" <MaryAnne.Aldred@ontarioenergyboard.ca>, "Neil Brodie" <Neil.Brodie@ontarioenergyboard.ca>
Subject: Fwd: URGENT - Fixed delivery rates

Rose,

I haven't located anything very specific to the question Andrew asked in terms of a deck. Most of the analysis looked at total bill impacts and approaches to mitigation. I could not find a deck specifically on low consumption impacts. The Report speaks to the need to consider mitigation for very low volume users which was the driver for the 4 year rollout, and also the need to look at the multi-unit res suite metering and consider whether separate rate classes and fixed rates should be developed for them. What I have provided is the most relevant material from the work that was done in 2014 for the actual project. I suspect on Monday we could get Anthony to run some scenarios and analysis of different low volume consumptions for a variety of consumers. Also some of the work done by the Rate Design Working Group focused on impact on low consumption consumers but I am not sure what analysis was done, I think Ceiran lead that.

Attached is a deck that was used in briefing the Ministry at time of Report (essentially the same version was used in earlier briefings of the Board on the implementation). This deck provides the overall impact picture in terms of number of customers who see bills go up/down. However it

does not provide any view on impact on low volume consumers, i.e. there is no consumption related analysis included. The impact on total bill is also based on a one time change from fix/variable to fully fixed, no mitigation. The focus of most of this deck is on mitigation - the four year strategy was designed to make sure even the smallest volume consumer would not see more than a \$4 increase in month. Also the deck relies on the data we had from specific distributors - Toronto was not one of them as they did not wish to participate.

The discussion of low volume impacts was more involved in the discussion around implementation and mitigation. The concern being to develop a mitigation strategy to that would keep any annual increases as low as possible.

I have attached a document that provides an analysis of consumer bill impacts at various levels of consumption with a move to a Fully fixed rate. This paper provides the main analysis that was done to look at impact on low consumption consumers when we were briefing the Board in summer of 2014. The fully fixed rate was based on total class revenue (2013) and compared to the approved fixed/variable charge (the approved splits is provided in the charts). The result shown is the "all in" impact of a change from the fix/variable to fully fixed, there is no mitigation in this. All LDCs have been included in the analysis to show what each utility's current (f/v) and estimated fixed charges would be, and each shows what the impact is at different consumption levels. The purpose was to show the total change/impact both in distribution charge and total bill.

The second document was used in providing the Board with an analysis of mitigation approaches - which lead to the adoption of the 4 year rollout, with a maximum \$4 increase in the fix charge each year (and the corresponding reduction in variable charge). It provides a picture of the MAXIMUM amount of change that customers would see in any given year (assumes a consumer has 0 consumption) under the various options for mitigating. The tables from page 7-18 provide information on total bill impacts and impact for various customer types - LEAP and electric heat. The tables for Hydro One assume a single fixed rate for all res classes, which is not the way that it is rolling out so may not be very helpful.

These appear to be the most relevant documents in terms of the question about impact on low volume consumers. If there are questions about any of this I am available to discuss.

Brian

On Feb 4, 2017, at 11:37 AM, Rosemarie Leclair
<Rosemarie.Leclair@ontarioenergyboard.ca> wrote:

Andrew needs info to assist in answering questions from PMO re move to fixed. Their concern is impact on low volume. I think the data they have may be skewed by HONI R1 and R2. I know when we did fixed delivery we also were concerned about impacts and I think that the various slide decks / reports that went to the Board and perhaps part of consultation and any minister or ministry briefings and final report had data on that for across Ontario and perhaps by utility.

I think this project was originally under Peter so Brian your team is probably best to pull everything we have together. More is better. ie pull every deck, report etc produced on this.

Also, I'm not sure if we have data on the various splits for each ldc when we started ie % fixed vs variable . If I recall THESL was high on the fixed so impact is lower on their low volume. But HONI was high on variable so impact was higher on their low volume .

And lastly, what the split is at this point... As we are now 2 years in for most Idcs.
Lynne this stuff may be available on your end.

In any event , I need as much as I can get that has already been produced over the
weekend to get it to Andrew ASAP.

Thanks all

Sent from my iPhone

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