



Ontario Energy Board Commission de l'énergie de l'Ontario



Distribution Rate Protection

For LDC Working Group

Jane Scott

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Maximum Monthly Base Distribution Charge

- Step 1: from the list of the eight named LDCs (nine residential classes), the OEB will take only the base rates from LDCs that have approved 2017 rates effective on or after January 1, 2017
- Step 2: the OEB will calculate a notional fixed base distribution charge for each LDC identified in Step 1
 - ❖ based on the approved 2017 monthly fixed service charge (MFSC) grossed up by the fixed proportion of the current fixed/variable split (i.e by the % of revenue for that class that is currently collected from the fixed charge)
 - ❖ For example, if the MFSC is \$20 and contributing 65% then the fully fixed MFSC is $\$20/.65 = \30.77 .
- Step 3: the lowest of the fully fixed MFSC is declared as the maximum that can be charged by the 8 named LDCs effective July 1, 2017
 - ❖ Based on current approved rate orders for 2017, that charge may be \$36.30.



Implementation

- Starting with July 1, 2017 consumption, the named LDCs will calculate the base distribution charge (no riders or adders) to be included in the Delivery line, in the regular manner and compare that charge to the maximum.
 - If less, they will include the calculated amount
 - if more, they will only include the maximum amount
- The amount for July 1, 2017 will be formally established in an OEB decision tentatively scheduled for June 22, 2017



Subsequent Years

- Step 1: from the list of the eight named LDCs (nine residential classes), the OEB will take only the base rates from LDCs that have approved rates effective on or after July 1 of the previous year
- Step 2: the OEB will calculate an updated notional fixed base distribution charge for each LDC identified in Step 1 as per the calculation in year 1 (2017) until all LDCs are on fully fixed base rates
- Step 3: the lowest of the fully fixed MFSC is compared to the year 1 amount (say \$36.30), and the highest of the two is declared as the maximum that can be charged by the eight named LDCs effective July 1, 2018, etc.
 - ❖ The max charge can never go below \$36.30
 - ❖ The OEB has not yet determined the frequency of updates to the maximum charge, or the timing going forward
 - ❖ May be revised once a year, with July 1 each year an option

