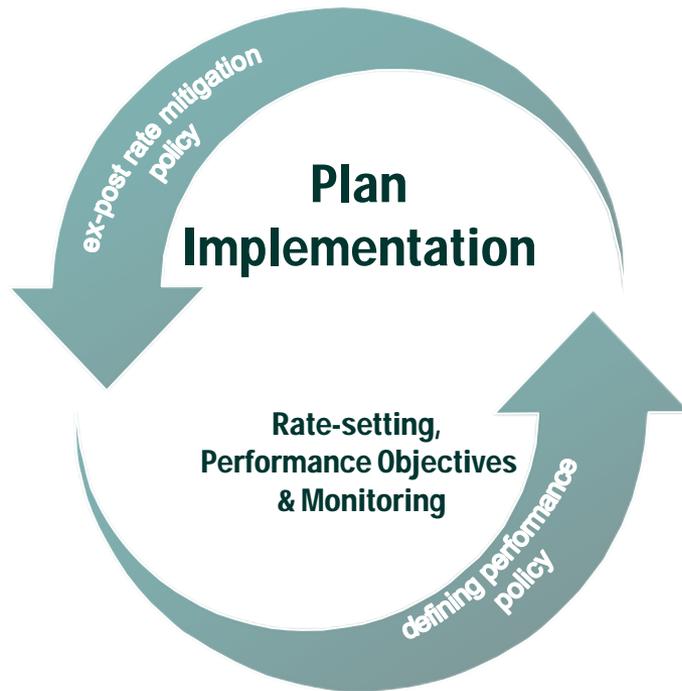


Developing a Renewed Regulatory Framework for Electricity



- Rate Mitigation (EB-2010-0378)

- *To provide transmission and distribution utilities and the Board with a set of tools, approaches or options to help mitigate the effects of unavoidable and significant rate and/or bill impacts.*

Rate Mitigation: Context

- Government predicts electricity prices will rise 3.5% per year over the next 20 years, with a sharper increase in the near term for residential prices: 7.9% per year (or 46% over 5 years).
 - Short term increase to help pay for critical improvements to electricity capacity in nuclear and gas, transmission and distribution, and for investments in renewable generation.
- The Ontario Clean Energy Benefit, effective January 1, 2011, is intended to help ratepayers with rising costs and electricity prices.
 - 10% rebate on the total bill for the next 5 years.

Rate Mitigation: The Board's Existing Mitigation Policy

- The Board's current mitigation policy is described in chapter 13 of the 2006 Electricity Distribution Rate Handbook.
- A mitigation plan is required if total bill increases for any customer class or group exceeds 10% (keeping the commodity component constant).
- Distributors have discretion over the mitigation methodology proposed, which is considered by the Board on a case-by-base basis.
- 10% threshold was initially established to mitigate rate increases from the unbundling of services.



Review of Current Mitigation Policy

- In what cases (driver and amount of the increase) has the Board approved/requested mitigation plans?
- What sort of mitigation plans has the Board approved?
- Has the Board's mitigation policy applied to increases on total bill (excluding taxes) or just delivery charges?

Jurisdictional Review

- What mitigation approaches/methodologies have been implemented in other jurisdictions?
- How have “green” jurisdictions (jurisdictions with a significant share of renewable generation in their supply mix) promoted gradualism in rates or bills? How have these policies been set? What principles or regulatory objectives were driving them?
- Are there other jurisdictions that have a threshold in place that applies to the mitigation of rate or bill impacts? If so, what is the threshold and how is it set?

Mitigation of Commodity Charges (RPP)

- Should the Board mitigate changes in commodity charges through the RPP-setting process? If so:
 - How might the Board mitigate these changes while maintaining the principle of full cost recovery?
 - Would an accelerated recovery of the balance in the OPA variance account result in smoother/lower bill changes? What would be the implications of an accelerated recovery?

Mitigation of Delivery Rates

- What principles should guide the Board's mitigation policy?
- Should there be a generic methodology/approach to mitigate delivery rates or should utilities have discretion about the type of mitigation plan to be proposed?
- What alternative approaches and/or rate treatments might smooth the impact of rate increases? (Ex ante & ex post approaches).

Ontario Clean Energy Benefit (OCEB)

- In developing its policy, should the Board consider the OCEB?
- If so, how?

Mitigation Threshold

- Should the Board's mitigation policy have a threshold? If so, what should that threshold be and how might the Board set the threshold?
- Should the threshold be different for different rate classes?

- Questions
- Comments
- Discussion

