May 25, 2016

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
27th Floor/ P.O. Box 2319
2300 Yonge St.
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EB-2015-0043
Rate Design for Commercial and Industrial Electricity Customers: Aligning the Interests of Customers and Distributors

Halton Hills Hydro is pleased to have the opportunity to comment on this discussion paper which strives to address customer concerns while providing stable rate design for distributors.

In considering the customers' perspectives, the overall bill needs to be considered. This paper represents considerable effort in changing a part of the bill that has relatively low overall impact on customer costs. For smaller businesses that fall into the General Service <50 rate class, the impact is typically about 20% of the overall bill. These customers typically do not have the facility to react to time based pricing or other load shifting options. A more stable and predictable pricing mechanism would better serve these customers.

For General Service >50 customers and larger, the distribution portion of the bill is even less significant, representing only about 5% of the overall bill. To maximize the benefit for customers implementing conservation measures or load shifting measures, the entire bill needs to be assessed, including the Global Adjustment which typically represents over 50% of their bill.

One of the issues addressed in the paper is the boundary issues for customers moving from one rate class to another, specifically customers moving between the under and over 50 kW classifications. Halton Hills Hydro proposes a more flexible boundary, perhaps based on a two or three year average demand rather than one year. A number of these customers change classifications on an almost annual basis if their energy use is close to the 50 kW threshold. If there has been a known change in nature of business that is expected to continue, then it makes sense to move these customers into a new classification based on one year's data. However, if they are a customer who typically consumes close to the 50 kW threshold, seasonal variations can cause them to change class on an annual basis. Considering

a two or three year average would better reflect the true nature of the energy use at that location and allow for a more reasonable move in classification.

General Service <50 kW demand customers

The energy usage and distribution system requirements for these customers are similar to residential customers. As such, Halton Hills Hydro suggests that the rates for these customers should remain in line with residential customers with a fixed and variable portion as exists today. Over time, it may make sense to transition these customers to an entirely fixed charge as is currently underway for residential customers.

A fully fixed charge option or a Time of Use distribution rate option could be accommodated, however, the Time of Use option would need to be based on kWh and follow the same Time of Use schedule the OEB has implemented for commodity. Different Time of Use schedules for different parts of the bill would be needlessly complicated, require significant changes to LDC CIS systems and to the provincial MDM/R and would add unnecessary complexity and confusion for customers. We do not support the Energy Use Blocks option as being excessively difficult to manage and requiring significant CIS system changes.

A minimum bill option could be considered but only if the variable charges were based on kWh and not demand. It is important to consider that any rate design for small general service customers needs to remain based on kWh. Demand information is not recorded in CIS systems for these customers and in some cases; the meters are not recording this information. This information is also not available in the provincial MDM/R.

In order to assist these customers in understanding their energy use, responding in a timelier manner to consumption and to adopt conservation programs, existing tools can be leveraged. Residential and small commercial customers in Halton Hills can view their energy usage data online and set up alerts and notifications based on various consumption parameters including total kWh, total cost and on-peak energy use thresholds.

Customer Classes for customers with >50kW demand

Halton Hills Hydro's recommends using a consistent rate methodology for all customers with >50kW demand regardless of whether they are general service, intermediate or large. LDCs are currently transitioning all of these customers to interval meters to meet the OEB August 21, 2020 deadline. This investment should be considered in rate design to ensure that the meter capabilities are utilized to benefit customers and distributors. A consistent rate framework for these classes of customers will ease the boundary issues between these classes.

For these customers, the distribution portion of the bill represents only 5% of the total bill. To maximize incentives to customers to shift load to off peak times or reduce overall consumption, rate design needs to consider the whole bill. Halton Hills Hydro recommends that any rate design implemented for

distribution rates for these customers' needs to align with transmission rates and follow the same peak schedule as Transmission Network and Connection charges.

Our preferred option for these customers is a three part demand rate either as suggested in either 5a or 6a. Option 5a would provide distribution rates consistent with the existing transmission rates. 6a would follow the same peak periods as transmission rates with perhaps a further incentive for business to shift production to off-peak periods.

Halton Hills Hydro does not support option 6b where Off-peak is free.

Credits for Distributed Energy Resources

Halton Hills Hydro supports initiatives that facilitate renewable energy and storage connections, however, the utility is concerned about the intent of this credit. The paper suggests that distributed energy resources could be used to delay upgrading distribution system capacity. LDCs have, as a condition of license, an obligation to maintain system integrity. The distribution system would need to be capable of supplying the load for a customer with generation on premises in the event that there generation is offline or unavailable. LDCs do not have the resources required to manage dispatching generation at the distribution level. These generation sources would need to be managed through the IESO administered market. The cost for individual LDCs to administer generation resources would be prohibitive.

There are certainly opportunities to incent co-generation, battery storage and other innovate grid technologies, however, these are perhaps best administered at the provincial level through the IESO.

In the event of any additional information, questions or concerns, please contact David Smelsky at dsmelsky@haltonhillshydro.com or (519) 853-3700 extension 208.

Sincerely,

David Smelsky
Chief Financial Officer