

ONTARIO ENERGY BOARD

IN THE MATTER the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B);

AND IN THE MATTER OF an application to the Ontario Energy Board by Energy+ Inc. pursuant to Section 78 of the *Ontario Energy Board Act, 1998* for approval of its proposed distribution rates and other charges effective January 1, 2019.

Toyota Motor Manufacturing Canada Inc. (“TMMC”) Responses
to
Technical Conference Interrogatories from School Energy Coalition (“SEC”)

January 22, 2019

Question SEC-TMMC-TC1

1. [SEC-TMMC-3(a),(b)] SEC seeks to understand in a practical fashion how the Mr. Pollock's proposed standby rate methodology, if approved, would be implemented. Please respond to the interrogatories in full as proposed, especially part (b).

Response:

Please see Attachment A.

Question SEC-TMMC-TC2

2. For any cost allocations scenarios that TMMC is asked to provide in response to Technical Conference questions from Board Staff, Energy+, or other intervenors, or any updated cost allocation proposals it may provide in any evidence updates, please provide a table showing the distribution bill impacts for customers for each previous rate zone (BCP and CND) and for each rate class.

Response:

TMMC will be providing updated evidence and will provide an analysis of the customer class revenue requirements.

Developing a Cost-Based Rate for Standby Distribution Service

January 23, 2019

Standby Distribution Service

Applicable to Customers Who Own Load Displacement Generation (LDG) That is Located Behind the Customer's Meter

The Additional Delivery Service Required

- When a Customer's LDG Sustains an Outage, AND
- There is a Net Increase in the Customer's Peak Demand As a Result of the Outage

Standby Distribution Service Cost Basis

Types Of Distribution Facilities

- Local
- Shared

Local Distribution Facilities

- Provide Distribution Service To Specific Customers (*i.e.*, Primary & Secondary Overhead Lines & Conductors, Poles, Towers, & Fixtures, Underground Conduit, & Underground Conductors)
- Directly Assigned or NCP Allocated

Shared Distribution Facilities

- Provide Distribution Service to all Customers (*i.e.*, Bulk Distribution)
- CP Allocation

Local Distribution Costs

Local Facilities are Electrically Closer to the Customer

- Less Diversity (Not Zero)
- Sized to Meet the Maximum Expected Demand
- Anytime

Local Distribution Costs Are Incurred Regardless of the Amount of Standby Distribution Service

Thus, the Recovery of Local Distribution Costs Should Recognize Expected Max Peak Demand

Shared Distribution Costs

Outages Rarely Occur Coincident With a System Peak

- Forced Outages are Random, Nonrecurring Events
- Maintenance Outages can be Planned, Sometimes Well in Advance (Controlled Diversity)

Thus, the Recovery of Shared Distribution Costs Should Recognize Diversity

That is, the More Standby Distribution Service is Used, the More Likely an Outage Will Coincide With a System Peak

- & the Higher the Cost to Serve

Cost-Based Rate For Distribution Standby Service

Contract Volumetric Rate

Local Distribution Costs

Standby Contract Demand

- Customer Determined

Annual Fixed Costs

- Not Affected By the Amount of Service Actually Provided

Daily Volumetric Rate

Bulk Distribution Costs

Daily Demand

- Weekdays
- On-Peak Period

**Costs Vary With the
Amount of Service**

- Higher Coincidence
- Higher Costs

Example Distribution Standby Rate Design For a Hypothetical Customer Class

Description	Supplementary Service	Standby Service	
		Shared Costs	Local Costs
1. Target Rate Design Revenues	\$1,000,000		
2. Less: Service Charge Revenues	\$100,000		
3. Equals: Volumetric Rate Revenues	\$900,000	\$200,000	\$700,000
4. Billing Determinants (kW)	300,000		300,000
5. Volumetric Rate (\$/kW)	\$3.00		
6. Contract Volumetric Rate (\$/kW)			\$2.33
7. System Bulk Distribution Costs	Assumption	\$1,650,000	
8. System 12CP Demand (kW)		2,710,000	
9. Unit Cost (\$/kW)	L.7 ÷ L.8	\$0.609	
10. Loss Factor	Assumption	10%	
11. Unit Cost at Delivery Voltage	L.9 x (1+L.10)	\$0.670	
12. No. of Weekdays Per Billing Month		20.9	
13. Daily Volumetric Rate (\$/kW)	L.11 ÷ L.12	\$0.032	

Billing Example For a Hypothetical Customer

Description	No Outage	7-Day Outage	1 Month Outage
Supplementary Power Demand (kW)	50	50	50
Standby Contract Demand (kW)	100	100	100
On-Peak Monthly Peak Demand (kW)	50	150	150
Maximum Daily Demand (kW)	N/A	100	100
Volumetric Rate at \$3.00/kW	\$150.00	\$150.00	\$150.00
Contract Volumetric Rate at \$2.33/kW	\$233.00	\$233.00	\$233.00
Daily Volumetric Rate at \$0.032/kW-Day	\$0	\$22.40	\$67.00
Total Volumetric Charges	\$383.00	\$405.40	\$450.00

Questions?



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