



Network Charge Determinants

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Current Method

- Network Charges comprise about 6% of a customer's total bill, or under 60% of a customer's transmission bill, and are currently levied based on a customer's monthly demand, where the customer's demand is defined as the higher of:
 1. the customer's demand at the time of the monthly coincident peak demand, and
 2. 85% of the customer's maximum non-coincident demand between 7:00 am and 7:00 pm on weekdays that are not holidays.



AMPCO's Alternative Approach

- The Association of Major Power Consumers in Ontario's (AMPCO) proposal for Network charge determinants is based on an alternative rate design under which a fixed monthly network charge would be calculated for each customer based on that customer's demand during the hour of peak demand during the 5 highest peak days of the previous year .

AMPCO's Alternative Approach Cont'd



- This was called the “High 5 Proposal”.
- Under this proposal the customer’s Network Charge remains the same for each month of the year and any shift usage away from likely peaks would reduce the charge applicable for the following year.



OEB Decision EB-2008-0272

- In the Ontario Energy Board's (OEB) Decision With Reasons on Proceeding EB-2008-0272 issued May 28, 2009, the OEB directed Hydro One to come forward at its next application with:
 - 1. further analysis of AMPCO's proposal; and,
 - 2. a suitable proposal for implementation for the OEB's consideration in the event the OEB decides to change the charge determinant.



Questions?





Terms of Reference Questions

It is proposed that the following questions be built into the Terms of Reference / RFP for the consultant study of the AMPCO Network Charge Determinants (High Five) rate design proposal:

Terms of Reference Questions



1. Identify the likely effects, costs and benefits of implementing a High Five rate design:
 - Predicted load shift
 - Shift in transmission cost
 - Reduction in commodity cost
 - Who pays?
 - Who benefits?
 - What unintended consequences or side effects might such a rate structure incur, e.g. additional rate burdens on consumers with low elasticity of demand, not enough shifts in local load where capacity constraints are an issue, shifts in load that may create new capacity constraints, etc?



Terms of Reference Questions

2. Recommend a methodology to monitor the results of implementing AMPCO's proposal and its effect on commodity prices.



Terms of Reference Questions

3. What has been the experience with this rate design since its implementation in New Jersey and Texas?



Terms of Reference Questions

4. Address the various criticism made by intervenors about AMPCO's analysis. (Will AMPCO produce Dr. Sen's report and all underlying data and calculations for peer review?).



Terms of Reference Questions

5. What are the implications of a High Five rate design for existing (and proposed) OPA load management programs?