Maritime Electric Co. Ltd. (MECL) Rate Structure Changes

Residential and other Ratepayers

Application – UE22503.

Clarification Questions for MECL – August 23 2021

Second Block Elimination:

1) MECL has spent considerable time and effort in analyzing energy use for farms, engaging the 100+ highest energy farm operators and proposing cost increase mitigating choices. Beyond the preliminary load study (Appendix C) what similar studies, cost impact calculations and mitigating proposals are in place for the other 7000 plus second block Residential customers?
2) Noting that AMI is not required to implement innovative TOD and /or thermal storage alternative tariffs, is MECL prepared to offer the 7000 plus second block Residential customers a TOD tariff for off-peak appliance use and thermal storage billing discounts for non-peak hot water heating?
3) How will those farmers not engaged in the Farm Study choose to switch to the Small Industrial tariff (SI) or stay with the Residential tariff?
4) Farmers operating with low Load Factors will elect to continue with the Residential tariff. What assistance will MECL provide to help improve the Load Factors and therefore encourage these farmers to move to the Small Industrial tariff?
5) Farm Study – page 22: Recognizing the Commission's concern with declining cost energy blocks why does MECL continue to describe the SI and GS tariffs in terms of first and second blocks? Would it not serve customers and the Commission better if the following descriptions were adopted:
    a. The SI tariff comprises a fixed Energy (KWh) unit cost and a fixed Demand (KW) cost independent of the amount of energy used each month. (Contrary to the page 22 claim that it "is better for a wide range of load factors", it simply results in a lower cost for high load factors and a higher cost for poor load factors).
    b. The GS tariff is inequitable because it is applied to a wide range of customers' energy consumption and demand loads. Some customer equity is achieved by having both a declining second energy block (5000KWh) and the first 20KW demand exception but extending the application of this tariff is not warranted. (Clearly with 75% of GS customers not being metered for Demand, which drives the high RTC of 1.21, the application of the GS tariff has to change)

Monthly Service Charge Inequity:

1) Why is MECL proposing (again) to marginally reduce the rural rate to be equal to the urban rate? These monthly service charges have been static for many years and have not been contested by rural customers.
2) With a clear directive from the Commission that cost inequities should be corrected, why isn't the MECL focus upon the monthly service charge inequity for all - rural and urban - low energy use customers?
3) The factors relating to the above questions are:
   i) The significant inequity with the current monthly service charge is not between urban and rural customers. For many customers using electricity for lighting and small appliances – table 3 suggests up to 23,000, the current monthly service charge can be up to 30% of the cost of the monthly energy used.
   ii) Each of the three past Cost Allocation Studies (CAS) identify the cost elements of Energy, Demand and Site as a percentage of the total annual revenue requirement which can be individually assigned to the units of energy – KWh – consumed.
   iii) The CAS does acknowledge that a simple allocation of Site costs for any customer classification can be on the number of sites basis. This has been adopted for the Residential class for many years but for other customer classes the site costs are contained within either energy price or demand price or both.
   iv) It is clear that there should be a minimum monthly "connection" charge to cover the basic maintenance of the electricity site connection but the inequity between customers using different amounts of energy should be corrected.

General Service (GS) Customers:

1) What are the pending tariff changes for the 5000 plus GS customers who are not metered for Demand but have billings which are the major cause of the high RTC for this class? Is this the group of GS customers that will have priority allocation of the increased second block Residential funds to reduce their RTC?
2) If tariff changes for the GS customer class are also planned for stage 2 of the Rate Structure Changes activity, what is the likely future cost impact for other customers and which class will be affected the most?
3) Does MECL intend to consider adopting the Small Industrial tariff for the GS customers who are currently metered for Demand and thus blending all Demand based customers equitably into a simple and effective demand centric tariff?

Appendix D: Residential Net Metering Impacts on Rates

1) Chart 1) shows 412 new installations during 2020 at an average size of 9.2KW:
    i. Were these all Residential customers? If not how many Farm, General Service and Small Industrial customers were involved?
    ii. What is the historical annual energy used by these customers – lowest, highest and average KWh? If all four customer classifications are involved please separate out the data.
    iii. What is the high to low range of the ratio between installed solar KW to average KW use for each of the customer classifications
2) Chart 1) also suggests new solar installations for 2020 was almost 4MW. For the 701 total installations to date what is the total power level?
3) Is the retrieval of summer generated grid stored energy during the winter peak times considered to be an additional customer cross-subsidization factor? If so how will it be calculated and what potential impact will this have on the net metering contracts?
4) It has been reported that 30KW is now the maximum allowed net metering solar generation installation. Please provide the grid stability criteria adopted and the calculations setting this limit.