

NLH 44 Based on your knowledge of TOU rates that have been implemented in other jurisdictions, what level of relative peak to off-peak costs are necessary for customers to change their usage patterns by a significant amount leading to a positive impact on the utility's expansion plan costs?

RESPONSE:

Price elasticity of demand varies substantially between types of customers and electricity uses. For many uses, a price differential of 10% to 20% may have an equivalent impact (i.e., 10% to 20%) on demand, other things equal. Cost reflective rates, such as TOU rates, are justified both by equity and allocative efficiency considerations.