

**CA-230 PUB**

***On page 24, lines 8 to 11 of the Evidence of EES Consulting, it is stated that energy charges in the NP rate should be based on time-of-use, but it is not viewed as having broad support at this time, nor is it operationally realistic to implement for the 2004 tariff. What is the basis for the statement that time-of-use does not have broad support? If it did have broad support, would EES recommend a time-of-use rate for immediate implementation, as soon as the “operational” issues were addressed? What are these “operational” issues that EES is referring to?***

EES Consulting has arrived at the conclusion that time-of-use rates do not have broad support upon its review of the Board Order P.U. 7 dated June 7, 2002, Hydro's 2004 rate application, and information requests to date. On page 151 of P.U. 7, for example, the Board expresses its decision to defer examination of such rate design options and “will continue to monitor this situation with a view to determining an opportune time to act on this initiative”. Of the more than 1,000 RFIs submitted before intervenor evidence, EES Consulting is aware of seven instances where the subject of time of use rates is raised. The bulk of these questions have been raised by a single intervenor.

If the concept of time-of-use rates did have broad support, EES Consulting would strongly consider endorsing a time of use rate proposal under the following conditions:

- the customer is interval metered
- the rate provides an appropriate price signal of a utility cost that is known to vary with the time of day

In the context of a rate for NP, for example, a time of use rate could reflect higher production costs during hours of peak demand as peak generating units are brought on-line.

Among the general operational issues that Hydro would need to resolve to implement such rates are metering and billing. For example, EES Consulting does take note that from Hydro's response to PUB-181 NLH that not all delivery points to NP load centres are currently interval metered. Certainly, either the installation of appropriate interval meters or an agreement on a reasonable estimation method would be one necessary operational issue that would need to be resolved before a time of use rate could be applied to NP.