

IC-450 PUB

Please provide any basis or support for the statement that “an effort to shift consumption, even though it equally contributes to lower system costs at times of peak demand, is not rewarded under this proposed rate structure at page 23. How does shifting use on Hydro’s system from peak times to less-peak times contribute to lower costs? Please provide all analysis and quantification that EES has prepared on this topic.

Response

EES Consulting believes the answer to how the tail block rate does not provide an effective price signal to reduce or shift demand is found in Section 8.2 (page 23 line 35 to page 24 line 5) of EES Consulting’s evidence. For a discussion of how shifting consumption from on peak hours to off peak hours may affect overall system costs, please refer to NLH-210 PUB.

EES Consulting has not prepared analysis or evidence as to whether or not winter peak demand is a primary driver of Hydro system costs. As noted in the evidence of EES Consulting (page 22, line 39 to page 23, line 7), this issue was largely resolved in the Board’s P.U. 7 2002 decision.