

1 Q. Is Hydro of the opinion that the existing seasonal and time-of-use rates should be
2 reviewed to determine changes to encourage more conservation? If yes, describe
3 the process for such review. If not, why not?
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6 A. The appropriate emphasis to place on demand and energy, for the near and longer
7 terms, requires study of future marginal considerations. Time-of-use rates are a
8 tool used primarily to reduce capacity costs. Time-of-use rates encourage
9 customers to alter the timing of their behaviour, but not to change overall
10 consumption, and as such, there could be little impact on fuel savings by focusing
11 on a time-of-use rate.
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13 Hydro suggests the following process to determine the longer-term approach to
14 rate structures:

- 15 • Analysis of the future marginal cost of demand and energy; and
- 16 • A rate design regulatory process where all of the appropriate parties can
17 contribute to the analysis of the appropriate balance of marginal cost based
18 rates to promote efficiency and other regulatory principles such as fairness
19 in cost recovery and rate stability.
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21 The review of any new rate structure should also include aspects of the cost to the
22 system to implement the rate. Time-of-use rates should require consideration of
23 metering technology and utility billing processes.