

RAP/NEEP	Utilities	Discussion Notes
<ul style="list-style-type: none"> • Principles for modern rate design: <ul style="list-style-type: none"> ○ Universal Service ○ Time-varying ○ Fair Compensation • Distributed generation-growing • Pricing as a messaging system • Rate design options: <ul style="list-style-type: none"> ○ Time of Use ○ Demand Charge ○ Net Metering ○ Minimum Bills ○ High Customer Charges ○ Cost-driven Customer Charge ○ Subscription Demand Charges ○ Bi-directional Rates ○ Value of Solar ○ Fees – DG Users ○ Feed-in-tariffs • Decoupling • Outcome Based Regulation • LRAM allows true-ups for 	<ul style="list-style-type: none"> • NH Utility Rate Structures Unbundled Components : <ul style="list-style-type: none"> ○ Customer Charge ○ Demand Charge ○ Volumetric Charge • Rate Class Structure: <ul style="list-style-type: none"> ○ Distribution Charge ○ Transmission Charge ○ Stranded Cost Recovery ○ System Benefit Charge • Rate Design & Cost Recovery • Funding EE Expansion • EE Impact on Distribution Rates • Lost Revenue Adjustment Mechanism (LRAM) • Revenue Decoupling Mechanism • Recommended: LRAM • Time-of-use meters/smart meters • EE Savings Illustration – 3yrs • Lost Distribution Revenue – 3yrs 	<ul style="list-style-type: none"> • When dealing with rate design seek to give accurate cost based price signals in order to: <ul style="list-style-type: none"> ○ Encourage wise use of energy and reduce the use of energy at peak times. ○ Avoid creation of cross subsidies that would encourage inefficient use or production of energy. ○ Consider adoption of optional rate designs for each customer class that encourage efficiency. ○ Encourage the addition of distributed generation with the right size, location and operating times to have positive impact on the grid and the cost to serve customers. ○ Revenue adequacy via Implementing decoupling or lost revenue recovery mechanisms. ○ Promote use of smart meter/smart grid technology/consider time of use, real time pricing.

<p>over and under performance.</p> <ul style="list-style-type: none"> • MA and CT have authorized decoupling. 		
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Guiding Principles related to Rate Structures: N/A

EERS Rate Structures Meeting Results**

<u>TOPIC</u>	<u>RESULT</u>
1. Changes in rate design not desirable over the short term for EERS.	Agreed
2. Defer consideration of time-varying rates until after completion of the first three year performance period.	Agreed
3. More appropriate to consider time-varying rates in the grid modernization docket.	Agreed
4. Defer consideration of locational pricing.	Agreed
5. Consider implementation of full decoupling.	Further Discussion
6. Adopt LRAM as the preferred mechanism for lost revenue recovery.	Agreed

*** Numbered list for reference purposes; not priority*

Definitions: N/A