



**NEW BRUNSWICK**  
ENERGY & UTILITIES BOARD

COMMISSION DE L'ÉNERGIE ET DES SERVICES PUBLICS  
**NOUVEAU-BRUNSWICK**

## **DECISION**

**IN THE MATTER OF** an application by  
New Brunswick Power Corporation  
with respect to proposed changes to  
its rate structure, rate classes and  
rate design.

(Matter No. 529)

July 28, 2023

**Matter 529 – NB Power Rate Design**

**IN THE MATTER OF** an application by New Brunswick Power Corporation with respect to proposed changes to its rate structure, rate classes and rate design. (Matter No. 529)

**APPLICATION:** June 28, 2022

**ORAL HEARING:** June 7 to 15, 2023

**BEFORE:**

Christopher Stewart  
Presiding Member

Heather Black  
Member

Stephanie Wilson  
Vice-Chairperson

**APPLICANT:**

New Brunswick Power Corporation (NB Power)

John Furey

**INTERVENERS:**

Agricultural Alliance of New Brunswick

Anna Belliveau

David Amos

per se

Canadian Federation of Independent Business

Louis-Philippe Gauthier

Canadian Manufacturers & Exporters

Ron Marcolin

J.D. Irving, Limited

Nancy Rubin, K.C.

Twin Rivers Paper Company Inc.

Len Hoyt, K.C.

Union of Municipalities of New Brunswick

Dan Murphy

Utilities Municipal

Scott Stoll

**PUBLIC INTERVENER:**

Alain Chiasson

- [1] The Board is issuing this Decision on an expedited basis, with reasons to follow, to provide NB Power and parties with the information necessary to plan for upcoming proceedings.

## **1 Commercial and Industrial rate reclassifications**

- [2] NB Power proposes to classify commercial and industrial customers into business classes comprising small, medium, and large distribution-connected classes defined by peak demand using the demarcation points identified in Table 3.2 on page 24 of Exhibit NBP 1.03; and at least one transmission-connected class. NB Power is seeking approval of its proposal subject to further analysis, refinement, and Board approval.
- [3] The Board concludes that NB Power’s proposal is reasonable for the purpose of conducting further analysis and refinement before seeking the Board’s approval of precise business class definitions and associated rates.
- [4] Based on the evidence in this proceeding, the Board accepts as reasonable the demarcation points for the distribution-connected classes presented in Table 3.2 on page 24 of Exhibit NBP 1.03. The Board will consider any relevant and material new evidence submitted by NB Power, Board staff or other parties as part of a future proceeding for final approval of new classes and rates for commercial and industrial customers.
- [5] The Board directs NB Power to study, consider and model a single transmission-connected class and further segmentation of transmission-connected customers, including but not limited to segmentation of those transmission-connected customers with demand exceeding 25 MW. The Board directs NB Power to complete this work before seeking the Board’s approval of new classes and rates for commercial and industrial customers and to report the results to the Board as part of its application for approval of new classes and rates for commercial and industrial customers.

## **2 Elimination of the GS II class**

- [6] The Board rejects NB Power’s proposal, as filed, to eliminate the General Service II (GSII) class when implementing the new rate classes for commercial and industrial customers. The Board directs NB Power to file a proposal as part of a general rate application to eliminate the GSII class no later than April 1, 2025, and, if appropriate, to propose bill protection for former GS II customers.

### **3 Farms, places of worship, lodging, and certain charities**

- [7] NB Power proposes to allow farms, places of worship, premises with lodging, and poverty-relief charities with small loads to access residential rates in the future, subject to further analysis, refinement, and Board approval.
- [8] The Board concludes that the proposal is reasonable for the purpose of conducting further analysis and refinement before seeking the Board’s approval of specific residential rate eligibility modifications. This conclusion does not create a presumption in favour of the provisional thresholds in the proposal.
- [9] The Board directs NB Power to conduct further analysis of its proposed consumption and demand eligibility thresholds using load research sample data, including evaluating the impacts of expanding residential rate eligibility to all registered charities with small loads. The Board further directs NB Power to include the results of those studies in its application to modify residential rate eligibility for these customers and to file that application during Phase 2a of the regulatory proceedings identified on the revised rate design roadmap in Exhibit NBP 14.01.
- [10] NB Power also proposes to allow premises with lodging that have mid-sized loads in which charitable lodging is provided by a registered charity to access residential rates in the future.
- [11] At this time, the Board is not persuaded that the proposal is reasonable. The Board directs NB Power to conduct further analysis of its proposal using load research sample data, including an evaluation of the impacts of this proposal on eligible premises with lodging, ineligible premises with lodging, and other customers. The Board further directs NB Power to include the results of those studies in its application to expand residential rate eligibility to these customers and to file that application during Phase 2a of the regulatory proceedings identified on the revised rate design roadmap in Exhibit NBP 14.01.

### **4 Sequence and timing for the activities in Sections 1, 2, and 3.**

- [12] NB Power is seeking approval of its proposal for the sequence and approximate timing of the key activities required to implement the proposals considered in Sections 1, 2, and 3 of this Decision.
- [13] Subject to the specific Directions in paragraphs 5, 6, 9, and 11 of this Decision, the Board approves the sequence and approximate timing of the key activities required to implement the proposals considered in Sections 1, 2, and 3 of this Decision, as those

## **Matter 529 – NB Power Rate Design**

activities are described in Table 3.6e on page 47 of Exhibit NBP 1.03 and the revised rate design roadmap in Exhibit NBP 14.01.

- [14] Concerning the anticipated improvement of revenue-to-cost ratios described in Table 3.6e and the revised rate design roadmap, the Board will consider revenue-to-cost ratios as part of its approval of rates in the context of all relevant factors, including NB Power’s rate design guidelines.
- [15] The Board orders NB Power to implement the new business classes by April 1, 2027, the date indicated in the revised roadmap in Exhibit NBP 14.01. The Board expects NB Power to take all reasonable steps to manage the risk associated with completing the necessary antecedent steps and promptly inform the Board of any circumstances that may prevent the utility from complying with this Order, including any dependencies related to the AMI rollout.

## **5 Competitive products and services**

- [16] The Board approves NB Power’s proposal for products and services in markets with sufficient competitive characteristics to be regulated as a portfolio of Customer Energy Solutions and its proposal to include water heating, area lighting and SureConnect offerings in the proposed portfolio.
- [17] The Board approves NB Power’s proposal to continue using revenue-to-cost ratios to set rates for street lighting rental and unmetered services. The Board will consider revenue-to-cost ratios as part of its approval of rates in the context of all relevant factors, including NB Power’s rate design guidelines.
- [18] The Board approves NB Power’s proposed class cost allocation study methodology changes to Street Lights and Unmetered rate classes and the proposed class cost allocation study format changes related to Customer Energy Solutions.

## **6 Net Zero Rate offering**

- [19] The Board approves NB Power’s proposed methodology for calculating rates for a Net Zero Rate offering, subject to further consideration by the Board of any adverse effects on non-subscribing customers. The Board directs NB Power to file the proposed supply agreement(s) for non-emitting energy, anchor customer agreement(s), subscription agreement, and other proposed tariff terms and conditions with its application for final approval of a Net Zero Rate to be filed during Phase 2a of the regulatory proceedings identified on the revised rate design roadmap in Exhibit NBP 14.01.

## 7 EV charging, net metering and large-scale self-generation

[20] In Phase 2a, the Board will consider rate design and policy issues relating to public and fleet electric vehicle (EV) charging, NB Power’s net metering program, residential and general service EV charging, and large-scale self-generation. To facilitate the meaningful evaluation of these issues in the context of the Board’s rate design goals, the Board directs NB Power to file, as part of its Phase 2a evidence

- a. an evaluation of any material barriers to third-party development of EV stations in NB Power’s eCharge Network and other public and fleet EV stations;
- b. a quantitative analysis of cost shifting associated with NB Power’s existing net metering program using a range of avoided cost estimation approaches, including an estimation based on a value-of-solar analysis;
- c. an evaluation of the social, environmental and resiliency benefits associated with net metering;
- d. any proposed rate design and policy changes to address these issues; and
- e. any other relevant supporting or explanatory facts or information that would assist the Board in evaluating the issues in the context of the Board’s rate design goals.

[21] The Board will not close the net metering rate to new customers at this time.

[22] The Board notes that the revised rate design roadmap in Exhibit NBP 14.01 contemplates a technical stakeholder conference on Phase 2 issues in the fall of 2023.

## 8 Process for a regulatory sandbox

[23] The Board directs NB Power to file a detailed proposal for a process by which NB Power can seek approval for special-purpose rate designs and rates for a demonstration project, pilot, or soft launch, as required, to undertake rate design learning. The Board directs NB Power to demonstrate that its proposal establishes an appropriate balance between the desire for efficiency and predictability and the need for transparency, reporting, and stakeholder engagement.

[24] The Board directs NB Power to file the proposal as soon as it is practicable but no later than the time of filing its Phase 2a evidence.

## 9 Sequence and timing for Phase 2 and future rate design activities

- [25] NB Power is seeking further direction on the sequence and approximate timing for approval and implementation of the proposals to be considered in Phases 2a and 2b of this regulatory process and for other rate design activities that the utility may propose to undertake. NB Power’s proposed sequence and timing appear in the revised rate design roadmap in Exhibit NBP 14.01.
- [26] The Board observes that the line item titled “rate modernization for residential and wholesale customers” in the original rate design roadmap in Figure 1 on page 90 of Exhibit NBP 1.03 does not appear in Exhibit NBP 14.01. The Board directs NB Power to indicate these activities and their approximate timing on the roadmap.
- [27] The Board directs NB Power to file, on or before August 31, 2023, a further revised rate design roadmap reflecting the Orders and Directions in this Decision and to use that roadmap as a guide for the approval and implementation of the proposals to be considered in Phases 2a and 2b of this proceeding and for other rate design activities that the utility may propose to undertake.

## 10 Confirmation of compliance with foundational Directions

- [28] To enhance the value of the rate design process, the Board previously directed NB Power to continue its load research program and file the results and submit a proposal addressing the issue of under-represented customers in this rate design process. The Board confirms that NB Power has complied with these Directions.

## 11 Seasonal Rates

- [29] The Board will not require NB Power to file a proposal for seasonal rates at this time.

## 12 Other rate-setting issues

- [30] The Board orders NB Power to continue using the current Non-Sufficient Funds Charge of \$15.00 until further order of the Board.
- [31] The Board orders NB Power to continue using the current rate for calculating Late Payment Charges, described on page 80 of Exhibit NBP 1.03, until further order of the Board.

**Matter 529 – NB Power Rate Design**

- [32] The Board confirms that it will not apply general rate increases to NB Power’s EV Charging Rate Schedule and, until further order of the Board, approves a rate-setting approach by which EV charging rates are set to be comparable to EV charging rates in the region. The Board orders NB Power to include, as a minimum filing requirement in each general rate application, a report on demand growth, regional rate changes, and any other factors that impact EV charging rates.
- [33] The Board is issuing this Decision on an expedited basis to provide NB Power and parties with the information necessary to plan for the upcoming review of the utility’s class cost allocation study and the 2024-2025 general rate application. Detailed reasons will follow.

Dated at Saint John, New Brunswick, this 28<sup>th</sup> day of July 2023.



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Christopher Stewart



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Heather Black



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Stephanie Wilson