



## ECONOMIC STANDING POLICY COMMITTEE BYLAW REPORT

**Title** Bylaw 6412 - 2024 Electric Distribution Tariff

**Meeting Date** September 13, 2023

**Submitted By** Acting Mayor Parker, Chair – Economic Standing Policy Committee

### URGENT BUSINESS

**Recommendation from Economic Standing Policy Committee:**

BE IT RESOLVED THAT City Council:

1. provide First reading to Bylaw 6412 - 2024 Electric Distribution Tariff at the September 19, 2023 meeting of City Council.

**Vote:**

**In Favour: 5-0**

**Public Speakers at the Meeting:** None

**Public Submissions:** None

**Submitted By** Jason Drenth, General Manager - Electric Utility

**Presented By** Jason Drenth, General Manager - Electric Utility

### Summary

The Electric Distribution Tariff Bylaw sets the rates for all customers receiving electric services from the City of Lethbridge Electric Utility (LEU). The Distribution Tariff covers costs for the "wire services" required to connect customers to electrical services but does not cover costs associated with the energy customers consume. The Distribution Tariff is comprised of two main components to recover the costs of providing electric utility infrastructure for customers, Transmission Access Fees and Distribution Access Fees.

Transmission Access Fees are collected from customers by the City of Lethbridge Electric Utility and flowed through to the Alberta Electric System Operator (AESO) to cover the costs of the provincial transmission system. The provincial transmission system is required to connect generation sources to distribution systems throughout the province. Transmission Access Fees are set by the AESO and approved by the Alberta Utilities Commission (AUC).

Transmission Access Fees will increase by 5.0% across all rate classes in the Electric Distribution Tariff to meet the forecasted costs from the AESO in 2024.

Distribution Access Fees are collected from customers to cover the costs related to the electrical distribution system infrastructure located within the City of Lethbridge. The Lethbridge distribution system provides electrical connection for all customers in Lethbridge from the transmission system to their point of use.

Distribution Access Fees will increase by 2.00% across all rate classes in the Electric Distribution Tariff to meet forecasted costs for 2024.

The primary driver leading to the need to increase Distribution Access Fees in 2024 is that electrical consumption of customers connected to the network continues to remain flat.

Forecasted consumption remains stalled and is forecasted to remain at 0.5% based on second quarter 2023 results, as a result the Electric Utility revenue remains relatively flat. While the revenue remains flat, LEU's expenses continue to increase as our electric network requires maintenance and replacement at increased costs.

Currently, there will be no change to the Local Access Fee that the City of Lethbridge charges to electric utility customers in 2024. The Local Access fee is set as a percentage of the sum of Transmission Access Fees and Distribution Access Fees. The Local Access Fee will be 15.5% for 2024 and is set by city Finance.

The forecasting of rates for first reading of the Electric Distribution Tariff are based upon analysis of the June 30, 2023 financial reports.

Several changes have been made to the DT Bylaw, the majority of changes either revise or clarifies dates, contact information or language to align with current processes and regulations. A new rate class 1000 for Distributed Generation has been added to the Bylaw. This new rate class permits the Lethbridge Electric Utility the ability to connect a commercial generation source and recover costs for the electric service. Appendix 1 and 2 have been updated to reflect implementation of the new Rate 1000.

**Recommendation(s)**

That the Economic Standing Policy Committee recommends that Council provide first reading of Bylaw 6412 – 2024 Distribution Tariff Bylaw

**Financial**

An assessment of the rate increase will result in an average increase of 1.59% or \$3.08 per month of an average (750kWh) residential customers monthly bill, 1.87% for an average Commercial customer and 1.59% for the average Industrial customer.

### **Background and Prior Decisions**

Prior to forecasting 2024 rates, the Electric Utility committed to no new initiatives throughout the department for the period of 2023 – 2026 to maximize cost savings achieved through the workforce adjustment in 2021.

These changes will be effective January 1<sup>st</sup>, 2024.

### **Engagement**

Engagement is done with members of IASA (Industrial Association of Southern Alberta). A meeting will be scheduled for this fall prior to second and third reading to review the impacts of these changes to their members.

### **Recommendation and Option(s) Analysis**

- Economic SPC recommend to council to provide first reading of Bylaw 6412. These changes align with the Financial Stewardship and Economic Prosperity goal of the community. The risk of not proceeding as recommended is a lack of funding to support to Lethbridge Electric Utility in its 2024 operating budget as approved in 2022 resulting in a budget shortfall.

### **Attachment(s)**

1. 2024 DT Bylaw 6412 – FINAL
2. Bylaw 6364 – Redline
3. 2024 Electric Utility Bylaw Presentation

### **Link(s)**

Reviewed:  City Clerk  City Solicitor  City Treasurer

#### **Approvals**

**Department Director:** Joel Sanchez

**City Manager:** Lloyd Brierley

BYLAW 6412

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A BYLAW OF THE CITY OF LETHBRIDGE TO AMEND  
BYLAW 6364 – THE CITY OF LETHBRIDGE  
ELECTRIC DISTRIBUTION TARIFF BYLAW

\*\*\*\*\*

WHEREAS the City of Lethbridge owns and operates a municipal electric distribution utility;

AND WHEREAS the City of Lethbridge Municipal Electric Distribution Utility has been designated as a wire service provider pursuant to the *Electric Utilities Act*, S.A. 2003, c. E-5.1;

AND WHEREAS it is necessary to update the fees contained in the bylaw, and to add a new rate schedule to the bylaw;

NOW THEREFORE, THE COUNCIL OF THE CITY OF LETHBRIDGE, IN THE PROVINCE OF ALBERTA, DULY ASSEMBLED, ENACTS AS FOLLOWS:

1. Bylaw 6364 – The City of Lethbridge Electric Distribution Tariff Bylaw is amended as follows:
  - (a) in s. 2,
    - (i) delete “2023” and replace with “2024”; and,
    - (ii) add a new rate code to the end of the list as follows:

“Rate Code 1000 Distributed Generation”;
  - (b) in Appendix 1:
    - (i) delete all references to “2023” and replace with “2024”;
    - (ii) on page 2:
      - (A) delete “403.329.7381” and replace with “403.320.3111”;
      - (B) delete “Email: electricaccountadmin@lethbridge.ca”; and,
      - (C) under the heading “Other related documents available on the City of Lethbridge website”:
        - (I) delete “2014” and replace with “2021”;
        - (II) delete “2017” and replace with “2023”;

(III) the following are added to the list of documents:

“Electric Utilities Act, S.A. 2003, c. E-5.1

Distribution Tariff Regulation Alta. Reg. 162/2003

Hydro and Electric Energy Act, R.S.A. 2000, c. H-16

Hydro and Electric Energy Regulation Alta. Reg. 409/1983”;

(iii) on page 4, delete the first paragraph under “Effective Rate Period” and replace with the following:

“Current Electric Distribution Rates (Transmission Access and Distribution Access components) take effect January 1, 2024 and remain in effect until replaced by a new or amended rate approved by the City Council of the City of Lethbridge.”;

(iv) in the definition section,

(A) add the following definition after the definition for “Distribution Access”:

“**Distributed Generation** Means generation interconnected to a distribution system with the expectation of generating more than 1 MW of electricity.”;

(B) delete the definition for “**MVA**” and replace with the following:

“**MVA** Means megavolt amperes (MVA power) used for measuring apparent power. 1 MVA equals 1000 kVA”;

(C) delete the definition for “**Off-Peak**” and replace with the following:

“**Off-Peak Usage** Means System Usage that is not On-Peak.”;

(D) delete the definition for “**On-Peak**” and replace with the following:

“**On-Peak Usage** Means System Usage between the hours of 07:00 and 23:00, every day of the week;

(v) on page 7, after the line for Rate Code 999, add the following:

“1000 **Distributed Generation Rate** – for Services with on-site generating equipment connected to the distribution system, with a minimum export capacity of 1 MVA, serviced through a three-phase connection at primary voltage, which may be used to supply load at the same site.”;

(vi) on the page for Rate Code 991:

(A) add the following wording after “For monthly demand less than 12kVA”:

“and monthly consumption less than 800 kWh at least 6 times in the past 12 months”; and,

(B) delete all charges under the Transmission Access Rate and Distribution Access Rate and replace with the following:

**Transmission Access Rate**

a) System Usage Charge 0.0333 \$ per kWh  
b) Service and Facilities Charge 0.3457 \$ per day

**Distribution Access Rate**

a) System Usage Charge 0.0208 \$ per kWh  
b) Service and Facilities Charge 0.9325 \$ per day

(vii) on the page for Rate Code 992:

(A) delete “System demand of 12kVA or greater” and replace with the following:

“For monthly demand of 12kVA or greater and consumption greater than 800 kWh per month at least 6 out of the past 12 months.”; and,

(B) delete all charges under the Transmission Access Rate and Distribution Access Rate and replace with the following:

**Transmission Access Rate**

a) System Usage Charge 0.0191 \$ per kWh  
b) Service and Facilities Charge 0.0000 \$ per day  
c) Demand Charge 0.1257 \$ per kVA per day

**Distribution Access Rate**

a) System Usage Charge	0.0012	\$ per kWh
b) Service and Facilities Charge	0.5413	\$ per day
c) Demand Charge	0.0942	\$ per kVA per day

- (viii) on the page for Rate Code 994, delete all charges under the Transmission Access Rate and Distribution Access Rate and replace with the following:

**Transmission Access Rate**

a) System Usage Charge	0.0191	\$ per kWh
b) Service and Facilities Charge	0.0000	\$ per day
c) Demand Charge	0.2093	\$ per kVA per day

**Distribution Access Rate**

a) System Usage Charge	0.0009	\$ per kWh
b) Service and Facilities Charge	0.4331	\$ per day
c) Demand Charge	0.1378	\$ per kVA per day

- (ix) on the page for Rate Code 995:

- (A) delete all charges under the Transmission Access Rate and Distribution Access Rate and replace with the following:

**Transmission Access Rate**

a) System Usage Charge	0.0173	\$ per kWh
b) Service and Facilities Charge	0.0000	\$ per day
c) Demand Charge	0.2834	\$ per kVA per day

**Distribution Access Rate**

a) System Usage Charge	0.0010	\$ per kWh
b) Service and Facilities Charge	0.4277	\$ per day
c) Demand Charge	0.2165	\$ per kVA per day

and,

- (B) add the following after the second bullet:

“o The billing period is monthly”; and,

- (x) on the page for Rate Code 996,

- (A) delete all charges under the Transmission Access Rate and Distribution Access Rate and replace with the following:

<b>Transmission Access Rate</b>		
	0.0214	
a) On-Peak System Usage Charge		\$ per kWh
b) Off-Peak System Usage Charge	0.0177	\$ per kWh
b) Service and Facilities Charge	0.0000	\$ per day
c) Demand Charge	0.2321	\$ per kVA per day

<b>Distribution Access Rate</b>		
a) System Usage Charge	0.0012	\$ per kWh
b) Service and Facilities Charge	15.4219	\$ per day
c) Demand Charge	0.2058	\$ per kVA per day

and,

- (B) delete the text in the sixth bullet and replace with the following:

“On-Peak System Usage Charge based on On-Peak Usage”;

- (xi) on the page for Rate Code 997:

- (A) delete all charges under the Transmission Access Rate and Distribution Access Rate and replace with the following:

<b>Transmission Access Rate</b>		
a) On-Peak System Usage Charge	0.0218	\$ per kWh
b) Off-Peak System Usage Charge	0.0180	\$ per kWh
c) Service and Facilities Charge	0.0000	\$ per day
d) Demand Charge	0.2477	\$ per kVA per day

<b>Distribution Access Rate</b>		
a) System Usage Charge	0.0011	\$ per kWh
b) Service and Facilities Charge	13.6094	\$ per day
c) Demand Charge	0.0944	\$ per kVA per day

and,

- (B) delete the text in the sixth bullet and replace with the following:



“On-Peak System Usage Charge based on On-Peak Usage”;

- (xii) on the page for Rate Code 998, delete the charges under the Transmission Access Rate and Distribution Access Rate and replace with the following:

**Transmission Access Rate**

a) System Usage Charge                      0.0677        \$ per kWh

**Distribution Access Rate**

a) System Usage Charge                      0.3067        \$ per kWh

- (xiii) on the page for Rate Code 999, delete the charges under the Transmission Access Rate and Distribution Access Rate and replace with the following:

**Transmission Access Rate**

a) System Usage Charge                      0.0573        \$ per kWh

**Distribution Access Rate**

a) System Usage Charge                      0.2192        \$ per kWh

- (xiv) after the page for Rate Code 999, insert the page attached to this bylaw as Schedule “A” for Rate Code 1000;

(c) in Schedule B, delete “Note” and all text under the heading, in its entirety;

(d) in Appendix 2:

(i) delete all references to “2023” and replace with “2024”;

(ii) on page 2, in the list of related documents, delete “2019” and replace with “2021”;

(iii) in Section 2.3:

(A) add the following definition after the definition for “Electric System”:

“**EUA:** Electric Utilities Act, S.A. 2003, c. E-5.1.”;

- (B) in the definition for "Maximum Supply", delete "feeder" and replace with "shared feeder and 10MVA per dedicated feeder";
- (C) in the definition for Micro-generation, add "aggregated" after "friendly"; and,
- (D) in s. 3.2(e), delete "for the purpose of obtaining" and replace with "to obtain";
- (E) add a new subsection 3.2.1 as follows:

### **"3.2.1 Generation Customer Responsibilities**

#### **(a) Responsibility for Facilities and use of Service**

The Generation Customer will be responsible for the design, installation, maintenance and condition of all facilities on the Distributed Generation Customer's side of the Point of Service, except metering or other equipment owned by LEU. The Generation Customer shall comply with all applicable requirements of LEU including its Technical Guideline for Interconnection of Generators to the Distribution System, as amended. The Generation Customer shall be responsible for any destruction of or damage to LEU's Facilities where the destruction or damage is caused by a negligent act or omission or willful misconduct of the Distributed Generation Customer, its directors, officers, agents, employees and representatives or anyone permitted by the Customer to be on the premises. The Generation Customer assumes full responsibility for the proper use of the service provided by LEU and for the condition, suitability and safety of any and all wires, cables, devices or equipment energized on the Generation Customer's premises or on premises owned or controlled by the Generation Customer that are not the Generation Customer's property.

#### **(b) Protective Devices**

The Generation Customer shall be responsible for determining whether it needs any devices to protect its equipment from damage that may result from the interconnection to LEU Facilities. The Generation Customer shall provide and install any such devices. The Generation Customer will provide LEU with the required documentation and settings for such devices.

Where LEU has determined that there are adverse impacts on other Customers or operating processes, LEU can order modifications to such devices. The Generation Customer must obtain written approval from LEU for any modifications to such devices. The Generation Customer must use tele-protection signals or other such reliable means to separate the generator from the Interconnected Electric System during islanding conditions. The Generation Customer shall be responsible for any damages that are caused as a result of failure to safely separate the generators from the electric system during an islanding situation.

(c) Disconnection

The Interconnection Facilities will include an acceptable visible and physically lockable disconnect switch as a means of isolating the Generation Customer's generating facilities from LEU's electric distribution system. LEU may disconnect a Generation Customer's generating facilities from LEU's electric distribution system without prior notice where in LEU's opinion:

- (i) the Generation Customer has violated the terms of the Distribution Interconnection Agreement with LEU;
- (ii) the Generation Customer has permitted its facilities to deteriorate and become hazardous to anyone for any condition;
- (iii) the Generation Customer's facilities fail to comply with applicable standards, codes, regulations, and laws, and the requirements of LEU, including those as set out in Customer Connection Guide and DER Interconnection Guide;
- (iv) the Generation Customer fails to operate its system in a manner consistent with any Interconnection Review Study prepared and delivered to the Generation Customer by LEU;
- (v) the use of the service may cause damage to LEU's Facilities or interfere with or disturb service to any other Customer;

- (vi) the continued safe and reliable operation of LEU's distribution system, consistent with service standards, necessitates disconnection of the Generating Facility;
- (vii) the Generation Customer sells its interest in either the Generating Facility or property on which it is situated;;
- (viii) the retirement of the LEU's distribution system; or,
- (ix) any change in law that affects the Wires Owner's rights or obligations under the applicable laws or regulations.
- (x) Where disconnection of the Generation Facility from LEU's electric distribution system is not possible, LEU may disconnect the Generation Customer's Service Connection from LEU's electric distribution system. LEU will reconnect the Generating Facility or Service Connection when the identified problem(s) is resolved to LEU's satisfaction, and when the Generation Customer has provided, or paid LEU's costs of providing, such devices or equipment as may be necessary to resolve the identified problems and to prevent further damage, interference or disturbance. LEU may disconnect a generating facility on 30 days' notice

(d) Service Calls

LEU may require a Generation Customer to pay the actual costs of a requested service call if the source of the problem is the Generation Customer's facilities.

e) Metering and Settlement

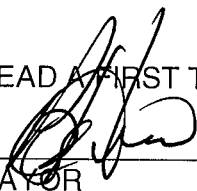
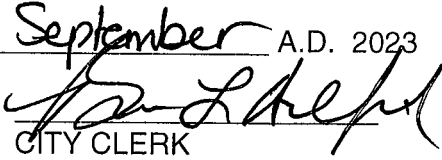
At the request of LEU, the Generation Customer shall install additional metering facilities if LEU determines that the existing metering facilities are inadequate or not properly configured to measure the full consumption flowing from LEU's distribution system to the Generation Customer's facilities. LEU reserves the right to install additional metering, at the Generation Customer's cost, as it deems necessary to ensure accurate measurement of consumption from LEU's distribution system. The power production information

must be provided to LEU, the ISO and the Power Pool in a format and frequency that is acceptable to these entities. LEU may use the power production information for internal use.

The Generation Customer must provide LEU with consumption information in a form acceptable to LEU whether or not the Distributed Generation Customer consumes power from LEU's distribution system.

LEU will install bi-directional, four quadrant metering facilities to measure active and reactive energy as identified earlier. LEU will be responsible to interrogate the meter and perform all settlement system code transactions with the ISO and the Power Pool. Upon request, the Generation Customer can be approved to access consumption and power production information for its internal use. The Generation Customer will be responsible for providing and installing the metering equipment and ongoing operating costs. Telemetry is required for all generating units in excess of 5MW in capacity, or where LEU has determined that telemetry is required in order to maintain reliable operation of the distribution system."

2. This Bylaw comes into force and effect on the 1<sup>st</sup> day of January, 2024.

READ A FIRST TIME this 19 day of September A.D. 2023  
  
MAYOR   
CITY CLERK

READ A SECOND TIME this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 2023

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CITY CLERK

READ A THIRD TIME this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 2023

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CITY CLERK

## Schedule "A"

### Rate Code 1000: Distributed Generation Distribution Connected

#### Service

Service connected within the City of Lethbridge electric service area

For services with on-site generating equipment connected to the distribution system, with a minimum export capacity of 1 MVA, serviced through a three-phase connection at primary voltage, which may be used to supply load at the same site.

Point of Delivery is to be metered through a bi-directional interval meter or equivalent.

To charge generators if the Point of Delivery attracts STS charges from the AESO.

#### Distribution Access Rate

a) System Usage Charge	0.0011	\$ per kWh
b) Service and Facilities Charge	13.6094	\$ per day
c) Demand Charge	0.0944	\$ per kVA per day

- o The minimum daily charge is the daily Distribution and Facilities Charge.
- o The billing period is monthly
- o Demand charge based on the greater of "metered" or "ratchet" demand
- o The City of Lethbridge Terms and Conditions of Electric Service contained in Appendix 2 of this Bylaw apply to this rate
- o The City of Lethbridge *Rider A* Local Access Fee (LAF) is applied to total charges under this rate
- o Additional riders approved by City Council may be applied to this rate.
- o On Peak System Usage Charge is based on On-Peak Usage

Capital Recovery Charge – this charge is based on the customers' peak demand and is intended to recover the cost of capital investment made by the LEU on its distribution system.