

December 20, 2018

Decision 24165-D01-2018

Direct Energy Marketing Limited
 2500, 530 8 Ave. S.W.
 Calgary, Alta. T2P 3S8

Attention: Ms. Nicole Black
 Senior Manager, Government and Regulatory Affairs
 Direct Energy Marketing Limited

**Direct Energy Regulated Services
 Regulated Rate Tariff
 Electric Energy Charges – January 2019
 Proceeding 24165**

- On December 19, 2018, Direct Energy Regulated Services (DERS) filed its energy charges applicable to its regulated rate tariff (RRT) for the month of January 2019 with the Alberta Utilities Commission.
- The filing included an attestation letter from a senior officer of DERS in accordance with the format directed by the Commission in Decision 20459-D01-2015.¹ The attestation letter stated the senior officer had conducted a review of the filing and affirmed that the rates had been determined in accordance with the energy price setting plan (EPSP) for 2016 to 2018, as approved by the Commission in Decision 21295-D01-2017.²
- DERS’ proposed energy charges for the month of January 2019 are as follows:

Rate class	Energy charge as calculated cents/kilowatt hour (kWh)	Energy charge as billed cents/kWh
Residential	7.655	6.800
Commercial	7.696	6.800
Industrial	7.539	6.800
Farming (Includes REA)	7.643	6.800
Irrigation (Includes REA)	7.447	6.800
Oil & Gas	7.529	6.800
Lighting	6.756	6.756

- DERS submitted a confidential self-reporting event that explained that DERS inadvertently procured only five megawatts on a day when the daily target volume was

¹ Decision 20459-D01-2015: Direct Energy Regulated Services, 2014-2018 Energy Price Setting Plan Compliance Filing, Proceeding 20459, December 21, 2015.
² Decision 21295-D01-2017: Direct Energy Regulated Services, 2016-2018 Energy Price Setting Plan Second Compliance Filing, Proceeding 21295, August 30, 2017.

10 megawatts. This led to DERS procuring the missing five megawatts on the next day, at a price \$0.50 per megawatt lower than it would have been, if procured on the previous day. DERS included the volumes in its energy rate calculation as if all 10 megawatts had been procured on the previous day, at the previous day's price, and indicated that procurement after this time was not affected. The Commission considers that hedges should be included in the rate calculation pursuant to DERS' approved EPSP and, accordingly, the Commission accepts DERS' proposal to account for the additional five megawatts at the previous day's price. The Commission notes that the effect of this correction on DERS' rates for January 2019 is immaterial.

5. As part of its filing and in accordance with the *Rate Cap (Commission Approved Regulated Rate Tariffs) Regulation*, DERS also submitted its deferral account statement for the month of January 2019. DERS' energy charges for the Residential, Commercial, Industrial, Farming, Irrigation, and Oil and Gas rate classes exceeded the price cap of 6.8 cents/kWh, and therefore, the price cap is reflected in DERS' energy charges for the month. DERS stated that its deferral account was calculated for both the revenue shortfall related to the implementation of the price cap in addition to any deferral account balance adjustments.

6. The AUC has reviewed the filing, including the attestation letter from the senior officer. In accordance with Section 7(3) of the *Regulated Rate Option Regulation*, the AUC acknowledges that the energy charges as set out above represent rates determined in accordance with DERS' EPSP for 2016 to 2018.

7. The AUC has also reviewed DERS' deferral account statement and DERS' calculation of its deferral account balance. In accordance with Section 4 of the *Rate Cap (Commission Approved Regulated Rate Tariffs) Regulation*, the AUC approves DERS' submitted deferral account statement for the month of January 2019. The approved deferral account statement is included as an appendix to this letter.

8. Further, as outlined in sections 7(4) and 7(5) of the *Regulated Rate Option Regulation*, DERS must retain records sufficient to enable the AUC to audit any previous monthly rates set by DERS. Any amount overcharged to customers due to an incorrect rate calculation must be refunded to customers as soon as practicable after the error is discovered.

9. If any affected party objects to the calculation of the energy charges for the month in question, they should notify the AUC and DERS in a timely manner, and include the nature of their objection and the reason(s) why it should be considered.

(original signed by)

Mark Kolesar
Chair

Attachment

Appendix 1 – DERS January 2019 Deferral Account Statement



Appendix 1 - DERS
January 2019 Deferral
(consists of 1 page)

DEFERRAL ACCOUNT STATEMENT PRESCRIBED UNDER Section 3 of RATE CAP (COMMISSION APPROVED REGULATED RATE TARIFFS) REGULATION
(Calculation of Deferral Account Amounts for Owners regulated by the Alberta Utilities Commission)

NOTE: Areas shaded in grey to be completed by the Owner

A.) Current Delivery Month Calculation

Current Month Submission: Jan-19 Section 3(3)(a)

Rate Class	Monthly Rate (\$/kWh)	Maximum Rate (\$/kWh)	Forecast Consumption (kWh)	Deferral Account Amount (\$)
	Regulation , Section 3(3)(a)(i)	Act, Section 2(1)(b)	Regulation Section 3(3)(a)(ii)	Regulation Section 3(3)(a)(iii) or (iv)
1 Residential	0.07655	0.068	65180252	557291.1546
2 Commercial	0.07696	0.068	23981615	214875.2704
3 Industrial	0.07539	0.068	3442942	25443.34138
4 Farming (excl REA)	0.07643	0.068	30703735	258832.4861
5 Irrigation	0.07447	0.068	68	0.43996
6 Oil & Gas	0.07529	0.068	358963	2616.84027
7 Lighting	0.06756	0.068	216394	0
			GST	52952.97663
Total - Estimated (\$)				1112012.509

B.) Recalculation based on actual consumption data

Previously Submitted Month: Jul-18 Section 3(3)(b)

Rate Class	Monthly Rate (\$/kWh)	Maximum Rate (\$/kWh)	Actual Consumption (kWh)	Previous Deferral Account Amount (\$)	*Recalculation (\$)	Difference (\$)
	Regulation Section 3(3)(b)(i)	Act, Section 2(1)(b)	Regulation Section 3(3)(b)(ii)	Regulation Section 3(3)(b)(iii)	Regulation Section 3(3)(b)(iv)	Regulation Section 3(3)(b)(v)
1 Residential	0.07826	0.068	44242812.53	477341.5116	453931.2566	-23410.25504
2 Commercial	0.07844	0.068	19789003.15	189951.4016	206597.1929	16645.79129
3 Industrial	0.07564	0.068	2641187.13	22064.94113	20178.66967	-1886.271457
4 Farming (excl REA)	0.07813	0.068	14517038	147846.9418	147057.5992	-789.3426054
5 Irrigation (excl REA)	0.07425	0.068	342709.08	1926.59375	2141.93175	215.338
6 Oil & Gas	0.07501	0.068	290175.24	1242.957821	2034.128432	791.1706114
7 Lighting	0.04385	0.068	101450.54	0	0	0
					GST	-421.6784604
Balance Adjustment (\$)						-8855.247667

Previously Submitted Month: Section 3(3)(b)

1		0.068				
2		0.068				
3		0.068				
4		0.068				
5		0.068				
6		0.068				
					GST	
Balance Adjustment (\$)						

C.) Deferral Account Balance (\$): Net Amount Payable by Province/(Payable by the Owner)

1103157.262 Section 3(3)(d)

**Instruction:
For Recalculation, calculate the Actual Results for applicable month for each rate class based on final monthly rate and actual consumption, according to sections 3.3.b.(i) and (ii)*

Document Review and Sign-off:

Mark Kolesar, Chair
Name and Title of AUC Signing Authority

December 20, 2018
Date