**Alliance for Climate Transition (“ACT”) and Solar Energy Industries Association (“SEIA”)**
**Docket No. 26-08-05**
**Response to Interrogatory CAE-44**
**Date of Submission: August 28, 2026**
**People Responsible: Tim Snyder (ACT) & Ruthie DeWit (SEIA)**

**Question:**

**CAE-44** OCC Comments, July 6, 2026, p. 6. Describe how a bidirectional retail TOU tariff for standalone FTM storage would maintain revenue neutrality. Identify all customer classes that could be affected and explain how costs and revenues would be allocated among those classes.

**Response:**

Revenue neutrality means that the electric distribution company recovers its approved revenue requirement without change attributable to the tariff. It does not require that every hour carry the same rate, that every customer taking service under a given rate pay the same bill, or that the tariff produce no differences in outcome among customers who consume differently. A time-differentiated rate necessarily produces different bills for customers with different consumption patterns. That result is the mechanism by which such a rate operates, and it is consistent with revenue neutrality so long as total recovery is unchanged.

On the import side, a resource taking service under the tariff would pay the charges applicable to the hours in which it consumes. Because the tariff would assign lower charges to hours of low system utilization and higher charges to peak hours while holding total forecasted recovery constant, a resource that concentrates its charging in low-cost hours would pay less per unit than an inflexible load, and the electric distribution company would recover the same revenue.

On the export side, revenue neutrality would be maintained by bounding compensation to the reduction in a cost the electric distribution company would otherwise incur and recover from customers. The credits described in response to CAE-42 would each be limited to the reduction in the company's own billed obligation, so the credit would be funded by a cost that did not occur rather than by revenue collected from other customers (i.e., the ratepayer savings from export would pay for the compensation).

Compensation could also be set in advance, at rates established for defined periods, which would offer a resource the certainty that supports financing. Rates of that kind could be made consistent with revenue neutrality by setting them at or below forecast avoided cost and reconciling the difference where realized value diverges from forecast. This can be thought of as providing a hedge against rate volatility by locking in the compensation provided for a service, even if the value of that service is higher in the

future; this can facilitate project financing and also provide ratepayer benefits. The constraint would be the same in either case, because compensation would not exceed the cost the electric distribution company avoids.

The classes affected depend on the rate under which storage resources take service and on the settlement mechanism through which export compensation is credited. Compensation would be funded by the reduction in the cost against which it is credited, so that customers who bear a given cost component are the same customers whose payments fund compensation for reducing it. Where compensation is set in advance and realized value diverges from forecast, any reconciliation would need to preserve that alignment between the customers funding compensation and the customers receiving the benefit. Identification of any further affected classes and of any allocation among them would follow from the design elements ultimately adopted.