
From: Roger Bryenton
Sent: Tuesday, October 27, 2015 10:10 AM

Subject: Re: BC Hydro 2015 Rate Design Application - Response to BCH Rquest to deny Intervener Status to Roger Bryenton
Attachments: October 26 - RB-Response to BCH.doc

Dear BCUC and other Parties to the BCH RDA

Roger Bryenton is submitting an early response to BCH's request to deny him intervener status.

BCH is wrong in both assertions: of not providing "relevant information" and that there is "no substantial interest". Roger Bryenton and Roger Bryenton & Associates has provided both "relevant information" and has a large "substantial interest" - as a ratepayer, as a resident, as a business owner, as an electricity supplier to BC, and as a concerned and experienced professional.

Attached is the response.
Respectfully submitted
Roger Bryenton
Roger Bryenton & Associates

On 10/26/2015 12:29 PM, BC Hydro Regulatory Group wrote:

British Columbia Hydro and Power Authority (BC Hydro)

Notice of Regulatory Filing

2015 Rate Design Application

The following has been filed by BC Hydro in the above-noted proceeding:

Filed Documents:

BC Hydro's reply to the submissions of interveners on the five matters raised in Appendix B of BCUC Order G-166-15

Hard copies only available upon request.

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October 26, 2015
Ms. Erica Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**RE: British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
2015 Rate Design Application (2015 RDA)**

Roger Bryenton respectfully submits a reply, requesting full intervener status, despite BCH's objection as follows:

In BC Hydro's written reply to the submissions of interveners, Section 5 Any Other Relevant Matters, BCH attempts to assert:

5.1.2 Challenge to the Roger Bryenton Intervention Status Application

BC Hydro challenges the standing of Roger Bryenton of Roger Bryenton & Associates on two grounds:

1. Mr. Bryenton has not shown that he has relevant information; and
2. Mr. Bryenton has not shown he has a substantial interest in a substantial 2015 RDA Module 1 issue.

Section 9.06 of the Draft Rules provides:

The Commission may refuse ... a request for intervener status for reasons, including but not limited to, that the request:

- (a) is frivolous or vexatious;
- (b) has not shown to have a substantial interest in a substantial issue;
- (c) has not shown to have relevant information or expertise;
- (d) is irrelevant or is not in response to issues addressed in the particular proceeding; or
- (e) is not filed in accordance with the rules.

As set out in section 5.1.1 above, the Draft Rules confirm the principle that the Commission has the jurisdiction and the obligation to control its own practice and procedures, including the right to determine who shall appear before it. The Commission has in the past denied a party standing; refer to Commission L-10-12 dated February 28, 2012 denying Zellstoff Celgar Limited Partnership (**Celgar**) standing in the BC Hydro-Conifex Power Inc. electricity purchase agreement filing review (**Conifex Decision**).¹¹ In addition, section 9.06 of the Draft Rules reflects the rules of practice and procedure of other utility commissions such as the Ontario Energy Board¹² and the Alberta Utilities Commission¹³ which require a person applying for intervener status to satisfy the utility commission that he or she has a substantial interest in the proceeding. The reasonableness of requiring a connection between an intervener's interest and the matters at issue has also been recognized by the courts.¹⁴

(a) *Information is not Relevant to 2015 RDA Module 1*

Mr. Bryenton's intervention application is without merit and will only cause delay and expense. The Exhibit C11-1 and Exhibit C11-2 submissions highlight that Mr. Bryenton anticipates 'substantial involvement' on topics that are irrelevant and do not respond to the issues to be addressed as part of the Module 1 2015 RDA regulatory review. It is clear from sections 3, 4 and 6 of Exhibit C11-2 that under the guise of F2016 COS and LRMC-related issues, Mr. Bryenton seeks to use the 2015 RDA review as a long-term planning exercise with the objective of having the Commission find that Site C is not cost-effective and should be displaced by significantly increased levels of DSM such as 2013 Integrated Resource Plan (IRP) DSM Option 5 and/or geothermal resources.

Examples of Mr. Bryenton's **unsupported assertions** (emphasis added) in this regard include:

- Section 3.2.1 - "Site C should not be allowed to proceed as it contravenes BC Hydro's own definition of both 'incremental' and 'most cost-effective'";
- Section 3.3 - "Deep DSM or DSM 5 can contribute more electricity and capacity than Site C at half the cost and twice the number of jobs!";
- Section 3.4 - "[t]here may be thousands of GW's and GWh's of geothermal energy is available at costs competitive to the \$120/MWh cost of Site C. A directive from BCUC to BCH is needed to address renewable energy and in particular geothermal energy costs and benefits";
- Section 4 - "BC Hydro has chosen to reduce DSM support and activity. It is postulated that this is to avoid further demand erosion, and to intentionally create the illusion of growth and thus justify the need for a major project, Site C";
- Section 6.1 - "BCUC needs to direct BCH to take a 'proactive' stance, to make a shift from capital project identification and construction to identifying and implementing the 'least cost, incremental' DSM projects that over the next 12 years can result in an additional 1,100 MW of Capacity and 5,100 GWh of energy annually above present targets".

Section 3(1) of Direction No. 7 requires that the Commission set the RS 1823 Tier 2 energy rate to reflect BC Hydro's LRMC; refer to Exhibit B-1, section 7.2.1. In addition, the Commission typically makes findings concerning BC Hydro's energy LRMC as part of setting rates for other BC Hydro customers, such as with respect to the RIB Step 2 energy rate; refer to Exhibit B-1, section 2.3.1.6. However, this does not empower the Commission to make decisions concerning which energy and capacity resources BC Hydro is to pursue to meet future requirements. As described in section 1.3 of Exhibit B-1, it is the B.C. Lieutenant Governor in Council that is the body responsible for approving BC Hydro's long-term resource plan (the IRP) pursuant to section 4 of the *Clean Energy Act (CEA)*. As a result of sections 4 and 7(1)(d) of the *CEA*, the Commission has no role in deciding whether Site C should or should not proceed.

Accordingly, while the Commission can test how the mix of energy resources identified in the approved 2013 IRP Recommended Actions resulted in the energy LRMC range discussed in section 2.3.2 2 of Exhibit B-1, it cannot direct BC Hydro to not pursue Site C, or to pursue DSM Option 5 (or any DSM target other than the DSM target set out in the approved 2013 IRP), geothermal resources, etc.

Section 5 of Exhibit C11-2, labelled "COS", does not concern BC Hydro's F2016 COS or COS methodology at all. Rather, section 5 consists of a number of requests and Commission directions for expanded DSM programs such as:

- "[a]n aggressive DSM program targeting electrically heated buildings needs immediate implementation";

- “a pilot LED program, if not in place, should be implemented”; • “BCUC needs to direct BCH to explore all avenues of energy and peak reduction and to continue, to expand and where not present, to aggressively implement a series of conservation programs and energy management assistance to further dramatically reduce energy use and demand”;
- “BCUC needs to direct BCH to ‘partner’ with customers to provide the end-use functions needed at the least-cost options”.

The Commission does not have the jurisdiction pursuant to its rate setting power in sections 58-16 of the *UCA* to make directions through 2015 RDA Module 1 concerning the implementation of augmented DSM programs. Even a generous reading of the B.C. Minister of Energy and Mines’ July 6, 2015 letter concerning the RIB report (**Minister RIB Report Letter**) (copy found at Exhibit B-1, Appendix C1-D) does not support a wide-ranging inquiry into all of BC Hydro’s existing suite of DSM programs for Residential, General Service, Transmission Service and other customers.

(b) No Substantial Interest in a Module 2015 RDA Substantial Issue

BC Hydro submits that Mr. Bryenton has not shown in either Exhibit C11-1 or Exhibit C11-2 that he has a substantial interest in any Module 1 2015 RDA substantial issue; In particular, he has not shown that he is a BC Hydro customer. BC Hydro understands that Roger Bryenton & Associates operates out of Los Angeles; the telephone contact information set out in Exhibit C11-1 is a Los Angeles area code. In the Conifex Decision, the Commission denied Celgar standing on the basis that it is not a BC Hydro customer (not a person “who receives or may receive service from BC Hydro”). It is incumbent on Mr. Bryenton to demonstrate that he is directly affected by the outcome of 2015 RDA Module 1. BC Hydro submits that Mr. Bryenton has failed to do so.

BC Hydro respectfully requests that the Commission make a decision on this matter shortly after the filing of written reply submissions on October 26, 2015, and well in advance of the intervenor IR No. 1 submission date of November 17, 2015 set out in Exhibit A-3.

RESPONSE to Assertions

Roger Bryenton and Roger Bryenton & Associates wishes to inform BCUC and BCH that BCH’s response appears to be both inaccurate and unfounded. The assertions of “no relevant information” provided and the “no substantial interest” are both poorly researched and erroneous. Such lack of professional research and resulting inaccuracies attest to the poor quality (or intentionally misleading) information that BCH have provided as part of the RDA, in particular the Revenue Requirements and Cost of Service components, and clearly point to the **crucial need for independent and thorough review of both the methodologies and the resulting conclusions reached** by BCH in the RDA and supporting analyses, such as the IRP and Appendices researched and quoted by Roger Bryenton

1 Relevant Information

Rate Design Principles – BCH’s documentation state that the **two criteria that shall define rate design are “incremental” and “lowest –cost”**. Nowhere in any of the RDA, Revenue Requirements, Cost of Service, or IRP and Appendices documentation is there **any evidence that the RDA is based upon these two tenets – “incremental” and “lowest-cost”**. By ignoring these principles, BCH (and the Province of BC and Ratepayers) are overlooking the probable consequences of poor or incomplete planning. Roger Bryenton has a career of over 50 years of energy, energy and water systems related experience and hopes that this perspective of caring and guiding can be applied to developing and implementing an “optimum” long-term strategy of electricity provision for BC.

Long Run Marginal Cost - Again, **nowhere in any of the documentation was there evidence of truly long-term planning or costing. This is a crucial oversight!** In this RDA, LRMC does not extend the necessary 20 to 30 years. BCH and the Province have recently embarked upon an electricity supply option (Site C) wherein the debt load associated with it will be in the order of 40% additional debt to the utility (and Ratepayers) yet provide only 10% new capacity and energy. Is this a wise and informed decision? Unless the consequences of the decision can be considered and discussed in a public forum, and ratepayers agree, BCH is both a monopoly and an autocracy; it **functions without control**. This **public discussion and agreement by ratepayers is crucial** since the decision to focus on a single large project contravenes the very principles that BCH state shall be guiding – incremental and lowest cost.

The **relevant information** used is that very information developed and promulgated by BCH – both the RDA and the IRP and Appendices. It is disheartening that BCH would state that these are “unsupported assertions” when they are merely a re-statement of BCH’s own information. **It appears that this is “new” information to BCH**, since they assert that it is “unsupported”. The information was extracted from the IRP and Appendices, entered into a spreadsheet and ranked by cost, by energy (capacity and annual GWh), and by employment associated with the numerous supply options assessed by BCH.

Apparently, to date, **there was no “ranking” of projects** by either BCH or other reviewers of the data, other than Roger Bryenton. No one looked at either “incrementality” or “lowest-cost”. When ranked in this way it is clear that “Deep DSM” or DSM 5 meets both of the two criteria of “incrementality” and “lowest-cost”. The charts provided clearly show this. There are many other options to “supply” as well – Columbia River benefits, small projects, possibly geothermal – all of which are lower or comparable cost, incremental, and have greater employment than a single huge project.

Time Horizon

The 2016 (to 2019) Revenue Requirements and Cost of Service is based upon a one to three year time horizon. This is not adequate. Clearly, simply. BCH has submitted and BCUC have agreed that BCH “needs” a certain revenue, essentially “next year” (and as far as 2019). This is based upon ignoring (or deferring) the costs associated with a very large project. The last RDA was 8 years ago! Where will we be if this repeats? In another 8 years do we want to be facing an increase of debt by the order of 40% for an increase of only 10%? No one else seems willing to address this fundamental question.

The cost of a single huge project greatly affects LRMC, and thus Revenue Requirements and Cost of Service determinations. It appears that BCH has again overlooked principles of COS determination. They are focused on how to “divide up the pie” into categories and apportionments and ignoring the fundamental question – what is “Cost” and how can it be optimized? If the revenue requirements are faulty, how can the cost of service calculations be correct?

Does it really matter whether one group is paying 45% demand and 55% energy? Or how should we pay for street lighting? This is simply shuffling chairs on the Titanic! “How can we optimize electricity supply at the lowest cost” is the **crucial question** which BCH does not address and is entirely remiss in this.

2 Substantial Interest

BCH's research into Roger Bryenton is as faulty as their examination of "incremental" and "lowest-cost" alternatives. Why do I need to prove substantial interest? Have any other entities been required to provide this same "proof". For most of over 60 years I have had a "substantial interest" as a resident, homeowner, business owner, electricity supplier and professional in the energy and water supply solutions professions in BC! I continue to have substantial interest in ensuring that BCH consider all alternatives and adhere to their own principles.

That I have a phone number for an internationally-based consulting company with a major project and client base in a major population base should be no surprise. That BCH's research on locations and activities could be so erroneous is also no surprise and is reflective of their lack of thoroughness not only in their planning and project choices but in attempting to establish "substantial interest" of Roger Bryenton. Had they selected to actually make a call to that phone we could have had a rather interesting conversation, and perhaps established a working rapport to identify and address mutual concerns. Again, that is not the process of cooperation and collaboration needed in this RDA, between BCH and its customers, and reflects what seems to be an arrogant "we know best" attitude by BCH.

More thorough research by BCH would have revealed that Roger Bryenton has indirect connections via Fortis BC and has utilized Powerex's and BCH's interconnection transmission and distribution facilities extensively. In fact, he has had extensive discussions with BCH about long-term (more than 10 years) sales agreements for power, for himself, associated corporations and consulting clients.

Yes, along with almost 4 million other customers and families, Roger Bryenton and Roger Bryenton & Associates will be substantially affected by the outcome of not just Module 1, but of the entire RDA process, particularly if the essential principles of rate design are ignored.

Roger Bryenton and RBA request full intervener status.

Respectfully submitted, in the hope that a spirit of co-operation and collaboration can be developed and retained throughout the RDA process, with sincere concern for an "optimum" solution to the challenge of existing and new supplies, and with deep appreciation of BCH's "great" service in providing reliable electricity, particularly in less populated locations and under challenging weather conditions.

Sincerely

Roger Bryenton

Roger Bryenton & Associates

International Consultants