

**E-Plus Homeowners Group**

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**Via Email – bhydroregulatorygroup@bhydro.com**

Mr. Keith Anderson  
Vice President, Customer Service  
British Columbia Hydro and Power Authority  
16<sup>th</sup> Floor – 333 Dunsmuir Street  
Vancouver, BC V6B 5R3

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Dear Mr. Anderson:

Re: BC Hydro’s E-Plus Proposal, 2015 Rate Design Application

Thank you for your letter of December 15, 2015, offering the E-Plus Homeowners Group (EPHG) the opportunity to provide input on the “Business Practice” that would govern how Residential E-Plus interruptions would work in practice, including the form and timing of notices of interruptions, as well as on your draft Question and Answer (Q & A) document which provides additional details on this matter.

EPHG opposes BC Hydro’s proposal to change the wording of the “Special Conditions” of Rate Schedule 1105. It is clear from your letter that this change is intended to expand the parameters under which Hydro may interrupt Residential E-Plus service beyond those stated and understood when the E-Plus program was introduced. Our position continues to be that so long as E-Plus customers fulfill their responsibilities under the E-Plus agreements then BC Hydro should supply them with power according to its original agreements and previously stated commitments.

Our following input on the issues raised in your letter is made without prejudice to that position.

**EPHG Input on Proposed Residential E-Plus Interruption Business Practice**

The views of our members on “Business Practice” and other aspects of the E-Plus program, are based primarily on specific assurances and commitments made to customers in writing at the time the program was introduced and upon which they based their decision to join the program. In this letter I make reference to some of those and have attached the supporting documents

where they may not be readily available to BC Hydro. The draft Business Practice and Q & A documents appear to ignore several of the original terms of the E-Plus program.

The following is the EPHG input relating to each of the “Elements” of the proposed Business Practice; this will also apply to the related parts of the Question and Answer document.

### **Element 1. Compensation**

We note that current E-Plus rates as stated are in accordance with past commitments that they would never exceed two thirds of the “regular” price of electricity.

### **Element 2. Period of Interruption**

#### **Summary of EPHG Input**

- provide a clear statement that interruptions will occur only during the specific periods, and in those service areas, where the need can be demonstrated
- provide a clear statement that residential E-Plus customers have priority over other non-firm (surplus) customers and that this will be reflected in forward planning

#### **Rationale**

The proposed Business Practice and Q&A document should be revised and expanded to better reflect the specific conditions that determine when residential E-Plus power may be interrupted.

Obviously interruptions will be closely examined by those affected as well as by third party observers, and will potentially be contentious. If done improperly or unnecessarily there could be serious human, social, environmental and political repercussions, and clearly these would increase exponentially with the length of time of the interruption.

At the time the E-Plus program was introduced two types of potential interruptions were recognized. The BC Hydro publication titled “Electric Plus Heating Program – October 1987” (Attachment 1), which is typical of the material provided those who joined the program, referred to the possibility of long-term interruptions, “*when reservoir levels are low*”, and brief interruptions for a, “*few hours during peak daily use periods*”. The written agreements made with individual homeowners also made the distinction between “*infrequent interruptions of long duration*” and “*interruptions of short duration (usually only hours)*”.

The most critical elements that EPHG expects to see included in any statement or explanation of the Business Practice regarding interruptions are:

- that there is a clear and demonstrable lack of surplus power (energy or capacity), that is, power beyond that needed to service firm power customers, during the full period of the interruption and for the specific service area to be affected, and

- that BC Hydro respect their commitment that Residential E-Plus customers will have a priority position among non-firm customers.

There is no reference to either of these in the Proposed Business Practice or Q & A documents.

The “priority” position of residential E-Plus has been a key element of the E-Plus program from its beginning. Attachment 1 includes the statement ***“Residential customers will be given priority over other surplus energy customers and will not be interrupted to export surplus interruptible energy”***. (Note – EPHG understand the word “export”, in this context, to mean sales outside of BC Hydro’s normal service area in British Columbia). An even more specific statement regarding priority was given by the Honourable Jack Davis, Minister of Energy, Mines and Petroleum Resources, to the Provincial Legislature on May 25, 1987 (Attachment 2 – excerpt from Hansard) who in regard to potential interruptions of E-Plus service stated: ***“Obviously, the export market will be the first to be cut off, then large industrial customers here, then commercial and finally the homeowner, if there is indeed a shortage of energy.”*** Minister Davis’s words clearly defined the commitments made at the time of the introduction of the E-Plus program and the understanding of those who joined it and those who approved it.

Additionally, when I testified before the BCUC, on behalf of the EPHG, at the time of the 2007 RDA I spoke of this order of priority, and there were no questions or challenges raised by the BCUC panel members, by BC Hydro or their counsel, or by any of the other parties present, to that part of my testimony.

Priority can only be assured if BC Hydro makes a reasonable attempt to manage export/surplus sales with a view to what effect these will have on power availability in the foreseeable future. For example, it would not be acceptable to knowingly allow reservoir levels to be depleted by such sales when this could reasonably be foreseen to result in future shortages leading to interruptions of residential E-Plus.

Giving priority to residential E-Plus customers, in addition to being a commitment by BC Hydro and the Government of British Columbia, makes practical sense for a number of reasons, including:

- the total amount of power consumed under the residential E-Plus program is very small compared to other customer segments, and continually getting smaller, and only in the most extreme cases could it be demonstrated that there was a need to curtail this because of insufficient energy or capacity
- residential E- Plus customers are the most unsophisticated and vulnerable of non-firm power customers and do not have the technical, legal or business expertise to monitor interruptions, export sales, the conditions that led up to a lack of surplus or to otherwise ensure that agreed upon practices are being followed

- giving proper notice of interruption to 8000 individual residential customers will be problematic
- there could be serious, unintended social and human cost attached to interruptions; as an example, it would be socially and politically unacceptable for senior citizens, in Northern communities to be chopping wood in the snow to feed backup heating systems, or sitting in the cold because of unexpected problems with their backup systems, while non-firm power was being exported or supplied to industrial or commercial customers
- there will be an environmental impact from residential interruptions as these will result in greater use of fossil fuel, and in some communities air quality may become a contentious issue due to increased wood burning

### **Element 3. Notice, and Element 4. Mechanism of Interruptions**

#### Summary of EPHG input

- 30 days notice should be given of any interruption longer than 3 hours.
- individual customers should be asked to specify their preferred means of communication for notice of interruption which can be registered mail, telephone or email.
- BC Hydro should engage E-Plus customers in an open and constructive dialogue to develop an effective way for them to participate in necessary demand management through short term interruptions of 3 hours or less.

#### Rationale

The suggestion that two days is an adequate notice period for long term interruptions is unreasonable and unacceptable. The BC Hydro publication identified as Attachment 1 stated that notices would be “**well in advance**”. Another BC Hydro publication “Electric Plus – Question and Answer Guide – September 1989” (Attachment 3) which was submitted by BC Hydro as evidence in the 2007 RDA was more specific, stating “**A minimum of 30 days notice will be given for long-term interruptions.**” This was confirmed in a letter from John Sheehan, Vice President Customer Service of BC Hydro dated October 17, 1990, which stated “**You will be given at least 30 days notice of any interruption.**” A 30 day period of notice is therefore well established and additionally is fully justified for a number of reasons, including:

- E-Plus customers might be travelling, hospitalized, working away from home or otherwise be unavailable to receive and promptly react to a shorter notice period
- BC Hydro has established harsh consequence for those who do not properly react, charging the punitive rate of 30.37 cents/kW hour for power used during interruptions and/or permanently removing the customer from E-Plus service

- if extended curtailments were initiated automatically or manually by Hydro, and a customer not properly informed, there would be risk of substantial property damage or in the worst case health consequences for the homeowner, due to unavailability of heat

Any suggestion that BC Hydro can avoid the specified 30 day notice period by giving a form of “reminder notice” at the beginning of the heating season followed by an interruption notice only two days in advance is unacceptable being nothing more than an “end run” on previous commitments.

For short term interruptions of a few hours made necessary by high demand, EPHG recognize that a 30 day notice is neither practical nor appropriate. The publication provided as Attachment 1 states “***Brief interruptions for a few hours during peak daily use periods may sometimes occur without notice in some areas if required to maintain the supply of firm electricity***”. EPHG suggest a reasonable definition of “short term interruptions” would be those of 3 hours or less. E-Plus homeowners are well positioned to manage such short interruptions of their E-Plus service and potentially these might be done remotely by BC Hydro or in the home through the use of e.g. programmable thermostats. Focusing constructively on this aspect of the E-Plus program might be the best opportunity for BC Hydro to realize benefits from the program while respecting their commitments to E-Plus customers.

#### **Element 5. Non Performance**

No comments

In conclusion, as a Crown Corporation there is a particular obligation on BC Hydro to act in good faith in its dealing with its customers and the citizens of British Columbia. This obligation requires honouring its agreements with E-Plus customers and keeping the commitments made to those customers at the time they were making their decision to invest in the program. In 1987 Minister Davis gave assurances to British Columbians in regard to the E-Plus program, as follows: “***British Columbia Hydro has devoted some nine months to the establishment of this rate, ----- our public power company knows what it is doing.***” (Attachment 2). It would be unconscionable for BC Hydro to now ask the British Columbia Utilities Commission to facilitate their abandoning their obligations to residential E-Plus customers.

Yours truly,



R. Gary McCaig – for E-Plus Homeowners Group

cc. Erica Hamilton – Secretary, British Columbia Utilities Commission



## Electric Plus is Surplus Energy

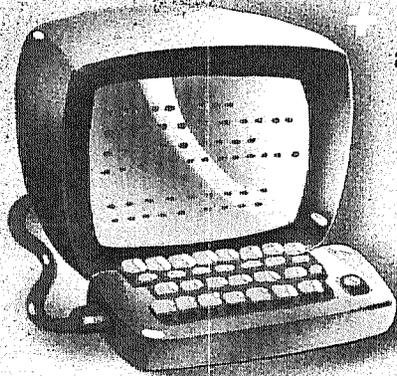
Electric Plus costs less because it is surplus energy, available when there is more than enough water in our reservoirs to provide electricity for the basic needs of British Columbia homes and industry. It is secondary energy, a byproduct of firm hydroelectric generation, and can be supplied without more dams being built.

Surplus secondary energy formerly could only be exported, or else the extra water had to be spilled if there was no market for the energy. Electric Plus now lets B.C. residents and businesses share directly in the benefits of this low-cost energy while developing a stable market for it.

Residential customers will be given priority over other surplus electricity customers and will not be interrupted to export surplus interruptible energy. \*

Electric Plus is a permanent program, but the number of customers on the special rate will be limited to match the amount of surplus available. This will ensure that each Electric Plus customer gets enough low-cost energy to repay conversion costs and keep saving year after year.

Electric Plus is not available in areas served by local fuel-fired generating plants, nor to customers who now heat with natural gas.



## Start Saving Now with **Electric Plus**

Your local Hydro office and electrical and heating contractors can help you start saving money with Electric Plus.

*The people at your Hydro office can:*

Give you a computerized analysis of your possible savings.

Provide additional literature and technical advice.

Sign you up for the Electric Plus service and rate.

*Your local contractor can:*

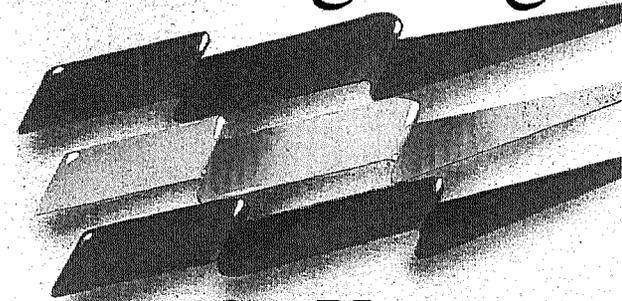
Recommend the best type of heating system for your home or business.

Give an estimate of conversion installation costs. We suggest getting at least two estimates before deciding on a contractor.

Sign you up for low-interest B.C. Hydro financing.

 **B.C. Hydro**

# Electric Plus Heating Program



## Cut Your Heating Costs up to

# 1/2

if you now use  
oil or propane

October 1987

 **B.C. Hydro**

## Cut Heating Costs up to 50%

Our Electric Plus program can cut your fuel bills as much as 50% if you now heat with oil or propane.

Add electric heating, with your fuel-fired system as a back-up, and you can qualify for the low Electric Plus rate of 2.5¢ per kilowatt-hour (kW.h).

Because the surplus energy that makes Electric Plus possible is not always available, you'll need to keep your present heating system in good working order to take over when necessary. Back-up systems must be stored on your property. Many can be designed to take over automatically when Electric Plus is interrupted.

You'll save an estimated \$200 to \$450 a year over oil or propane on space heating, and another \$110 to \$150 on water heating if you add Electric Plus too.

We will finance up to \$2,500, at the special interest rate of 8½%, on approved credit. This will more than cover the entire cost of converting to dual-fuel Electric Plus, in most cases. And it's conveniently repayable on your Hydro bill.

Businesses can save, too. The same rate of 2.5¢ per kW.h applies to the first 8,000 kW.h a month, rising to 1.8¢ for any additional consumption. Our commercial financing is also available, with maximum term commercial loans based on estimated revenue.

If you already have dual-fuel electric heat; or now heat with wood or coal, you may also be eligible for the Electric Plus program. If you now heat with electricity, you may find it worthwhile to install a fuel-fired back-up system under certain conditions. Heating contractors can offer guidance and an appraisal of the potential savings.

## Special Low Rate

Cut your fuel bills by up to 50% with the dual-fuel rate of 2.5¢ a kW.h

## Modern Electric Heat

Enjoy clean, quiet, 100% efficient electric heat, with zone control options



## Low-interest Financing

Use 8½% Hydro financing, conveniently repayable over periods up to 4 years

## Return on Investment

Earn an attractive, tax-free return while adding to the value of your home

## How Electric Plus Works

When you convert to dual-fuel Electric Plus, the electricity you use for heating will be metered separately from other electricity use, so it can be billed at the special rate, which we expect will remain fixed until at least March 31, 1991. Even after that, Electric Plus will cost substantially less than your other electricity.

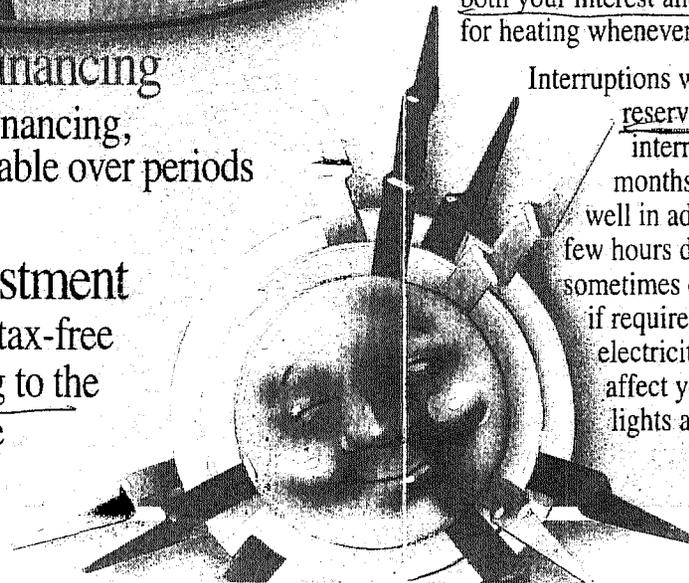


The cost of converting will usually range from \$1,300 to \$2,800. Select from several ways to heat electrically, as described in our pamphlet "Electric Plus Heating Systems." If you already have dual-fuel electric heat, you can install Electric Plus for as little as \$500 to \$1,000.

Your back-up system can be oil, propane, butane, wood or coal, but it must be able to take over heating of the entire area served by Electric Plus when it's necessary to interrupt the latter.

We intend to limit interruptions to no more than 120 days in total prior to March 31, 1991. After that they will still be kept to a minimum, because it's in both your interest and ours to have Electric Plus used for heating whenever there is surplus energy.

Interruptions will sometimes be necessary when reservoir levels are low. These interruptions may last for several months or more, but you'll be notified well in advance. Brief interruptions for a few hours during peak daily use periods may sometimes occur without notice in some area if required to maintain the supply of firm electricity. Neither type of interruption will affect your other electricity use, such as lights and appliances.



Hansard: Monday May 25, 1987 Afternoon sitting

#### INTERRUPTIBLE POWER TO VANCOUVER ISLAND

MR. G. HANSON: My question is to the Minister of Energy, Mines and Petroleum Resources. As all members of the House know, in every provincial election since about 1960, the people of Vancouver Island have been promised cheaper energy in the form of natural gas through a pipeline. The present minister was a rational voice, in the sense that he always stated that the Cheekye-Dunsmuir had capacity to bring space-heating over to Vancouver Island and put us in the same status as our friends on the mainland who are on the natural gas pipeline. On Friday the minister announced that there would be power coming to Vancouver Island at discount rates, but the switch is going to flick off and on. Why are we getting interruptible power?

HON. MR. DAVIS: The policy announced on Friday had previously been cleared by the B.C. Utilities Commission for fairness across the province and cost recovery. There is energy currently available; surplus, in other words, which won't be available indefinitely. This surplus energy is being made available province wide, on the same basis on the Island, for example, as on the mainland. From time to time there will be surplus energy. This energy is priced lower than firm energy. It's half-price energy, but it can't be guaranteed all the time. Hence the interruptible nature of the service and the lower price.

MR. G. HANSON: Mr. Speaker, the minister talks about fair application across the province. Hydro officials tell us that once the program reaches 60,000 household subscribers, it'll be cut off. There are approximately 200,000 households that would want to participate on Vancouver Island alone, Mr. Minister.

My question relates to the fact that as the price for our export sale of surplus power increases as the spot market goes up, our industrial customers here in the province of British Columbia can be cut off. Why would you want to afford that opportunity for industrial customers across the line to get an advantage of surplus power and cut off our own Canadian industrial and commercial customers?

HON. MR. DAVIS: Mr. Speaker, that's a strange interpretation. **Obviously the export market will be the first to be cut off, then large industrial customers here, then commercial and finally the homeowner, if there is indeed a shortage of energy. But the priorities are well established, and they're the reverse of those suggested by the hon. member.**

MR. G. HANSON: The point is that the people of Vancouver Island and everywhere in this province who are not on natural gas want firm juice; they want firm power, Mr. Speaker. The conditions that have been put on this program, in terms of providing a backup heating source.... For example, if you have an electrical furnace or heat system in your house, you have to install an oil system to take advantage of it. Our numbers are that the amortization or payback period for a subscriber.... It would take an average of

eight years before you'd start to make that up. Why don't you go on to firm juice for the people of this province?

HON. MR. DAVIS: Customers who have a firm supply have to pay for a firm supply, which is a higher price than the interruptible service. Everyone has the opportunity to put in an alternative system. It may be expensive in some cases and very low-cost in others. The low-cost alternatives, particularly in the outlying areas of the province, are the most attractive economically, and they'll be served first.

There may well be as many as 100,000 customers taking advantage of these rates within three or four years' time; I think that Hydro will find it has other surpluses, and the number may be 200,000 within the decade.

MR. G. HANSON: Supplementary, Mr. Speaker. With the amount of surplus electric power available within British Columbia that could be given to Vancouver Island on a firm basis, the pipeline on the lower mainland and so on — that's not on an interruptible basis; that's firm — will you not give the people of Vancouver Island and the other unserved areas firm power on the same basis that they get firm natural gas?

MR. STUPICH: Supplementary question to the same minister, Mr. Speaker. With one set of transmission lines, how do you interrupt the power to one of two meters?

**HON. MR. DAVIS: B.C. Hydro has devoted some nine months to the establishment of this rate, the manner in which interruptions will take place, the two to three months' advance notice for disconnection and so on. The hon. member can rest assured that our public power company knows what it's doing.**

**Note – Highlighting added by EPHG**

**BC hydro**  
***Electric***  
***Plus***

Question  
and  
Answer  
Guide

**BC hydro**



*proud of our Service*

- 29. Q. When will service interruptions occur?  
 A. Minimal interruptions (maximum of 120 days) will occur before March 31, 1991. Interruptions will occur when there is not enough water in our reservoirs to meet B.C.Hydro's basic electricity commitments. A minimum of 30 days' notice will be given for long-term interruptions.
- 30. Q. How are customers interrupted?  
 A. During the initial period, B.C.Hydro will be interrupting residential customers by manually operating a switch located on the outside of the house. However, B.C.Hydro reserves the right to interrupt by serving notice to the customer that an interruption is scheduled and asking the customer to operate the disconnect switch himself. This is the same method used for commercial and industrial customers.
- 31. Q. During an interruption, what stops a customer from switching to firm electricity?  
 A. The customer signs a Service Agreement assuring B.C.Hydro that he will not switch the load from the Electric Plus program to a firm load during interruptions. B.C.Hydro will be able to detect such a change by noting the significant increase in the firm load of the residence following an interruption. Should a customer try to attempt what is contravention of the terms of the Agreement, B.C.Hydro will discontinue the supply of electricity under the reduced rate schedule and bill the estimated unauthorized consumption at the rate specified during a period of interruption (15¢/kW.h). B.C.Hydro has the right to inspect premises to ensure that only authorized loads are connected to Electric Plus and that they are not switched to firm during an interruption.

- 1. Q. What is meant by *dual fuel*?  
 A. A dual fuel heating system consists of an electric heating system with an oil, propane, butane or solid fuel back-up system, which takes over the heating function when the supply of electricity is interrupted.
- 2. Q. What is meant by *interruptible electricity*?  
 A. It is surplus secondary electricity offered to customers at a reduced rate, the supply of which can be interrupted during periods when no surplus secondary energy is available. B.C.Hydro will not build new dams to supply this interruptible energy.
- 3. Q. What is *firm electricity*?  
 A. This is your normal electricity supply from B.C.Hydro. It is always available except during a system failure or planned short-term outages, sometimes required to facilitate system modifications.
- 4. Q. What are the typical costs and benefits?  
 A. The benefits depend directly on the amount of fuel displaced by the low-cost electricity. If the customer can provide his current oil consumption, B.C.Hydro can estimate the benefits he will receive. The cost of the installation depends very much on the present wiring in the customer's home and the type of system he chooses to add. B.C.Hydro's recommendation is that two or three quotes be obtained from different contractors who can advise on the most suitable type of equipment needed for conversion to Electric Plus. Most customers should be able to convert to Electric Plus for less than \$2,500 and will be able to save \$200 to \$400 annually. Savings will be even greater in the colder regions.