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www.bcuc.com**British Columbia
Utilities Commission**

Letter of Comment

In accordance with the Commission's Rules of Practice and Procedure, to submit a letter of comment concerning an application currently before the Commission, please provide a completed form to commission.secretary@bcuc.com. If email is unavailable, please mail the form to the address above. By doing so, you acknowledge that all letters of comment are published with the author's name as part of the public evidentiary record, both in print copy and on the Commission's website. All personal contact information provided on this page is removed before posting to the website. Forms must be received by the Commission by the last filing date included in the proceeding's regulatory timetable before final arguments.

Proceeding name

Are you currently registered as an intervener or interested party?

Name (first and last)

City

Province

Email

Phone number

Letter of Comment

Name (first and last)

Gail Bauman & Andy Shadrack

Date:

7-Nov-16

Comment: Please specify the reasons for your interest in the proceeding, your views concerning the proceeding, any relevant information that supports or explains your views, the conclusion you support and any recommendations. The Commission may disallow comments that do not comply with the Rules of Practice and Procedure.

Andy Shadrack & Gail Bauman

Sunday November 6th

British Columbia Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, B.C. V6Z 2N3

Attention: Ms. Laurel Ross, Acting Commission Secretary and Director

Dear Ms. Ross:

Re: Inclining Block Rates

We are writing in support of the tiered rate system to suggest that the BC Utilities Commission (BCUC) should direct both BC Hydro and FortisBC towards the three tiered summer and winter system adopted by Idaho Power:

<https://www.idahopower.com/AboutUs/RatesRegulatory/Rates/grcResidential.cfm>

We began pursuit of personal power consumption reduction as a means to lessen our impact on the ecosystems of the planet in 2006. Through a combination of energy consumption reduction and solar power production we have, in 2016, reduced our household use of grid-purchased electricity for each of FortisBC's (FBC) billing periods as follows:

December 2015 - February 2016: 64.7% reduction - .892 MWh less
February 2016 - April 2016: 80.6% reduction - .874 MWh less
April 2016 - June 2016: 106.8% reduction - 1.093 MWh less - first billing period we exceeded net-zero
June 2016 - August 2016: 96.6% reduction - .889 MWh less
August 2016 to October 2016: 88.4% reduction - .826 MWh less
October 2016 to December 2016: projected 54% reduction - .457 MWh less

Thus we estimate that we will use 5 MWh less grid electricity in 2016 than we did in 2006, roughly .84 MWh per billing period - a nearly 81% reduction in grid-purchased electricity.

Writing in their third Netmetering Evaluation Report, BC Hydro states:

"Generally speaking, the economic value of customer self-generation to BC Hydro and non-participating customers is measured in terms of avoided costs because customers supply part or all of their own electricity. For example, customer self-generation may reduce forecast load that BC Hydro is expected to serve or it may appear as a supply resource, reducing the amount of electricity BC Hydro must generate or acquire. Customer generation may also allow BC Hydro to avoid or defer system costs, such as upgrades to enhance the reliability of the system in a particular area.

RS1289 affects the load in the BC Hydro Load-Resource Balance (LRB) to the extent that a current RS 1289 customer's generation reduces the amount of energy delivered by BC Hydro to such customers (and the amount of energy billed at the customer meter). Historical sales to BC Hydro's customers, including RS1289 customers, are one of the key drivers for forecasting future expected electricity demand" (A-21/BC Hydro Netmetering Evaluation Report No 3, April 30th, 2013, Value of RS 1289: Avoided Cost and Load Resource Balance, p 15, line 11-24 http://www.bcuc.com/Documents/Proceedings/2014/DOC_41156_A2-1_BCH_Net-Metering-Evaluation-Report-No-3.pdf).

Our household would therefore observe that any customer who has engaged in grid power purchase reduction has the same effect of helping BC Hydro and FortisBC "avoid or defer system costs", regardless of whether that customer has engaged in energy conservation and/or signed up to either company's net metering program. A .84 MWh per billing period purchase reduction, when multiplied by the number of customers undertaking such a reduction, results in significant cost savings to both the utility companies and their customers.

Unfortunately the BC Utilities Commission (BCUC), in allowing each utility to charge a standard Basic Charge regardless of customer consumption levels, has failed to take into account the facts provided by BC Hydro in their net metering report. As a consequence, as our household consumption has dropped, the cost of the Basic Charge as a proportion of our overall annual billing by FBC has risen from 23.5% in 2006 to 66.6% so far in 2016.

In fact the cost for each kWh of electricity purchased from FBC has risen for us from 8.7 cents in 2006 to 29.3 cents in 2016, whereas by their own admission in the recent Net Metering Program Tariff Update hearing, FBC acknowledged that the average cost of kWh for a residential customer, Tier 1, Tier 2 and Basic Charge costs combined, is 13.48 cents per kWh. Thus we who have a consumption level of grid power within the lowest 5% of FBC customers are paying at a rate per kWh that is 217% higher than that paid by the average residential customer.

In this context the inclining block rate differential, which starts at 1,600 kWh per billing period (800 kWh per month), is the only rate-based program that offers any financial relief to customers who have reduced their grid power consumption by whatever means. Further, while we are open to the Utilities Commission considering offering a differential rate for electric heat customers, either on a seasonal basis or for those living in areas that do not offer natural gas, we remain unalterably opposed to mandatory introduction of Time of Use rates.

TOU rates, as we previously argued before the Commission, are both age and income discriminatory in their foundation. Outside of heating, the largest consumption of electricity is for heating water and cooking of food with an oven. Young families with small children, unlike seniors, cannot avoid using power for certain household functions during peak hours due to the structure of time-related activities centered around attendance at grade school. Likewise persons on shifts, from nurses to smelter workers, have to use hot water and cook food at times dependent on the shifts they are working.

Similarly, outside temperature and cyclical daylight hours fix the time when highest heat and use of indoor and outdoor lighting will take place. Thus, for the vast majority of citizens, shifting power consumption from one part of the day to another, through peak pricing, simply penalizes them while allowing others, mostly those who are retired, to take further advantage of a biasedly designed electrical grid pricing system.

If we are serious about grid power consumption reduction then we must focus on reducing overall household usage, through purchase of energy efficient appliances (such as side-loading washing machines) and adoption of energy efficient measures (such as clothes drying racks and lines versus electrical driers). Our household is an example of how that can be done, as between 2006 and 2014 we reduced daily consumption of grid electricity from 17 kWh to 8.9 kWh, a saving of 8.1 kWh a day - roughly 2.96 MWh per year. In 2016, through introduction of household solar production, we have added a saving of another projected 5.7 kWh per day - a further 2.09 MWh per year - for an overall reduction of 5 MWh.

In this context it is unfortunate to realize that while our household is projected to pay approximately \$305 for purchase of 1.2 MWh of grid electricity from FortisBC in 2016, if we had undertaken no energy conservation and not installed a

household solar system we could have purchased an additional 5 MWh of power for just under \$500. That is \$100 per MWh versus the roughly \$250 that we are having to pay per MWh. That is why our household supports the inclining block rate, because at least it starts to address the cost imbalance between those customers who purchase less power on an annual basis but pay more per kWh than those who purchase more kWh but pay less per kWh.

Respectfully submitted,
Andy Shadrack and Gail Bauman