REQUESTOR NAME: **BC Sustainable Energy Association and Sierra Club BC**
INFORMATION REQUEST ROUND NO: 3
TO: **BC Hydro**
DATE: **April 24, 2017**
PROJECT NO: **3698869**
APPLICATION NAME: **BC Hydro F2017 to F2019 Revenue Requirements Application**

66.0 Topic: Load curtailment pilot project
Reference: Exhibit B-20, pp.9-10, pdf pp.12-13

In its rebuttal evidence, Response to Evidence of BCSEA-SCBC, section 1.3, A6 and A7, BC Hydro explains that its "…pilot program focuses on a product for planning purposes and potential deferment of long-term generation assets, which has been defined as 36 days of curtailment of 16-hours per day." It further states that "…as far as BC Hydro is aware, no other jurisdiction has run a pilot or program for the product that BC Hydro requires to meet its system needs (36 days of curtailment of 16-hours per day)." [pdf p.12]

66.1 Given the unique nature of this pilot, and BC Hydro's evidence that it had no comparable models upon which to base an analysis, explain the analysis that BC Hydro carried out prior to commencing the pilot that determined that such a program would potentially be a cost-effective alternative to new generation.

66.2 On what basis did BC Hydro determine that such a program would be a more cost-effective solution than energy efficiency programming that would achieve the desired energy and capacity reductions for 36, 16-hour days?

66.2.1 Were the full range of benefits of energy efficiency programming addressed?

66.3 Is it a condition of the pilot that a participating customer must not replace curtailed electrical load (that would have been provided by BC Hydro) with an alternative energy or generation resource?

66.4 How many participants in the pilot replaced curtailed load with an alternative energy or generation resource?

66.4.1 What types of alternative generation resources or energy sources do these participants use?

66.4.2 How do the GHG emissions profiles of these resources compare with the emissions profile of the new generation that BC Hydro is attempting to defer through the load curtailment program?

67.0 Topic: Low-Carbon Electrification
Reference: Exhibit B-20, A8, p.11, pdf p.14; Exhibit B-1-1, p.7-15, pdf p.509; Exhibit B-18, Attachment 1, OIC 100; Attachment 2, OIC 101; Exhibit B-14, BCUC 2.197.3, pdf p.43

"Government's policy to increase low-carbon electrification is set out in the Climate Leadership Plan, which was published in August 2016, after the filing of BC Hydro's F2017 to F2019 Revenue Requirements Application. In our responses to information requests, including our response to BCUC IR 2.197.3, we set out our progress in responding to this policy.

Since responding to information requests, the Lieutenant Governor in Council issued Order in Council Nos. 100 and 101 on March 1, 2017, outlining the policy parameters for low-carbon electrification. Order in Council No. 101 will enable BC Hydro to pursue cost-effective electrification, including electrification of loads as outlined in Attachment 1 to our response to BCUC IR 2.197.3. Order in Council No. 100 allows for the costs of low-carbon electrification carried out under Order in Council No. 101 to be deferred to the Demand-Side Management Regulatory Account. These policy parameters now give BC Hydro the framework in which to move forward with further actions in support of low-carbon electrification.

We will be reporting on and conducting expenditures in accordance with the regulation."

"British Columbia Utilities Commission Order No. G-48-14 approved the recovery mechanisms for BC Hydro's Cost of Energy Deferral Accounts and the Demand-Side Management Regulatory Account, on an ongoing basis." [Exhibit B-1-1, p.7-15, pdf p.509, underline added]

"Government announced in the Province's August 2016 Climate Leadership Plan that it would work with BC Hydro to expand the mandate of BC Hydro's demand-side management programs to include investments that reduce greenhouse gas emissions." [Exhibit B-14, BCUC 2.197.3, pdf p.43.]

67.1 Please confirm that deferral of the costs of low-carbon electrification to the DSM Regulatory Account means that these costs will be recovered from ratepayers through the previously approved recovery mechanism for the DSM Regulatory Account.

67.2 Does BC Hydro anticipate applying for approval of a change in the amortization period for the DSM Regulatory Account on the basis that the useful life of low-carbon electrification measures is different than the useful life of DSM measures?

67.3 At the present time, does BC Hydro have expenditures on low-carbon electrification? If so, are expenditures on low-carbon electrification exclusively within DSM spending, exclusively outside of DSM spending, or some combination?

67.4 For greater certainty, please confirm that at the present time only DSM expenditures are deferred to the DSM Regulatory Account. Alternatively, please explain.

67.5 Going forward, in the context of OIC 101 and 100 does BC Hydro anticipate that all low-carbon expenditures will be deferred to the DSM Regulatory Account? Will BC Hydro have some types of low-carbon expenditures that are not deferred to the DSM Regulatory Account? If so, what will be the basis for the distinction?

67.6 OIC 100 requires the commission to allow BC Hydro to defer qualifying low-carbon electrification expenditures to the DSM Regulatory Account. For greater certainty, please confirm that BC Hydro intends to fully utilize OIC 100, i.e., that all low-carbon electrification expenditures that qualify under OIC 101 will be deferred to the DSM Regulatory Account.

67.6.1 If not, please explain how BC Hydro will determine which low-carbon electrification expenditures to defer to the DSM Regulatory Account and which such expenditures not to defer to the DSM Regulatory Account.

67.7 Is it BC Hydro's understanding that under OIC 100 and 101, while qualifying low-carbon electrification expenditures may, at BC Hydro's discretion, be deferred to the DSM Regulatory Account, such expenditures would not be DSM expenditures?

67.7.1 In other words, while the regulatory account will still be called the DSM Regulatory Account it could be more accurately understood to be the 'DSM and Low-Carbon Electrification Regulatory Account'. Is that correct?

67.8 Is it BC Hydro's understanding that low-carbon electrification expenditures that qualify under OIC 101 would <u>not</u> be within a DSM expenditure schedule filed under *UCA* s.44.2(1)(a)?

67.9 Is it BC Hydro's understanding that a low-carbon electrification measure that qualifies under OIC 101 is <u>not</u> a demand-side measure under the *UCA* and the *Clean Energy Act*?

67.10 More specifically, is it BC Hydro's understanding that a low-carbon electrification measure that qualifies under OIC 101 is <u>not</u> subject to the Demand-Side Measures Regulation under the *UCA*?

67.11 Would BC Hydro agree that the framework established by OIC 100 and 101 is somewhat different than the concept in the Climate Leadership Plan that government will "<u>expand the mandate of BC Hydro's demand-side management programs</u> to include investments that reduce greenhouse gas emissions"? In other words, OIC 100 and 101 do not "expand the mandate of BC Hydro's demand side management programs" but instead create a parallel category of expenditures (for low-carbon electrification) that is only connected to DSM by being deferred to a regulatory account bearing the name DSM Regulatory Account. Please comment.

67.12 Please confirm that the costs of low-carbon electrification will not come out of the DSM expenditure schedule for which approval is sought in this proceeding. Alternatively, please explain.

67.13 Does BC Hydro require Commission approval for spending on low-carbon electrification that qualifies under OIC 101 and will be deferred to the DSM Regulatory Account under OIC 100? If so, what form will this approval take? When does BC Hydro anticipate applying for approval?

67.14 Does BC Hydro intend to make low-carbon electrification expenditures under OIC 101 during the F2017-F2019 RRA test period? If so, please outline what types of low-carbon electrification would be targeted, and confirm that such expenditures are not included within the proposed revenue requirement.

67.15 What affect will recovery from ratepayers of low-carbon electrification expenditures through the DSM Regulatory Account have on post-test period rate increases in the context of the 10-Year Rates Plan?