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British Columbia Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, BC, V6Z 2N3
Attn: Erica Hamilton, Secretary
By Web Posting

Dear Madam:

Re: British Columbia Hydro and Power Authority 2015 Rate Design Application (RDA);
Order G-156-15, Order G-175-15;
BC Sustainable Energy Association and Sierra Club BC
Final Argument, LGS/MGS New Account Pricing

I represent the interveners B.C. Sustainable Energy Association and Sierra Club B.C. Pursuant to Order G-175, 2015, section 2, this is BCSEA-SCBC's final argument regarding BC Hydro's proposal¹ to implement 100% Part 1 energy pricing for Large General Service and Medium General Service customers without historical baselines (Proposal).

BCSEA-SCBC support approval of the Proposal.

The *status quo* is that LGS and MGS accounts without a historical baseline (HBL) are charged at 85/15 Part 1/Part 2 energy pricing. The rationale was to address concerns that existing customers with growing load might open new accounts to have their HBLs reset in order to obtain bill savings.²

BC Hydro says this has not proven to be a problem. BCSEA-SCBC accept BC Hydro's statement that:

“BC Hydro's business practices do not allow the opening of new accounts except under specific circumstances which make gaming difficult and BC Hydro is not aware of gaming being an issue.”³

BC Hydro says the proposed 100% Part 1 energy pricing for new LGS and MGS accounts “recovers BC Hydro's embedded costs and therefore does not harm other ratepayers.”⁴ To confirm this, BCSEA-SCBC asked BC Hydro whether the proposal would cause a cross-subsidy between rate classes. BCSEA-SCBC accept BC Hydro's response, as follows:

“No, ‘100 per cent Part 1 Pricing’ for New Accounts would not cause a cross-subsidy between the LGS and MGS classes with other rate classes. In setting the rates, Part 1 Pricing is largely based on BC Hydro's embedded costs for the MGS

¹ Exhibit B-1, section 6.6, Requested Order for the LGS and MGS New Account Rule, pp. 6-70 to 6-71, pdf pp.349-350.

² Exhibit B-1, p. 6-70.

³ Exhibit B-1, p. 6-71.

⁴ Exhibit B-1, p. 6-71.

and LGS rate classes with minor adjustments for forecasted Part 2 charges and credits.”⁵

Further, BCSEA-SCBC accept BC Hydro’s explanation that “Although new accounts will not be exposed to the LRMC price signal, this will be for a one year period only.”

As stated above, BCSEA-SCBC support approval of the Proposal.

Yours truly,

William J. Andrews



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cc. Distribution List by email

⁵ Exhibit B-5, BCSEA 1.19.1, pdf p.1592.