

February 5, 2016

**VIA EMAIL**

Erica Hamilton  
Commission Secretary  
BC Utilities Commission  
6th Floor 900 Howe Street  
Vancouver, BC V6Z 2



Reply to: Sarah Khan  
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Ph: 604-687-4134

Our file: 7615

Dear Ms. Hamilton:

**Re: BC Hydro 2015 Rate Design Application  
Final Argument on Transmission Stepped Rate RS 1827 (Exempt  
Customers), RS 1852 (Modified Demand), RS 1853 (IPP Service Station) &  
General Service Rate RS 1253 (IPP Service Station)**

**A. INTRODUCTION**

1. We make the following submissions on behalf of our clients, the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, BC Poverty Reduction Coalition, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Together Against Poverty Society, and the Tenant Resource and Advisory Centre, known collectively in regulatory processes as "BCOAPO *et al.*" The constituent groups of BCOAPO *et al.* represent the interests of low and fixed income energy consumers within BC and more specifically in this process, the interests of BC Hydro's low and fixed income residential ratepayers.
2. As part of BC Hydro's 2015 Rate Design Application (2015 RDA) proceeding, in Order G-12-16, the BC Utilities Commission (Commission) Panel directed that the following topics proceed by way of written hearing: Transmission Stepped Rate RS 1827 (Exempt Customers), RS 1852 (Modified Demand), RS 1853 (IPP Service Station) & General Service Rate RS 1253 (IPP Service Station).<sup>1</sup>
3. Prior to filing the 2015 RDA, BC Hydro conducted an extensive stakeholder engagement process with many groups who regularly intervene in BC Hydro-related proceedings before the Commission, and sought feedback from participants in relation to RS 1827, RS 1852 and RS 1853. BCOAPO was an active participant in the stakeholder engagement process, and provided comments through that process on all of these rate schedules.

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<sup>1</sup> Order G-12-16 at para, 1 & Appendix A Order G-12-16 at p.10.

4. We provide our submissions on each of those topics in turn in the sections below.

## **B. RS 1827 – EXEMPT RATE**

5. RS 1827 is BC Hydro's Transmission Service Rate for customers exempt from stepped rates. There are four exempt customers: City of New Westminster, University of British Columbia (UBC), Simon Fraser University (SFU), and Vancouver Airport Authority; these customers account for about 6% of Transmission Service class sales.<sup>2</sup>
6. These exemptions flow from Heritage Contract Recommendation #15, which recommended that the City of New Westminster and UBC be exempted from stepped rates<sup>3</sup>—a Recommendation which was implemented through s.3(1) of Direction No. 7 to the BCUC.<sup>4</sup> The BCUC exempted Vancouver Airport Authority and SFU from stepped rates in Commission Order G-10-06.
7. RS 1827 consists of a flat energy charge (4.303 cents/kWh in F2016), and a demand charge that is the same as under RS 1823.<sup>5</sup>
8. In the 2015 RDA, BC Hydro proposes to maintain the status quo with respect to RS 1827.<sup>6</sup>
9. BC Hydro has confirmed that it does not view the MEM Policy Letter as requiring the Commission to continue with the exemption of SFU and Vancouver Airport Authority from RS 1823 and other stepped rates, and that the Commission has jurisdiction under sections 58 and 61 of the *UCA* with regard to SFU and Vancouver Airport Authority.<sup>7</sup> BCOAPO agrees with this interpretation.
10. Notwithstanding the above, BCOAPO notes that SFU and Vancouver Airport Authority oppose transfer from RS 1827 to a stepped rate, and no stakeholder has advocated for such a transfer.<sup>8</sup> Further, the only material change from when the four customers were put on RS1827 is that BC Hydro and FortisBC have entered into a new Power Purchase Agreement.

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<sup>2</sup> Exhibit B-1, Application, p.7-46.

<sup>3</sup> BC Hydro Inquiry into a Heritage Contract for BC Hydro's Existing Generation Resources and regarding Stepped Rates and Transmission Access – BCUC Report and Recommendations to the LGIC dated October 17, 2013: <http://www.bcuc.com/Documents/Decisions/2003Dec/Heritage%20LGIC%20Rpt-Recommend.pdf> at p. 76

<sup>4</sup> *Direction No. 7 to the British Columbia Utilities Commission*, BC Reg. 28/2014.

<sup>5</sup> Exhibit B-1, Application, p.7-46.

<sup>6</sup> Exhibit B-1, Application, p.7-46.

<sup>7</sup> Exhibit B-5, BCH Response to BCOAPO IR 1.13.1

<sup>8</sup> Exhibit B-5, BCH Response to BCOAPO IR 1.13.1

11. As such, BCOAPO supports BC Hydro's proposal to continue with the status quo RS 1827 rate.

### **C. RS 1852 – MODIFIED DEMAND**

12. RS 1852 is available at BC Hydro's discretion to Transmission Service customers in areas that are transmission constrained, and/or where market opportunities arise which allow for a different High Load Hours (HLH) time period.<sup>9</sup> Energy consumption is charged under the Transmission Stepped Rate (RS 1823); the billing demand and excess demand rate is the same as RS 1823, but the periods in which demand is calculated are modified (i.e. to reflect distinct morning and afternoon peaks particular to that location to define HLH).<sup>10</sup>

13. RS 1852 is a non-firm (interruptible) rate.<sup>11</sup>

14. BC Hydro is seeking an order concerning RS 1852 that would revise the definition of HLH to provide it with discretion to determine the HLH periods that will apply based on a customer location/region, which affords BC Hydro the possibility to curtail to alleviate potential local or regional transmission constraints or take advantage of a market opportunity.<sup>12</sup> BC Hydro notes it prefers to retain "discretion to determine the HLH period(s) that will apply based on customer location/region because transmission constraints change over time and by location."<sup>13</sup>

15. BC Hydro noted that although it is not proposing any restrictions as to how frequently it can alter the definition of HLH or any related customer notification, the definition of HLH is defined in the customer's Modified Demand Agreement (TS 54) and is not changed over the one year term of each agreement, and the customer must agree to the terms of the agreement on an annual basis.<sup>14</sup>

16. BC Hydro notes in its Application that there was little feedback from stakeholders regarding RS 1852; rather, the main issue is low take-up of the rate.<sup>15</sup> BC Hydro states that its proposed revision to the RS 1852 definition of HLH broadens the availability of RS 1852; prior to the revision, RS 1852 was effectively limited to

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<sup>9</sup> Exhibit B-1, Application, p.2-36.

<sup>10</sup> Exhibit B-1, Application, p.7-22.

<sup>11</sup> Exhibit B-1, Application, p. 1-11.

<sup>12</sup> Exhibit B-1, Application, p. 1-11.

<sup>13</sup> Exhibit B-1, Application, p. 7-22.

<sup>14</sup> Exhibit B-5, BCH Response to BCOAPO IR 1.164.1,

<sup>15</sup> Exhibit B-1, Application, p. 7-23.

Vancouver Island given the definition of HLH (i.e. it was originally designed around Vancouver Island's unique two peak system load).<sup>16</sup>

17. BC Hydro states that it believes that there is value in maintaining RS 1852 as an option because the rate "provides mutual benefits and because it would be consistent with the B.C. Government's response to several 2013 Industrial Electricity Policy Review task force recommendations that "[a] rate design review process will be launched to examine ways to provide industrial customers with more options to reduce their electricity costs".<sup>17</sup>

18. BCOAPO is not opposed to BC Hydro's proposal for RS 1852.

#### **D. RS 1853 – IPP STATION SERVICE**

19. RS 1853 has been in place since 2001, and is available to IPP customers served at transmission voltage for forced outages, scheduled maintenance requirements, and black-start re-energization of generators.<sup>18</sup>

20. Energy under this rate is provided on an "as available" basis at Mid-C market rates, there is no demand charge as service is non-firm; however, there is a monthly minimum charge to recover BC Hydro's costs under this rate.<sup>19</sup> BC Hydro proposes to continue its existing practice of applying RRA rate increases to the RS 1853 minimum monthly charge.<sup>20</sup>

21. BC Hydro states that the minimum monthly charge is adequate to cover the F2016 monthly costs to BC Hydro under RS 1853.<sup>21</sup>

22. BC Hydro's view is that non-firm energy sold to IPPs should be priced off the Mid-C market because non-firm energy acquired from IPPs is typically priced at Mid-C, thus ensuring that non-firm energy is consistently valued whether it flows from BC Hydro to the IPP customer or from the IPP service provide to BC Hydro."<sup>22</sup>

23. BC Hydro is not proposing any change to RS 1853.

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<sup>16</sup> Exhibit B-5, BCH Response to BCUC IR 1.3.2 & 1.98.1

<sup>17</sup> Exhibit B-5, BCH Response to BCUC IR 1.98.2.

<sup>18</sup> Exhibit B-1, Application, p. 7-44.

<sup>19</sup> Exhibit B-1, Application, p. 7-44

<sup>20</sup> Exhibit B-1, Application, p. 7-44

<sup>21</sup> Exhibit B-5, BCH Response to BCUC IR 1.114.1.

<sup>22</sup> Exhibit B-1, Application, p. 7-45

24. BCOAPO notes that BC Hydro's Application states that no IPP customer expressed any concern with this rate.<sup>23</sup>
25. BC Hydro confirmed that it can terminate the supply of RS 1853 if it does not have sufficient generation or transmission capacity.<sup>24</sup>
26. BC Hydro also confirmed that since the IPP customer is connected to BC Hydro's system, prior to taking electricity under RS 1853, the customer will be required to notify BC Hydro of any maintenance or black-start events according to the customer's local operating order.<sup>25</sup>
27. BC Hydro's proposals with respect to RS1853 seem reasonable as there appear to be no real concerns expressed by the customers about the rates, and circumstances have not changed materially from when it was initially approved. BCOAPO supports the continuation of the status quo for RS1853.

#### **E. GENERAL SERVICE RATE RS 1253 – IPP STATION SERVICE**

28. RS 1253 (IPP Station Service) is available to IPP customers served at distribution voltage for forced outages, scheduled maintenance requirements and black-start re-energization of generators.<sup>26</sup> It has been in place since October 2001.<sup>27</sup>
29. Energy under this rate is provided on an "as available" basis at Mid-C market rates, there is no demand charge as service is non-firm; however, there is a monthly minimum charge to recover BC Hydro's costs under this rate.<sup>28</sup> BC Hydro proposes to continue its existing practice of applying RRA rate increases to the RS 1253 monthly minimum charge.<sup>29</sup>
30. BCOAPO notes that there was no stakeholder engagement regarding this rate. BC Hydro states in its Application that no IPP customer expressed any concern with this rate.<sup>30</sup>
31. As noted above, the pricing of this rate is based on Mid-C market prices, as is the case with RS 1853. BC Hydro expressed its view that the same pricing should apply to both RS 1253 and RS 1853.<sup>31</sup>

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<sup>23</sup> Exhibit B-1, Application, p. 7-45.

<sup>24</sup> Exhibit B-5, BCH Response to BCOAPO 1.172.1

<sup>25</sup> Exhibit B-5, BCH Response to BCOAPO 1.172.2.1

<sup>26</sup> Exhibit B-1, Application, p. 6-74.

<sup>27</sup> Exhibit B-1, Application, p. 6-74.

<sup>28</sup> Exhibit B-1, Application, p. 6-74.

<sup>29</sup> Exhibit B-1, Application, p. 6-74.

<sup>30</sup> Exhibit B-1, Application, p. 6-74.

32. BC Hydro confirmed that it does not plan to construct either transmission or distribution facilities to provide service under RS 1253.<sup>32</sup> As service under this rate is on an interruptible basis, it is supplied only where BC Hydro has the energy and capacity to do so.<sup>33</sup> Service will be denied when there are insufficient existing transmission and/or distribution facilities to deliver the requested service.<sup>34</sup>

33. Given the above, BCOAPO supports the continuation of the status quo for RS1253.

All of which is respectfully submitted.

Sincerely,

**BC Public Interest Advocacy Centre**

Sarah Khan and Erin Pritchard

c. Tom Loski, Chief Regulatory Officer, BC Hydro  
Registered Intervenors

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<sup>31</sup> Exhibit B-5, BCH Response to BCUC IR 1.85.1.

<sup>32</sup> Exhibit B-5, BCH Response to BCOAPO IR 1.157.1.

<sup>33</sup> Exhibit B-5, BCH Response to BCOAPO IR 1.157.1.

<sup>34</sup> Exhibit B-5, BCH Response to BCOAPO IR 1.157.1.2.