

BRITISH COLUMBIA UTILITIES COMMISSION

**British Columbia Hydro and Power Authority
Fleet Electrification Rate Application**

BCUC Project No. 1599032

**Final Argument
of
BC Sustainable Energy Association**

January 10, 2020

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1.0 Introduction

1. This is the final argument of the intervener B.C. Sustainable Energy Association (BCSEA) in the B.C. Utilities Commission’s proceeding regarding BC Hydro’s application for approval of an Overnight Rate and a Demand Transition Rate (Fleet Electrification Rates) under sections 59 to 61 of the *Utilities Commission Act*.
2. The Fleet Electrification Rates would be optional rates for qualifying Large General Service customers to acquire power to charge fleets of electric vehicles or vessels.
3. This final argument responds to BC Hydro’s December 13, 2019 Final Argument.¹

2.0 Fleet Electrification Rates

4. The purpose of the Fleet Electrification Rates is to foster GHG reductions in B.C. by facilitating conversion of fleets of vehicles and vessels from fossil fuels to clean electricity. The Fleet Electrification Rates are optional rates under which qualifying large commercial customers could purchase electricity from BC Hydro to power high-voltage recharging² of their own fleets. The Fleet Electrification Rates are designed to reduce the economic barrier to fleet electrification caused by the standard demand charges under the default Large General Service (LGS) Rate.
5. The Overnight Rate is designed for overnight charging in fleet depots. It has no demand charge during the overnight period when the BC Hydro system has spare capacity, and the same demand charge as the LGS Rate during the rest of the day. It has a flat energy charge (7.41 cents/kWh) – applicable at all hours of the day – that is set higher than the LGS energy charge in order to recover BC Hydro’s embedded cost of service.³ Accordingly, ratepayers would not be harmed by the Overnight Rate

¹ https://www.bcuc.com/Documents/Arguments/2019/DOC_56624_2019-12-13-BCH-Final-Argument.pdf

² 150 kW or greater.

³ For both the Overnight Rate and the Demand Transition Rate, the Basic Charge aligns with the LGS Basic Charge.

(and would presumably benefit from the incremental load.) The Overnight Rate is intended to be place indefinitely.

6. The Demand Transition Rate is designed for operators of low load factor fleets that require recharging at all times of the day. The Demand Transition Rate has no demand charge for the first six years that the Rate will be offered (F2021 to F2026). Over the next six years (F2027 to F2032), the demand charge will increase yearly from \$0/kW up to the LGS demand charge. During the first six-year period, the energy charge is 9.7 cents/kWh, escalated by general rate increases. For the Demand Transition Rate, the energy charge is calculated as the blended average \$/kWh price of both energy and demand assuming the class average load factor for the LGS rate class. Over the second six-year period, the energy charge will transition annually to the LGS energy charge.
7. While the Overnight Rate is justified on a cost of service basis (and economic basis), the Demand Transition Rate is justified on an economic basis, in which the incremental revenues from the new load served under the Rate will exceed the cost of serving the new load in the ten and fifteen year time periods. Accordingly, ratepayers benefit (financially⁴) from the new load in the medium and longer term.
8. The EV fleet charging operations for which the Fleet Electrification Rates are designed do not currently exist in B.C. BC Hydro modeled the Fleet Electrification Rates on illustrative load projections from BC Transit and TransLink. BC Hydro proposes to evaluate the rates when actual data on customers, load and economic performance is available.
9. The Fleet Electrification Rates would have limited availability. They would be available only to qualifying general service customers for separately metered charging of fleet electric vehicles⁵ and vessels owned or leased, and operated, by the customer at a maximum charging demand greater than or equal to 150 kW. The Fleet Electrification Rates would not be available for public fast-charging service or for EV charging at less than 150 kW maximum demand.

⁴ Ratepayers also benefit from the GHG reductions due to the fleet electrification encouraged and enabled by the Demand Transition Rate.

⁵ Including passenger vehicles.

3.0 BCSEA's Key Points

10. BCSEA respectfully submits that the Commission should approve the Fleet Electrification Rates as proposed. The Fleet Electrification Rates meet the legal test in that they are “fair, just and not unduly discriminatory.”
11. BCSEA is satisfied that the evidence establishes that the Overnight Rate is justified on a cost of service basis, and that the Demand Transition Rate is justified on an economic basis.
12. BCSEA strongly supports the need for the Fleet Electrification Rates as a measure to encourage and enable GHG reductions in BC by electrification of fleet vehicles and vessels. The Fleet Electrification Rates would remove a substantial barrier to low-carbon electrification of one segment of the transportation sector in B.C.
13. BCSEA accepts the rationale for not broadening the Fleet Electrification Rates at this time. BCSEA is very aware that the cost of electricity supply is a significant challenge facing many types of EV charging, including, for example, public fast charging. However, the Fleet Electrification Rates are specifically designed to meet (and in BCSEA's view, do meet) the regulatory requirements under the *Utilities Commission Act*. The question of whether rates designed to facilitate non-fleet EV charging would meet the existing regulatory requirements is not before the Commission in this application. BCSEA expects that BC Hydro will continue to develop and propose rate designs and other measures to encourage EV charging beyond the fleet EV sector. In this context BCSEA, is looking forward to the Provincial government's anticipated legal directions flowing from the recommendations of the Commission's report on Phase Two of the Inquiry into the Regulation of Electric Vehicle Charging Service.

4.0 Conclusion

14. BCSEA supports Commission approval of the Overnight Rate and the Demand Transition Rate, for the reasons set out above.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

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