

Paul Willis Submission

Concerning June 12, 2020 Oral Hearing

BC Hydro – F2020 – F2021 Revenue Requirements

Comments Related to Panel Question – 2.1

The discussion regarding BC Hydro's need to satisfy its domestic load and Powex's interest in optimizing the surplus energy sales was interesting. In general, I am convinced that BC Hydro does prioritize the need to meet domestic load requirement, while Powerex given the responsibility of maximizing export sales revenue does fulfill that assignment. It is somewhat complex in meeting both requirements and the Commission questions, along with BC Hydro's responses added some clarity on the subject.

However, there was no discussion at this hearing with respect that BC Hydro/Powex are selling surplus power on an annual average of around \$30 per MWh and BC Hydro's own mid and small industrial customers do not have the opportunity to purchase this low-cost surplus energy. BC Hydro do have a Freshet Rate whereby Transmission Service customers can purchase power above their normal use at a market price but no other customers have this opportunity. For example Light Industry customers who are buying electricity at around \$90 per MWh considering Demand and Energy charges have no opportunity to purchase market power for additional use at Market rates which are about 1/3 the price that they are normally paying. This seems unfair in that Powerex are exporting power at 1/3 the price that their own BC customers are paying and BC customers should be given the chance to use additional electricity at the export rate.

The Freshet rate has been designed by BC Hydro so that these Transmission Service customers can use electricity above their normal levels at export rates. It is suggested that BC Hydro consider the development of optional rates so that mid and small industry can use electricity above their normal levels at export market prices.

Considering how B.C. Light Industry use energy and society's interest in reducing greenhouse gas emissions, there are rate options that BC Hydro could be offering which would promote the replacement of fossil fuels by replacing them with electricity. Examples are:

1. The use of electricity to generate hot water or steam rather than natural gas or oil.
2. Discount rates for using electric vehicles in industry.
3. Replacement of drying processes the present use fossil fuels

In the case of 1/, many light industry companies, including food processors use significant amounts of fossil fuels to generate hot water and steam, much of this generation could be replaced with electricity. If this occurred GHG producing energy would be replaced with green energy and the electricity used would be surplus to the electricity that is used now. BCH would need to offer rates lower than their current rates but if they offered rates even at \$35 per MWh it would be probably at a higher price than their current export price.

With respect to 2/, the case for electric vehicles is clear. The provincial government is offering significant incentives and BCH has developed a rate for fleet electric vehicles. Considering the benefit of electric vehicles, BC Hydro should work with the provincial government to develop a long-term plan to sell significant amounts of surplus electricity to this sector.

Concerning 3/, significant amounts of GHG fuels are use for process drying purposes. BC Hydro should consider rate options which would encourage customer to convert to electricity.

For all of the three options mentioned above, commercial equipment is available. BC Hydro does have a significant surplus and it is hoped that BC Hydro would explore methods for selling some of this surplus to their own customers and in so doing reduce GHG emissions.