

IN THE MATTER OF

The *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Corix Multi-Utility Services Inc.

**Application regarding the Variable Energy Charge and a Rate Setting Mechanism  
for Dockside Green Energy**

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**Corix Multi-Utility Services Inc.**

**REPLY ARGUMENT**

Submitted 27 August 2020

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## I. INTRODUCTION

1. On April 20, 2020, Corix Multi-Utility Services Inc. (“**Corix**”) submitted an application to the British Columbia Utilities Commission (“**BCUC**”) seeking for Dockside Green Energy (“**DGE**”) approval to:
  - i. Establish a Variable Energy Charge Rate Setting Mechanism which comprise of Trigger Ratios and a Minimum Rate Change Threshold, as outlined in Section 3 of the Application;
  - ii. Reduce the existing Variable Energy Charge from \$0.055 per kilowatt-hour (“**kWh**”) to \$0.042 per kWh effective May 1, 2020, pursuant to section 60 of the *Utilities Commission Act* (“**UCA**”); and
  - iii. Amend the DGE tariff to allow the Variable Energy Charge to remain unchanged after the approval of item (ii) above, until the next Variable Energy Charge rate change is approved by the BCUC, pursuant to section 61 of the UCA (“**Application**”).
2. BC Old Age Pensioners’ Organization, Active Support Against Poverty, Council of Senior Citizens’ Organizations of BC, Disability Alliance BC, and Tenant Resource and Advisory Centre, known collectively in regulatory processes as “BCOAPO et al.” (“**BCOAPO**”) was granted intervener status by the BCUC in the regulatory review of the Application.
3. The BCUC issued order G-101-20 approving the proposed Variable Energy Charge effective May 1, 2020 on an interim and refundable basis.
4. The regulatory review process included two rounds of information requests from BCUC and one round of information requests from BCOAPO, followed by final arguments from Corix and BCOAPO.
5. This reply submission addresses key topics raised in BCOAPO’s final argument. Topics not covered in this submission are considered to have been addressed sufficiently throughout the proceeding.

## II. BCOAPO’S COMMENTS ON THE APPLICATION

6. BCOAPO does not oppose any of the approvals sought on page 1 of the Application and outlined in paragraph 1 above. Specifically, BCOAPO stated that they do not have any serious concerns regarding Corix’s proposed minimum rate change threshold; or Corix’s proposal to report on the ECRA to the BCUC yearly, despite FortisBC Energy Inc. (“**FEI**”) providing reports to the BCUC on a quarterly basis.<sup>1</sup> BCOAPO notes that these proposals “... make sense given the difference in the size of each utility, the cost of regulatory reporting, and their respective ratepayer pools.”<sup>2</sup>

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<sup>1</sup> BCOAPO Final Argument, pp. 2-3.

<sup>2</sup> BCOAPO Final Argument, pp. 2-3.

7. In addition, BCOAPO expresses support for Corix's proposal of a dual trigger mechanism, comprised of Trigger Ratios and a Minimum Rate Change Threshold.<sup>3</sup>
8. BCOAPO also submits that "...quarterly reporting would not be of significant value here and certainly not of sufficient value to justify the cost."<sup>4</sup>

#### The Alternative Mechanism

9. BCOAPO provides some submissions regarding an alternate Variable Energy Charge Rate Setting mechanism to the one originally proposed in the Application. This alternative rate setting mechanism was introduced in Corix's response to BCUC IR No. 2, question 5.3.1.1 and discussed in Corix's Final Argument.<sup>5</sup>
10. The alternative rate setting mechanism was proposed as an option in response to BCUC's questions regarding quarterly reporting requirements and the opportunity for the BCUC to monitor DGE's ECRA balance and energy costs on a more regular basis, with reasonable costs to DGE customers.
11. BCOAPO points out a difference in how the alternative is described in the responses to information requests when compared to Corix's Final Argument; a difference that BCOAPO considers significant. BCOAPO states that "... at first blush our clients would prefer, if appropriate, an exploration of the version first proposed in Exhibit B-5."<sup>6</sup>
12. BCOAPO considers that the alternative is worth serious further consideration if the BCUC Panel were to determine that it is concerned about the cost associated with the VEC mechanism as outlined in Corix's Application.

### **III. CORIX REPLY TO BCOAPO'S COMMENTS ON THE APPLICATION**

13. Corix's proposals are just and reasonable and are based on an existing framework developed by the BCUC in collaboration with utilities, with the necessary adjustments that take into consideration DGE's size, resources and customer base.
14. Corix maintains its position regarding the reporting requirements that was submitted on pages 8 and 9 of its Final Argument.<sup>7</sup> For small utilities with limited resources such as Corix, customers benefit from a more cost-effective approach, such as providing all the relevant information on the ECRA only if and when a rate change is required. The BCUC would be apprised of the ECRA balance when Corix files the DGE annual financial report each year.

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<sup>3</sup> BCOAPO Final Argument, pp. 2-3.

<sup>4</sup> BCOAPO Final Argument, p. 6.

<sup>5</sup> BCOAPO Final Argument, p. 5.

<sup>6</sup> BCOAPO Final Argument, pp. 5-6.

<sup>7</sup> Corix Final Argument, pp. 8-9.

15. Corix's proposals for reporting requirements results in lower administrative and regulatory costs than submitting quarterly reports to the BCUC.
16. The requests should be approved as proposed, based on the justifications and information provided throughout the proceeding and considering that BCOAPO supports the use of the Trigger Ratios and a Minimum Rate Change Threshold and does not see the value in quarterly reporting.
17. If the BCUC determines that the proposed rate setting mechanism and reporting requirements should not be approved and an alternative rate setting mechanism should be used, Corix's preference is for the approach presented on pages 9 and 10 of its Final Argument. This approach, in response to BCUC's information requests regarding quarterly reporting on DGE's ECRA in a manner similar to FEI, was intended to "reduce administrative and regulatory costs while allowing an annual adjustment of the Variable Energy Charge to prevent high ECRA balances."<sup>8</sup>
18. Given BCOAPO's general acceptance of Corix's proposals in the Application, Corix opposes the reopening of the evidentiary record to address any alternative, as this would further extend the proceeding and result in additional regulatory costs. This is not warranted considering the relatively low dollar amount of the forecast annual energy costs<sup>9</sup> and the two rounds of information requests during this proceeding, which have resulted in a sufficient and adequate review of this Application.
19. DGE's energy costs are flow-through costs, there is low risk for a substantial ECRA balance, and the rates charged by DGE's energy suppliers are regulated by the BCUC with a consideration for rate stability.
20. All the proposals in this Application are fair, just and reasonable and are designed to achieve the approved flow-through of energy costs with reasonable rates while minimizing ECRA balances.

Langley, BC  
August 27, 2020

All of which is respectfully submitted.



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Errol South  
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<sup>8</sup> Corix Final Argument, pp. 9-10.

<sup>9</sup> Exhibit B-5, Response to BCUC IR No. 2, Question 5.3.1, p. 9.