

October 9, 2020

Ms. Marija Tresoglavic  
Acting Commission Secretary and Manager  
British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC V6Z 2N3

by e-mail to [commission.secretary@bcuc.com](mailto:commission.secretary@bcuc.com)

**Re: Catalyst Paper Request to Reduce RS1893 Baselines Final Argument**

Dear Ms. Tresoglavic,

Catalyst Paper is writing to summarize its final arguments in this application.

**1. The use of a single month is justified, in this case, to set future baselines.**

- a. BC Hydro has stated that neither RS 1893 nor Tariff Supplement 74 (TS 74) contemplate making baseline adjustments on a prospective basis using a single month of data.
- b. Catalyst accepts that using historical consumption data over a reasonable period, usually defined as 12 months, is a robust approach for accurately determining what a new baseline should be.
- c. BC Hydro states that the “design intent of RS 1893 is to encourage incremental electricity use above *normal historic levels* of ...electricity purchases.” [emphasis added]
- d. However, the impact of COVID-19 on paper markets has been extraordinary both in scale and speed and we are afforded neither the luxury of time nor the certainty that these markets will return once a “normal” reference period has passed.
- e. Catalyst viewed the request as an opportunity to potentially secure market share that would otherwise be lost to other jurisdictions if we waited 12 months as per the traditional approach.
- f. The interim and refundable nature of the approval and the length of the duration of the application process has allowed Catalyst to demonstrate several months of pandemic operation.
- g. BC Hydro and Catalyst have provided evidence on energy purchases over the application period that demonstrate that the baselines as applied for are reasonable.
- h. Therefore, while a single month of data is not ideal for establishing future baselines it can work in extraordinary situations and has been demonstrated to work in this case over the course of the application period.***

**2. A transition to the Blended Rate conflicts with intent of RS1893**

- a. BC Hydro has argued that moving a customer to RS1823A, the blended rate, is the preferred mechanism for dealing with a baseline reduction.
- b. Catalyst has provided evidence that the savings with the interim RS 1893 baselines are relatively narrow compared to Tier 1 rates.

- c. Catalyst has provided evidence that Tier 1 rates are more expensive than all other hydroelectric jurisdictions in Canada, where most of our domestic competition operates.
- d. The blended rate, RS1823A is ~\$4.50/MWh more expensive than the Tier 1 Rate (FY2021).
- e. **Therefore, a move to the blended rate would jeopardize the competitiveness of the production capacity operating below the requested RS1893 baseline and potentially drive a reduction in energy purchases.**

In short, this is an extraordinary situation that was not necessarily contemplated during the development of the rate by any of the parties involved despite the extensive stakeholder engagement and piloting that BC Hydro has performed. The requested baselines, even though based on only a single month of data, are reasonable and waiting to collect more data and/or transferring these sites to RS 1823A would be counterproductive. Finally, the question of ratepayer impacts has been raised throughout the application. Catalyst, as a single customer, does not have the data nor modelling available to comment on this topic and would refer the Commission to the Freshet Pilot evaluation reports for a detailed discussion on this question.

Thank you for your consideration on this matter.

Best Regards,

A handwritten signature in black ink that reads "Carlo Dal Monte". The signature is written in a cursive, flowing style.

Carlo Dal Monte

VP Energy & Strategic Development  
Paper Excellence Canada