

# William J. Andrews

## Barrister & Solicitor

9 Clarke Street West, Guelph, ON, N1H 1S8

Phone: 604-313-0089, Email: [william.j.andrews01@gmail.com](mailto:william.j.andrews01@gmail.com)

October 20, 2020

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC, V6Z 2N3  
Attn: Marija Tresoglavic, Acting Commission Secretary  
By web posting: bcuc.com

Dear Madam:

Re: Catalyst Paper Request to Reduce RS 1893 Baselines  
BC Sustainable Energy Association, Final Argument

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This is the intervener BCSEA's final argument, pursuant to the further amended regulatory timetable.<sup>1</sup> This argument responds to Catalyst's October 9, 2020 final argument.<sup>2</sup>

**Background.** Catalyst takes service under BC Hydro's Rate Schedule 1823 – Transmission Service – Stepped Rate (RS 1823). Catalyst also chose to take service under BC Hydro's Rate Schedule 1893 ("Incremental Energy Rate"). The Incremental Energy Rate is available as a pilot from January 1, 2020 until March 31, 2024.<sup>3</sup> The Incremental Energy Rate is an optional rate for non-firm, interruptible service available to eligible transmission service customers for electricity usage above their RS 1823 (or RS 1828) baseline amounts. The Incremental Energy Rate utilizes customer-specific baselines for each month of the year and for energy in High Load Hours, energy in Low Load Hours, and a Monthly Reference Demand. It was understood (at least prior to the current Application) that customer baselines for the Incremental Energy Rate would be determined based on historical annual energy consumption under RS 1823 (or RS 1828).

Beginning in early 2020, the COVID-19 pandemic dramatically reduced the global demand for the paper grades Catalyst Paper produces at its sites at Crofton, Port Alberni and Powell River. This resulted in extensive production curtailments at these sites and below-normal electricity consumption.<sup>4</sup>

**The Application.** In May 2020, Catalyst asked the Commission to reduce Catalyst's RS 1893 Baselines at its Crofton and Port Alberni sites due to the impact of the COVID-19 pandemic on production and electrical consumption. Catalyst said this reduction would allow it adequate time to realize new market opportunities. Implicitly, Catalyst's objective is to be able to bid for new

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<sup>1</sup> Exhibit A-10, Order G-249-20.

<sup>2</sup> [https://www.bcuc.com/Documents/Arguments/2020/DOC\\_59427\\_2020-10-09-Catalyst-RS1893-Baseline-Request-Final-Argument.pdf](https://www.bcuc.com/Documents/Arguments/2020/DOC_59427_2020-10-09-Catalyst-RS1893-Baseline-Request-Final-Argument.pdf). To clarify, BCSEA notes that this argument has been prepared without having seen BC Hydro's final argument in this proceeding, expected to be filed today.

<sup>3</sup> By Order G-300-19, the BCUC approved RS 1893 on an interim and non-refundable basis. By Order G-256-20 dated October 14, 2020, the BCUC approved RS 1893 as a pilot program effective from January 1, 2020 to March 31, 2024.

<sup>4</sup> Exhibit B-1, p.1.

orders at more-attractive prices based on having access to electricity that would be less expensive than it would be under RS 1823 (the default two-tier energy rate).

By Order G-129-20A on June 10, 2020, the Commission approved Catalyst's requested HLH baseline, LLH baseline and Demand adjustments on an interim and refundable basis.<sup>5</sup> The Commission also established a regulatory timetable.

**BCSEA intervention.** BCSEA intervened in the current proceeding because BCSEA was an active intervener in the Commission's proceeding regarding the Incremental Energy Rate Pilot.<sup>6</sup> BCSEA specified that its focus was not on Catalyst as such but on the implications of the Application for the Incremental Energy Rate.<sup>7</sup>

**The issues.** BCSEA sees the following issues:

1. Should the Commission give final approval to Catalyst's requested adjustments to its RS 1893 energy baselines and reference demand that are currently approved on an interim and refundable basis? Should the adjusted energy baselines and reference demand be determined by the "single month" approach requested by Catalyst,<sup>8</sup> or by some other method?
2. Catalyst says that BC Hydro argues that "moving a customer to RS1823A, the blended rate, is the preferred mechanism for dealing with a baseline reduction."<sup>9</sup> Does the Panel agree with Catalyst that this argument should be rejected, generally or in relation to Catalyst's request for reduced RS 1893 energy baselines and reference demand?
3. If the Commission is inclined to approve reductions in Catalyst's RS 1893 baselines and reference demand, what should be the duration? Should the reductions be in place for one year? Two years? Until the Incremental Energy Rate Pilot ends as scheduled on March 31, 2024?
4. Should the Panel comment on whether BC Hydro's rate offerings for transmission service customers should be modified or augmented in response to the COVID-19 pandemic?

**BCSEA's arguments.**

1. BCSEA takes no position on whether the Commission should give final approval to adjusted RS 1893 energy baselines and reference demand for Catalyst's two sites in question, as requested by Catalyst. BCSEA is sympathetic to Catalyst's plight due to the COVID-19 pandemic. In BCSEA's view, the Incremental Energy Rate Pilot was designed to allow eligible customers to acquire incremental energy above their historical consumption levels and patterns. As appears to be common ground, the IER Pilot was not designed to achieve load retention, whether on an emergency basis or in response to normal market challenges. However, BCSEA would not object if the Commission was

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<sup>5</sup> Exhibit A-2-1.

<sup>6</sup> BC Hydro's Transmission Service Market Reference-Priced Rates Application (TSMRP). BCSEA specified that is not focused on Catalyst as distinct from other RS 1893 customers.

<sup>7</sup> Exhibit C2-1.

<sup>8</sup> Catalyst Final Argument.

<sup>9</sup> Catalyst Final Argument, p.2.

able to fashion an outcome that would assist Catalyst through the pandemic emergency without causing unacceptable ratepayer impacts.

2. BCSEA takes no position regarding the relevance of RS 1823A to Catalyst's requested remedies. It is apparent that Catalyst does not wish to move to RS 1823A for the two sites or generally. However, it also appears that BC Hydro is merely pointing out that RS 1823A is theoretically available, without arguing that moving to RS 1823A would meet Catalyst's described needs.
3. BCSEA is concerned that any mechanism intended to alleviate a transmission service customer's loss of production and load due to the COVID-19 pandemic must be designed to accommodate the likelihood that there will be no easily-identifiable point in time when the economic impact of the pandemic is over.
4. BCSEA believes it would be helpful for the Commission to provide its views on whether and how BC Hydro could fashion a rate design that would help BC Hydro retain load in the face of the COVID-19 pandemic or more generally. BCSEA sees this as being in the nature of commentary rather than as a direction to BC Hydro. BCSEA commends BC Hydro's stakeholder consultation regarding rate design initiatives, in which BCSEA has been an active participant.

All the above is respectfully submitted.

Yours truly,

William J. Andrews



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