



VIA eFILING

May 30, 2016

**BC HYDRO**  
**2015 RATE DESIGN**

**EXHIBIT A-31**

Mr. Gary McCaig  
9277 Faber Road  
Port Alberni, BC V9Y 9C3

Dear Mr. McCaig:

Re: British Columbia Hydro and Power Authority  
Project No. 3698781/G-156-15  
2015 Rate Design Application Module 1  
British Columbia Utilities Commission Information Request to the E-Plus Homeowners Group

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Further to your May 18, 2016 filing of intervener evidence, enclosed please find Commission Information Request No. 1.

In accordance with the amended Regulatory Timetable established in Order G-50-16, please file your responses electronically with the Commission by Wednesday, June 22, 2016.

Yours truly,

*Original signed by:*

Laurel Ross

EC/cms  
Enclosure

**British Columbia Hydro and Power Authority**  
**2015 Rate Design Application Module 1**  
**Intervener Evidence**

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**1.0 Reference: Exhibit C10-4, Evidence of E-Plus Homeowners Group (EPHG), p. 2**  
**Aggregation of small and scattered loads**

On page 2 of the evidence, EPHG describes the Residential E-Plus group now uses only 0.18 percent of BC Hydro's generating capacity, and it is impossible to claim that E-Plus impacts other BC Hydro customers in any significant way.

On the same page, EPHG states that without good reason, BC Hydro diverted from its original position that the Residential E-Plus rate would continue and be allowed to end by attrition.

1.1 In Appendix C-1B of the 2015 Rate Design Application, on page 93 of 115, BC Hydro describes that as part of the 2013 Integrated Resource Planning (IRP)<sup>1</sup> recommended Action 2, it has initiated a Residential capacity-focused demand-side management pilot to test aggregating scattered, small loads. It further says that aggregation of many small loads, including residential E-Plus loads, could have a material benefit for localized constraints. Is the EPHG aware of the IRP Action 2 recommendation? Is the recommended Action 2 from the 2013 IRP, a good reason for BC Hydro to improve on its ability to call on the amount of interruptible power? If not, why not?

**2.0 Reference: Exhibit C10-4, Evidence of EPHG, p. 2; Exhibit B-23, BCUC IR 2.142; IR 2.143.1**  
**Existing Wording of the Current Tariff**

In the evidence, EPHG states that BC Hydro's proposed changes are intended to change the fundamental understanding on which E-Plus was originally based, and to considerably increase the potential for curtailments by removing key protections that were intended to ensure fairness, and reduce hardship, in their implementation.

BC Hydro states in response to BCUC IR 2.142.1 that the current terms of Special Condition 1 are outdated within its current planning and operational framework. The change in wording allows BC Hydro the flexibility to interrupt Residential E-Plus service if there is a need and adds value to BC Hydro and non-participating customers.

2.1 Please describe if the fundamental understanding referred to in the preamble includes BC Hydro's practical ability to interrupt Residential E-Plus customers. If not, why? If so, in what ways do the proposed changes alter the fundamental understanding?

2.2 In EPHG's opinion, in what ways will the proposed changes to Special Condition 1 end up considerably increasing the potential for curtailment? Can the 'increase' be quantified?

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<sup>1</sup> The 2013 IRP was approved by the Lieutenant Governor in Council in November 2013 (Exhibit B-17, p. 2)

- 2.2.1 BC Hydro provided the probability of interrupting a Residential E-Plus customer in response to BCUC IR 2.143.1. Would EPHG consider this unreasonable given its discount from the default Residential rate?
- 2.3 In the opinion of EPHG, should interruption provisions be similar for all interruptible rates provided by BC Hydro? If not, why not?

**3.0 Reference: Exhibit C10-4, Evidence of EPHG, p. 3  
BCUC Jurisdictions on rates and services**

On page 3 of the Evidence, EPHG states:

BC Hydro is taking a strong position that they are not bound by any such prior commitments made to E-Plus customers because the BCUC has sole jurisdiction over rates. BC Hydro's actions appear to challenge the boundaries of BCUC jurisdiction versus civil contract law. **This potential conflict was recognized and discussed in the 2007 RDA hearings.** Without revisiting those earlier arguments regarding the enforceability of BC Hydro's commitments, we submit that they should be recognized and given strong consideration by both BC Hydro and the BCUC as a matter of fairness to customers, ethical business practice, and to protect the integrity of the process of power supply and regulation in British Columbia and the public's faith in that process. (emphasis added)

- 3.1 Please confirm that in the BCUC 2007 RDA decision<sup>2</sup>, the Commission, on page 133, made the determination that it was not persuaded by the E-Plus Group's argument that its members have "contracts" with BC Hydro. If not confirmed, please provide EPHG's interpretation.
- 3.2 Please confirm that in the BCUC 2007 RDA decision, the Commission did not find the relationship between BC Hydro and its E-Plus customers to be of a commercial nature. If not confirmed, please provide EPHG's interpretation.

**4.0 Reference: Exhibit C10-4, Evidence of EPHG, p. 3  
Reasons for opposing proposed amendment of the "Special Conditions"**

On page 3, EPHG gave its reasons for opposing BC Hydro's proposed amendment and proposed Business Practice. EPHG believes that the Residential E-Plus rate should be left unchanged and allowed to end naturally by attrition.

- 4.1 In the 2007 RDA decision, on page 136, the Commission directed BC Hydro to pay more attention to the exercise of its rights under the E-Plus rate schedules. Does the EPHG believe that BC Hydro's proposed amendments and business practice is in compliance with this Commission directive? If not, why not?

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<sup>2</sup> In the Matter of British Columbia Hydro and Power Authority 2007 Rate Design Application Phase-1 Decision, October 27, 2007

**5.0 Reference: Exhibit C10-4, Evidence of EPHG, p. 3  
Ending or phasing out the E-Plus rate**

On page 3, EPHG gave its reasons for opposing BC Hydro's proposed amendment and proposed Business Practice. EPHG believes that the Residential E-Plus rate should be left unchanged and allowed to end naturally by attrition.

In the 2007 RDA decision, on page 135, the Commission made its findings that the evidence before that proceeding failed to demonstrate that the E-Plus rate no longer exceeds the low short-run marginal energy costs that would exist in a period of surplus energy or no longer make any contribution to offsetting the fixed costs of BC Hydro.

5.1 If the test articulated in the 2007 RDA decision is not met, does EPHG agree that the E-Plus rate has outlived its usefulness? If a rate has outlived its usefulness, should it be phased out?

5.1.1 In response to BCUC IR 2.146.3, an E-Plus customer consuming at the median of the E-Plus class consumption is expected to be billed about \$1,400 annually for energy charges whereas this same customer billed under the residential inclining block rate is expected to pay about \$2,140 in energy charges. What is the view of EPHG on the E-plus rate and the need to encourage conservation?

5.1.2 What is the view of the EPHG on the E-Plus rate and the E-Plus cost of service revenue/cost ratios of 0.45 (heating load Generation energy costs assigned) and 0.65 (heating load Generation energy costs not assigned) relative to the remaining Residential revenue/cost ratio of 0.95? Does EPHG recognize that its rate is being cross-subsidized?

**6.0 Reference: Exhibit C10-4, Evidence of EPHG, p. 5  
Financial investments of E-Plus homeowners**

On page 5 of the EPHG Evidence, it states that joining the E-Plus program was not an inexpensive, easy or obvious decision. It states that joining E-Plus was a long-term commitment and it is unlikely that homeowners would have signed-on if they had not been assured that they would be protected from future changes in the key terms of the rate.

6.1 The E-Plus rate was introduced in 1987, closed in 1990 and cannot be transferred as of 2008. In the opinion of EPHG, at the current discount of around 50 percent of standard rates, would all Residential E-Plus customers have recovered their initial investment? If not, what is a reasonable average pay-back period?

**7.0 Reference: Exhibit C10-4, Evidence of EPHG, pp. 14, 15; Exhibit B-23, BCUC IR 2.143.6.3**

According to EPHG, BC Hydro's proposed Business Practice ignores one of the most important assurances given to E-Plus customers when the rate was introduced, that Residential E-Plus customers would be given priority over other non-firm customers. The promise of priority lies at the heart of the E-Plus Agreement.

BC Hydro's response to BCUC IR 2.143.6.3 indicates that there is no established hierarchy of interruption for non-firm services; and given the E-Plus business practice, which requires BC Hydro to provide Interruption Notice two days ahead, BC Hydro would interrupt E-Plus customers when resources are forecast to be limited even if the situation does not actually materialize.

- 7.1 Would an established hierarchy of interruption for non-firm services, with E-Plus Residential customers given priority over other non-firm customers during interruption, be a mitigating factor in the proposed amendment?