

REQUESTOR NAME: BCOAPO
INFORMATION REQUEST ROUND NO: #1
TO: E-PLUS HOMEOWNERS GROUP
DATE: MAY 30, 2016
PROJECT NO: 3698781
APPLICATION NAME: 2015 RATE DESIGN APPLICATION

1.0 Reference: EPHG Evidence, pages 2-3

Preamble: At pages 2-3 the evidence states: “In fact the changes are intended to change the fundamental understandings 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. Most importantly the proposed Business Practice ignores prior commitments that:

- Residential E-Plus customers will have priority over other non-firm power customers
- 30 days notice will be given for interruptions of more than a few hours duration.

1.1 Are the two issues noted at pages 2-3 the only changes set out in BC Hydro’s proposal that the EPHG takes issue with?

Response:

No. See response to 1.2

1.2 If there are additional aspects of the proposal that the EPHG takes issue with, what are they and why?

Response:

We are also concerned about the proposed changes to the wording of the Special Conditions to RS 1105, which are first, to broaden the grounds for interruption from a “lack of hydro power” to a shortage of either energy or capacity, and second, to remove the requirement that a shortage cannot be “provided economically from other energy sources”. These changes appear to be aimed directly at broadening the potential for curtailments. The current language requiring BC Hydro to provide power if they can do so economically seems entirely reasonable and the need for change is unclear when they are constantly buying and selling power in any case. We fear that removing this requirement, together with their other proposals, will allow BC Hydro to “create” shortages almost at will.

In general we are concerned that BC Hydro seems to be attempting to entirely ignore/remove the framework of rules and restrictions that were the basis of residential E-Plus customers signing formal agreements with BC Hydro when joining the program; a framework that was intended to protect those customers against unfair or unnecessary interruptions in their electric heat. Hydro proposes to ignore this in order to increase “opportunities” for curtailment. It appears to EPHG that BC Hydro is asking for almost unfettered ability to interrupt E-Plus power for reasons and

under circumstances that are only generally and vaguely defined. They do so without clearly demonstrating why the current rules are unworkable and what the benefits will be of changing them, and without acknowledging the extent of the impact on E-Plus customers.

2.0 Reference: EPHG Evidence, pages 7 and 17

Preamble: At page 7 the evidence states: “In the case of short term interruptions of a few hours the required conditions to interrupt are not onerous since no advance notice to customers is specified”.

At page 17 the evidence states: “EPHG suggest a reasonable definition of ‘short term interruptions’ would be those of 3 hours or less.”

2.1 Would EPHG be willing to consider a definition for a short term interruption period of more than 3 hours, e.g. 4 hours or 8 hours?

Response

EPHG suggested 3 hours based on two factors. First, in this amount of time well insulated homes would retain enough heat to avoid significant personal discomfort or property damage even if homeowners were unavailable to respond to interruptions by starting backup heating systems. Second, we expect that short term interruptions would typically relate to periods of daily peak usage which we believe are unlikely to extend beyond 3 hours

2.2 Would a four hour daily interruption for six consecutive days be considered “onerous”?

Response

As discussed in our response to 2.1, EPHG believe that a 4 hour interruption should not qualify as a “short term” interruption “of a few hours” requiring no notice, so we would consider it onerous if implemented without notice.

There is nothing in the “E-Plus agreement” that prohibits repeated short term interruptions without notice on consecutive days, as in the example given in the question, provided that the other conditions of the agreement are met (e.g. priority given over other non-firm customers). However, if this were to become commonplace or occur regularly we would expect that as a matter of fairness and good business practice BC Hydro would work constructively with their E-Plus customers to establish a process where customers could plan appropriately to minimize the impact.

3.0 Reference: EPHG Evidence, page 14

Preamble: At page 14 the evidence states: “EPHG has made considerable input to BC Hydro on these four points and BC Hydro has rejected all of that input, without exception”.

- 3.1 What is EPHG's understanding as to why BC Hydro rejected each of the four points? If there is any correspondence from BC Hydro addressing these points, please provide.

Our understanding is based primarily on a letter from BC Hydro dated January 27, 2016, as well as on a letter dated December 15, 2015, the text of the RDA, and BC Hydro's responses to BCUC IR #2, especially 2.142.1. The letters referred to, as well as related letters from EPHG in which we address these four points, appear as Attachments 2 through 6 of the IR#2 response which is posted as document B-14.

Below we have provided BC Hydro's key comments from these references regarding the "four points" and have offered our understanding of their motivation.

- a) ***"Residential E- Plus customers will be given priority over other non-firm power customers."***

BC Hydro states "there currently is not an established hierarchy of interruption for non-firm service and BC Hydro does not agree one should exist. BC Hydro separately assesses each situation under which, electricity, be it energy or capacity, may be limited, taking into account factors such as the size and regional extent of the system issue or constraint." They go on to state "BC Hydro's development of its E-Plus business practice reflects a balanced consideration of the nature of the Residential E-Plus load." In several instances BC Hydro argues that Residential E-Plus customers should be treated the same as other non-firm customers.

EPHG have provided ample evidence (see Section 4.1, page 14 and 15 of EPHG Evidence) that the statement "there is not an established hierarchy of interruption" is false. BC Hydro's attempt to ignore this earlier commitment is simply an attempt to widen the scope of potential interruptions beyond what was envisaged when the E-Plus rate was introduced. Additionally, EPHG fear that BC Hydro might choose to interrupt residential E-Plus customers first, because they are a less sophisticated and therefore more vulnerable group and there is less chance of BC Hydro receiving complaints or being held accountable for errors than when large commercial or industrial customers are interrupted (see Section 4.1, page 15-16 of our Evidence). EPHG do not accept the argument that all non-firm customers must be subject to the same language governing interruptions, noting that BC Hydro has many different rate schedules, including a number that are exclusive to residential customers, and we know of no cases where residential customers are subject to identical schedules and terms as commercial or industrial customers.

- b) ***"Residential E-Plus customers will be given 30 days notice of interruptions longer than a few hours."***

This requirement of the “E-Plus Agreement” was discussed in Section 4.2, pages 16 -17 of our Evidence. BC Hydro state that they are “opposed to this because we believe it would provide no value to BC Hydro and its ratepayers. A service interruption would not be called under any of the non-firm programs if a 30 day advance notice of a possible interruption was required”. BC Hydro notes that its interruption of firm service does not require a period of notification.

EPHG’s understanding is that BC Hydro’s proposal is prompted entirely by their wish to broaden the terms under which E-Plus can be interrupted. We believe the comparison to interruption of firm service is inappropriate as the circumstances under which those customers would be interrupted, and the potential length and impact of such interruptions are totally different than those being considered for Residential E-Plus customers.

- c) *“A provision that individual customers may specify by what means of communication they wish to be advised of pending interruptions – mail, telephone or email.”*

BC Hydro states that “Notifying customers by registered mail or by hand delivery [as specified in an earlier version of RS 1105] is not practical as it would diminish the flexibility and value in any E-Plus interruption by delaying BC Hydro’s response to system conditions that would warrant a service interruption. It also does not reflect changes in communications capabilities since the rate was initially created”.

EPHG understand that BC Hydro rejected the use of mail primarily because it would be incompatible with their intention to offer only 2 days notice of long term interruptions. We note that no notice is required for interruptions of a few hours so the form of notice has no impact on BC Hydro’s “flexibility” to deal with those situations.

- d) *“Confirmation that interruptions will only be initiated where there is a demonstrable lack of surplus power (energy or capacity), that is power beyond that needed to service firm power customers, during the full period of the interruption and for the specific service area to be affected.”*

BC Hydro states that this change, suggested by EPHG to improve clarity, “would limit their flexibility to interrupt service in much the same way that the current rate schedule does”. They go on to state “this is different language than typical interruptible rate provisions that require BC Hydro to provide service only when it has available energy and capacity to do so”. BC Hydro did not attempt to specifically address our references to “full period” and “specific service area”.

It is our understanding that BC Hydro is basing their position on this and other points of contention not on well defined needs or on addressing specific problems but instead on a desire to make the grounds for curtailment as broad and unrestrictive as possible (see Response to 1.2). This fits with an objective of expanding the “opportunities” for curtailments beyond what was ever envisaged when the E-Plus rate was introduced.

In addressing these four points and elsewhere in their arguments, BC Hydro depends almost entirely on generalizations, labelling Residential E-Plus as inflexible, impractical, outdated and inconsistent with other non-firm rates. In response EPHG point out in our Evidence (Section 2.0, page 4) that “the terms were developed unilaterally by BC Hydro” who had “total freedom to design a practical robust program that would meet their goals both at the time and into the future.” If BC Hydro now believes terms such as adequate notice and priority over other non-firm customers are too restrictive then that is a reflection of earlier errors or lack of foresight on its part. It is certainly not the fault of individual E-Plus customers, who have done nothing but “play by the rules”, yet under BC Hydro’s proposals it is those customers who will suffer the consequences. That is fundamentally wrong and cannot be justified; especially when E-Plus customers have already been severely impacted by the loss of transferability which in many cases has offset much or all of the financial benefit of the E-Plus rate due to its impact on the resale value of their homes.