



VIA eFILING

August 4, 2016

BC HYDRO
2015 RATE DESIGN

EXHIBIT A-37

To: British Columbia Hydro and Power Authority
Registered Interveners

Re: British Columbia Hydro and Power Authority
Project No. 3698781/G-156-15
2015 Rate Design Application Module 1

Further to Exhibit A-35 requesting comments on the review process for the Commercial Energy Consumers Association of British Columbia's proposal to establish a non-firm interruptible rate pilot for medium and large general service customers, enclosed please find Order G-128-16 with Reasons for Decision.

Yours truly,

Original signed by:

Laurel Ross

EC/cms
Attachment



ORDER NUMBER
G-128-16

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority
2015 Rate Design Application

BEFORE:

D. M. Morton, Commissioner/Panel Chair
D. A. Cote, Commissioner
K. A. Keilty, Commissioner

on August 3, 2016

ORDER

WHEREAS:

- A. British Columbia Hydro and Power Authority (BC Hydro) filed on September 24, 2015, pursuant to subsection 58(1) (a) and section 61 of the *Utilities Commission Act*, the 2015 Rate Design Application (RDA);
- B. By Order G-156-15 dated September 29, 2015 and Order G-166-15 dated October 14, 2015, the British Columbia Utilities Commission (Commission) established, among other things, a preliminary regulatory timetable which included a procedural conference and a Streamlined Review Process (SRP) to review BC Hydro's freshet rate pilot proposal for the transmission stepped rate (TSR) customers group;
- C. Following the procedural conference on January 19, 2016, the Commission issued Order G-12-16 on February 1, 2016. The regulatory timetable in section 4.0 of the Reasons attached to Order G-12-16 allowed for two rounds of Information Requests (IRs) to BC Hydro and one round of IRs on intervenor evidence;
- D. On January 25, 2016, a SRP took place to review the proposed freshet rate pilot proposal for TSR customers;
- E. Following the SRP, the Commission issued Order G-17-16 dated February 9, 2016 approving the transmission service freshet rate pilot for a two-year period extending from March 1, 2016 to October 31, 2017. In the Reasons attached to Order G-17-16, the Commission discusses the Commercial Energy Consumers of B.C. (CEC) advocating an expansion of the interruptible rate program to include medium general service (MGS) and large general service (LGS) rate groups in the SRP. The discussion includes the Commission's explanation on its reluctance to direct the parties to adhere to a particular timeline on this matter;
- F. On April 13, 2016, the Commission issued Order G-50-16 and an amended regulatory timetable setting August 16-18 and 23-24, 2016 as the oral hearing days, with additional oral hearing days, if required, set for August 25-26;
- G. The CEC filed its intervenor evidence on May 10, 2016 and filed its responses to IRs on June 22, 2016;

- H. In its response to BCUC IR 1.2 in Exhibit C1-15, CEC proposed a review process and timeline that included a procedural conference to address the process to review its proposal to establish a non-firm interruptible rate pilot for MGS and LGS customers (Rate Pilot Proposal);
- I. By letter dated June 30, 2016, the Commission sought submissions from all parties on the review process proposed by CEC in its response to BCUC IR 1.2 in Exhibit C1-15;
- J. Following a round of submissions the Commission, by letter dated July 11, 2016, established a written process to take place between July 18-22, 2016 to discuss the review process for CEC's Rate Pilot Proposal;
- K. On July 18, 2016, the Commission received submissions from six parties and on July 22, 2016, the Commission received reply submission from CEC. The six parties who filed submissions are:
1. BC Hydro
 2. British Columbia Old Age Pensioners' Association *et al.* (BCOAPO)
 3. BC Sustainable Energy Association and Sierra Club BC (BCSEA)
 4. Association of Major Power Customers (AMPC)
 5. Zone II Rate Payers Group (Zone II)
 6. Non-integrated Area Ratepayer Group (NIARG)
- L. Three parties: BC Hydro, BCOAPO and Zone II submit that CEC's Rate Pilot Proposal is premature and would be more appropriately addressed as part of Module 2 of the 2015 RDA process. BC Hydro also proposes a timeline for consultation with respect to the rate pilot, with stakeholder consultation starting in October 2016. Neither BC Hydro nor BCOAPO opposes CEC putting forward a panel for cross-examination in Module 1 and Zone II did not specifically address this issue;
- M. Three parties, AMPC, BCSEA and NIARG submit that CEC's Rate Pilot Proposal should be dealt with as intervenor evidence in the normal course of the oral hearing in Module 1. NIARG further submits that the Commission's disposition of the rate pilot issue should not take place until after completion of a stakeholder consultation and be reviewed in Module 2;
- N. In its reply submission dated July 22, 2016, CEC clarifies that it has not applied for an amendment to the regulatory process established by Order G-12-16 or any other procedural order in this proceeding. CEC submits that its evidence will be useful in shaping a pilot program and that this value should be obtained in Module 1 for application in Module 2;
- O. In addition, CEC submits that BC Hydro's proposed schedule in its submission dated July 18, 2016, if approved, would allow for the introduction of a rate pilot program in time for the November 2017 to February 2018 peak season and that CEC accepts this alternative timetable;
- P. CEC further submits that its evidence has made the link for both Module 1 and Module 2 and that it would be a useful contribution to advancing customer interest in the RDA; it submits that CEC's witnesses will be available for cross-examination and that the testing of the CEC evidence will have value in assisting the development of the BC Hydro rate pilot in October 2016;
- Q. CEC requests that the Module 1 decision on the issues CEC has presented be covered by and in scope for the BC Hydro proposed rate pilot; and
- R. The Commission has considered the submissions and reply submission on the review process for CEC's Rate Pilot Proposal.

NOW THEREFORE for the Reasons attached as Appendix A to this order, the British Columbia Utilities Commission orders as follows:

1. British Columbia Hydro and Power Authority (BC Hydro) must commence, in October 2016, stakeholder consultation with the Commercial Energy Consumers of B.C. (CEC) with respect to CEC's Rate Pilot Proposal for the Medium General Service and Large General Service customer groups.
2. During the consultation process outlined in directive 1 of this order, BC Hydro must consider the evidence filed by CEC in Module 1. If appropriate, this evidence can be brought forward in Module 2 following the consultation, when further process has been determined.

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of August 2016.

BY ORDER

Original signed by:

D. M. Morton
Commissioner/Panel Chair

Attachment



British Columbia Hydro and Power Authority
2015 Rate Design Application

REASONS FOR DECISION

Background

On September 25, 2015, British Columbia Hydro and Power Authority (BC Hydro) filed its 2015 Rate Design Application (2015 RDA, Application) with the British Columbia Utilities Commission (Commission) pursuant to subsection 58(1) (a) and section 61 of the *Utilities Commission Act* (UCA).

As part of the 2015 RDA, the Commission issued Order G-17-16 dated February 9, 2016 approving the transmission stepped rate customer class freshet rate pilot for a two-year period extending from March 1, 2016 to October 31, 2017. In the Reasons attached to the Order G-17-16, the Commission discussed the Commercial Energy Consumers of B.C. (CEC) advocating an expansion of the freshet rate program to include medium general service (MGS) and large general service (LGS) rate groups. The Reasons attached to that order explained the Commission's reluctance to direct the parties to adhere to a particular timeline on this matter but instead encouraged BC Hydro and CEC to begin initial discussion to examine the potential for a freshet rate pilot for general service customers prior to the end of the transmission service freshet rate pilot.

The CEC filed intervenor evidence on May 10, 2016 and filed its responses to Information Requests (IRs) on June 22, 2016. In its response to an IR from Commission staff,¹ CEC proposed a review process that included a procedural conference to address the process to review its proposal to establish a non-firm rate pilot for MGS and LGS customers (Rate Pilot Proposal).

The Commission sought written submissions from all parties on the review process proposed by CEC for its Rate Pilot Proposal.

Among the six parties who filed submissions to comment on the review process of the Rate Pilot Proposal, BC Hydro, the British Columbia Old Age Pensioners' Association *et al.* (BCOAPO) and the Zone II Ratepayers Group (Zone II) submit that CEC's Rate Pilot Proposal is premature; however, BC Hydro also proposed a timeline for consultation with respect to the rate pilot, with stakeholder consultation starting in October 2016, and an expedited process for review of the Rate Pilot in late summer/early fall 2017.

The remaining parties namely, the Association of Major Power Customers of BC (AMPC), British Columbia Sustainable Energy Association and the Sierra Club of BC (BCSEA), and Non-integrated Area Ratepayer Group (NIARG) submit that CEC's Rate Pilot Proposal should be dealt with as intervenor evidence in the normal course of the oral hearing in Module 1. NIARG further submits that the Commission's disposition of the Rate Pilot Proposal should not take place until after completion of a stakeholder consultation and be reviewed in Module 2.

¹ Exhibit C1-15, BCUC IR 1.2

In reply submission dated July 22, 2016, CEC acknowledged BC Hydro's proposed time line and further acknowledged that if approved, BC Hydro would allow for the introduction of a rate pilot program in time for the November 2017 to February 2018 peak season. CEC further requested that the Module 1 decision on the issues CEC has presented be covered by and in scope for the BC Hydro proposed rate pilot. It "asks for this particularly in regard to CEC concerns about the Module 1 default rate proposals. These concerns may be allayed significantly if the BC Hydro Rate Pilot adequately evaluates the CEC's proposals and the decisions from Module 1 in regard to these proposals. The CEC expects that this will make the BC Hydro Module 1 proposals more acceptable."²

Commission determination

Given BC Hydro and CEC's agreement on BC Hydro's proposed timeline, the Panel directs BC Hydro to commence, in October 2016, stakeholder consultation with the CEC with respect to CEC's Rate Pilot Proposal for the MGS and LGS customer groups. Therefore, this issue is not in scope for the Module 1 oral hearing and there is no need for CEC to provide a witness panel.

The Panel considers that CEC, with its filing of intervener evidence and responses to IRs, have succeeded in establishing the link between Module 1 and Module 2. Although there is support from AMPC and BSCEA that the Rate Pilot Proposal was filed as intervener evidence and therefore should be treated like any intervener evidence filed in this proceeding, it is the view of the Panel that given the upcoming stakeholder consultation process between CEC and BC Hydro, it would not be in the interests of regulatory efficiency to include examination of this evidence as part of the Module 1 oral hearing. Further process, following the consultation process, is to be determined in Module 2.

CEC's requests that the "BC Hydro Rate Pilot adequately evaluates the CEC's proposals and the decisions from Module 1 in regard to these proposals." The only determination made in Module 1 is that BC Hydro and CEC are to begin consultation in October 2016. **The Panel directs BC Hydro, during the consultation process, to consider the evidence filed by CEC in Module 1. If appropriate, this evidence can be brought forward in Module 2 following the consultation when further process has been determined.**

² Exhibit C1-18, p. 2.