



Re: 106466

April 8, 2019

Mr. Patrick Wruck  
Commission Secretary and Manager, Regulatory Services  
British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC Canada V6Z 2N3

Email: [Commission.Secretary@bcuc.com](mailto:Commission.Secretary@bcuc.com)

Re: Freshet Rate Pilot Extension

Dear Mr. Wruck:

This letter is to express the support of the BC Ministry of Energy, Mines and Petroleum Resources (EMPR) for an extension to BC Hydro's optional rate schedule (RS) 1892 – Transmission Service – Freshet Energy termination date.

As a result of the 2013 Industrial Electricity Policy Review (IEPR), BC Hydro was directed, among other things, to look at potential arrangements for industrial power consumers to take advantage of their flexibility, such as time of use rates and interruptible rates, where these rates could benefit both those participating industrial customers and non-participating BC Hydro ratepayers. The freshet rate is a result of this process and government is supportive of the continuation of RS 1892 given that it has benefitted both industry and BC Hydro's ratepayers, and is consistent with EMPR's and BC Hydro's affordability mandate.

In addition, the BC government's February 2019 Comprehensive Review of BC Hydro: Phase 1 Final Report indicated that BC Hydro is pursuing strategies to grow domestic electricity demand including "exploring the option to offer current industrial customers year around access to real time, market-based pricing for incremental energy purchases."

BC Hydro has provided information to the British Columbia Utilities Commission (BCUC) on the benefits of the freshet rate pilot. As set out in BC Hydro's Final Evaluation Report, over the three years of the pilot, the freshet rate drove participation from approximately 30% of the transmission customer class, increased domestic energy sales by 458 gigawatt hours and revenue by \$11.8 million (M), and had an estimated positive ratepayer impact of \$3.7M. Further, Association of Major Power Consumers (AMPC) members have noted that they have been able to increase their production and improve their competitiveness as a result of the freshet rate pilot.

This is evidence of RS 1892 supporting the *Clean Energy Act* energy objective to encourage economic development and the creation and retention of jobs.

BC Hydro has indicated to EMPR that they plan to bring forward an application to the BCUC in the fall of 2019 to make RS 1892 permanent, along with an application to implement a year-round market reference priced rate. AMPC has communicated, to both EMPR and BC Hydro, their members' desire to participate in the freshet rate pilot in 2019 to maintain business continuity and utilize prior investments in anticipation of BC Hydro bringing forward their application for permanent market reference priced rates.

Government is supportive of the freshet rate pilot being extended to provide greater certainty to industry. In addition, given the potential operational challenges with lower reservoir levels this year relative to the previous three years, the results of this year's pilot, if approved, will help inform the design of a permanent RS 1892.

Going forward, EMPR is supportive of permanent market reference priced rates insofar as ratepayers, over a multi-year period, benefit along with participating industrial customers.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Les MacLaren', with a stylized flourish at the end.

Les MacLaren  
Assistant Deputy Minister  
Electricity and Alternative Energy Division  
B.C. Ministry of Energy and Mines

cc: Fred James  
Chief Regulatory Officer  
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