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November 29, 2019

Sent via eFile

BC HYDRO F2020–F2021 REVENUE REQUIREMENTS EXHIBIT A-24

Mr. Fred James
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**Re: British Columbia Hydro and Power Authority – F2020–F2021 Revenue Requirements Application –
Project No. 1598990 – Amended Regulatory Timetable**

Dear Mr. James:

Further to your November 19, 2019 reply submission regarding BC Hydro's Attachment A to its extension request (Exhibit B-25), enclosed please find Order G-312-19 amending the Regulatory Timetable with reasons for decision.

Sincerely,

Original Signed By:

Patrick Wruck
Commission Secretary

/nd
Enclosure



ORDER NUMBER
G-312-19

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

and

British Columbia Hydro and Power Authority
Fiscal 2020 to Fiscal 2021 Revenue Requirements Application

BEFORE:

D. M. Morton, Panel Chair
A. K. Fung, QC, Commissioner
R. I. Mason, Commissioner

on November 29, 2019

ORDER

WHEREAS:

- A. On February 25, 2019, the British Columbia Hydro and Power Authority (BC Hydro) filed its Fiscal 2020 to Fiscal 2021 (F2020–F2021) Revenue Requirements Application (Application) with the British Columbia Utilities Commission (BCUC) pursuant to sections 44.2, 58 to 61 and 99 of the *Utilities Commission Act* requesting, among other things:
1. approval of a reduction of the Deferral Account Rate Rider from 5 percent to 0 percent effective April 1, 2019;
 2. approval of an increase in rates by 6.85 percent effective April 1, 2019;
 3. approval of an increase in rates by 0.72 percent effective April 1, 2020; and
 4. approval of the F2020–F2021 Open Access Transmission Tariff rates as set out in Table 9-8 of the Application effective April 1, 2019 and April 1, 2020, respectively;
- B. By Orders G-45-19, G-146-19, G-218-19, and G-268-19, the Panel established and later amended the Regulatory Timetable for the review of the Application which provided for, among other things, BC Hydro to file responses to information requests (IRs) regarding its 20-year load forecast on November 14, 2019;
- C. By letter dated November 8, 2019, BC Hydro submitted that due to the unanticipated high volume of IRs received regarding its 20-year load forecast, it will file as many responses to the IRs that it can by November 14, 2019, but requested an extension to file any remaining responses by November 21, 2019 (Extension Letter). BC Hydro also requested the BCUC direct that BC Hydro not be obligated to answer the IRs listed in Attachment A to the Extension Letter as these IRs are not required for the BCUC to make a decision on the Application and are best addressed through BC Hydro's upcoming 2021 Integrated Resource Plan proceeding;

- D. By Order G-279-19, the BCUC further amended the Regulatory Timetable to allow BC Hydro until November 19, 2019 to file its responses to the IRs regarding its 20-year load forecast, excluding those IRs identified in Attachment A to the Extension Letter. In addition, the BCUC invited interveners whose IRs were included in that attachment to provide a submission to the BCUC by November 15, 2019 that clearly explains how each of its respective IRs would inform the BCUC's decision regarding the requested rates for F2020–F2021. The BCUC also provided BC Hydro with an opportunity to reply to interveners' submissions by November 19, 2019; and
- E. The BCUC has considered the Extension Letter and parties' submissions and finds that a further amendment to the Regulatory Timetable for the review of the Application is warranted.

NOW THEREFORE, for the reasons set out in Appendix B to this order, the BCUC orders as follows:

1. BC Hydro is directed to respond, to the best of its ability, to the remaining IRs identified in Attachment A to its Extension Letter, and as outlined in Appendix B to this order, to the extent that the IRs relate to:
 - Impacts on expenditures incurred within the Test Period; or
 - Trend analysis and forecast methodologies.
2. BC Hydro is directed to file these responses with the BCUC in accordance with the amended Regulatory Timetable as set out in Appendix A to this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 29th day of November 2019.

BY ORDER

Original Signed By:

D. M. Morton
Commissioner

Attachments

British Columbia Hydro and Power Authority
Fiscal 2020 to Fiscal 2021 Revenue Requirements Application

REGULATORY TIMETABLE

Action	Date (2019)
Intervener Evidence	Tuesday, December 3
Intervener list of capital projects for cross-examination	Tuesday, December 3
BC Hydro responses to IRs on 20-Year Load Forecast identified in Attachment A to its Extension Letter	Friday, December 13
IRs on Intervener Evidence*	Tuesday, December 17

* All parties may ask IRs on the intervener evidence filed

Action	Date (2020)
Responses to IRs on Intervener Evidence	Friday, January 10
AMPC responses to IRs on Intervener Evidence that require input from its expert (if any)	Monday, January 13
BC Hydro Rebuttal Evidence (if any)	Wednesday, January 15
BC Hydro Rebuttal Evidence (if any) on AMPC responses to IRs that require input from AMPC's expert	Friday, January 17
Oral Hearing	Commencing Monday, January 20
BC Hydro Final Argument	Two weeks after the oral hearing concludes
Intervener Final Arguments	Two weeks after BC Hydro Final Argument
BC Hydro Reply Argument	Two weeks after Intervener Final Arguments

British Columbia Hydro and Power Authority
Fiscal 2020 to Fiscal 2021 Revenue Requirements Application

REASONS FOR DECISION

By Orders G-45-19, G-146-19, G-218-19, G-268-19 and G-279-19, the British Columbia Utilities Commission (BCUC) established and later amended the Regulatory Timetable for the review of British Columbia Hydro and Power Authority's (BC Hydro) Fiscal 2020 to Fiscal 2021 (F2020–F2021) Revenue Requirements Application (Application), which provided for, among other items, BC Hydro to file responses to information requests (IRs) regarding its 20-year load forecast on November 14, 2019.

By letter dated November 8, 2019, BC Hydro requested an extension to file its responses to the IRs regarding its 20-year load forecast to November 21, 2019 due to the unanticipated high volume of IRs received (Extension Letter). In Attachment A to the Extension Letter, BC Hydro also listed IRs that, in its view, “go well beyond what is required for the BCUC to make a decision on the Application and are best addressed through the upcoming 2021 Integrated Resource Plan proceeding.”¹ Thus, BC Hydro requests the BCUC direct that BC Hydro not be obligated to answer the IRs listed in Attachment A to the Extension Letter.

By Order G-279-19, the BCUC further amended the Regulatory Timetable to allow BC Hydro additional time to file its responses to the IRs regarding its 20-year load forecast, excluding those IRs identified in Attachment A to the Extension Letter. In addition, the BCUC invited interveners whose IRs were included in that attachment to provide submissions to the BCUC that clearly explain how each of their respective IRs would inform the BCUC's decision regarding the requested rates for F2020–F2021. The BCUC also provided BC Hydro with an opportunity to reply to interveners' submissions.

Background

On October 3, 2019, BC Hydro filed its June 2019 load forecast with the BCUC, which covers fiscal years 2020 to 2039 (20-year load forecast). In the Application, BC Hydro provided its October 2018 load forecast, which covered fiscal years 2019 to 2024. The Test Period revenue requirements, as updated by BC Hydro's August 22, 2019 evidentiary update, were calculated using the actual financial results for April 2019 and May 2019 and the October 2018 load forecast for the remaining ten months of F2020 and all of F2021.²

At the time that BC Hydro filed its 20-year load forecast, it indicated that this forecast was completed after BC Hydro finalized its evidentiary update to the Application. BC Hydro indicated that, on average, the 20-year load forecast is within 0.1 percent of the October 2018 load forecast for the Test Period. As such, BC Hydro did not propose any further adjustments to the revenue forecast contained in its evidentiary update. BC Hydro also indicated that its upcoming 2021 Integrated Resource Plan (IRP) filing would include a new comprehensive load forecast, reflecting more current information and assumptions.³

Therefore, BC Hydro suggested that information requests (IRs) regarding the 20-year load forecast be focused on the Test Period, namely F2020 and F2021, while questions regarding the years beyond the Test Period be addressed in the upcoming 2021 IRP proceeding.⁴

¹ Exhibit B-21, Extension Letter, p. 1.

² Exhibit B-15, p. 1.

³ Exhibit B-15, p. 1.

⁴ Exhibit B-15, p. 1.

Parties' Positions

In BC Hydro's view, the purpose of the Application is to set rates for the Test Period, therefore, it should not be obligated to answer the 34 IRs identified in Attachment A to the Extension Letter because they "go well beyond what is required for the BCUC to make a decision on the Application and are best determined in the upcoming 2021 IRP proceeding." Furthermore, BC Hydro submits that the 20-year load forecast was prepared "as an interim step to inform BC Hydro's future capital planning cycle and the upcoming February 2020 Service Plan."⁵

Of the interveners whose IRs were included in Attachment A to the Extension Letter, Movement of United Professionals (MoveUp) and E. Gjoshe (Gjoshe) did not provide any submissions to the BCUC. BC Sustainable Energy Association (BCSEA) and Zone II Ratepayers Group (Zone II RPG) indicated it was not necessary for BC Hydro to respond to their IRs.⁶ Of the interveners who did provide submissions to the BCUC, they indicated their IRs should be responded to and provided their positions on the matter.

D. Ince (Ince) states the responses will be of "significant benefit to the BCUC and other interveners." Ince explains that his IRs include requests for BC Hydro to update several charts, representing historical drivers of the load forecast, to include the Test Period. Ince clarifies that his request does not include presenting the forecast drivers over the 20-year period, which he agrees would be out of scope for the proceeding.⁷ In Ince's view, the historical period is a good guide for what may happen in the future, and he would like to see whether there are "any discontinuities or break points between the historicals and forecast."⁸ With respect to his specific IRs, Ince points out the following:

- IR #13 pertains to the forecast load growth in the Peace Region, which "raises the issue of near-term planning and capital spending for the region."
- IR #49 and #50 relates to the timing of when peak loads occur in the various parts of BCH's service territory, "which is not an insignificant issue in terms of cost and reliable operations."

Ince further submits that in his view, responding to his IRs would not represent additional workload for BC Hydro because BC Hydro would have already undertaken "a significant amount of forecast benchmarking."⁹

Commercial Energy Consumers Association of British Columbia (CEC) submits that its IRs requested BC Hydro to describe the methodologies it used to inflate the load growth beyond the Test Period. CEC accepts that its IR addresses the period beyond the Test Period, but in its view, it is appropriate to understand context and trend information in assessing the Test Period forecast. CEC submits that "[i]f the load forecast going into the future appears to be unreasonably established in either direction, it calls into question the validity of the test period forecast."¹⁰

Association of Major Power Customers of BC (AMPC) submits its IRs requested BC Hydro to explain how it is planning to address the energy and capacity deficits. In AMPC's view, although the energy and capacity deficits identified by BC Hydro do not arise in the Test Period, BC Hydro would be making decisions within the Test Period to respond to these anticipated deficits. AMPC submits that "[t]he costs and decisions that BC Hydro is making within the test period to address future deficits have real effects on BC Hydro's proposed revenue and rates, including on the costs, scheduling, and operations of existing BC Hydro projects." AMPC agrees that

⁵ Exhibit B-21, p. 2.

⁶ Procedural Conference Transcript Volume 4, pp. 266–267, 277.

⁷ Exhibit C12-7, p. 1.

⁸ Procedural Conference Transcript Volume 4, p. 311.

⁹ Exhibit C12-7, p. 1.

¹⁰ Exhibit C9-9, pp. 1–2.

aspects of the IR are also relevant to issues in BC Hydro's upcoming IRP, but in its view, providing any response to the IR would not be onerous.¹¹

In Clean Energy Association of B.C.'s (CEABC) view, the 20-year load forecast is not a document containing "silos" for each year that it covers because "[a]ssumptions and decisions made about electrical load in any one year can, and will, impact electrical load forecasts for following years."¹² CEABC submits its IRs are "aimed at learning about what steps BC Hydro is carrying out during the Test Period, to increase electrification of the Northeast gas fields, including planning and construction of electrical distribution and transmission facilities, and the impact these steps will have over the term of the 2019 Load Forecast." CEABC submits that this information would assist the BCUC "in determining whether BC Hydro is acting with sufficient diligence and urgency to meet the greenhouse gas reduction objectives of the Clean Energy Act and targets of the Climate Change Accountability Act."¹³

In response, BC Hydro submits that Ince's submissions do not clearly explain how each of its IRs would inform the BCUC's decision regarding the requested rates for the Test Period. Furthermore, BC Hydro submits it has "already provided detailed information regarding its Load Forecast both in the Application and through the IR process."¹⁴

With respect to CEC's submission, BC Hydro submits that questions with respect to the longer term load forecast should be best explored within the 2021 IRP.¹⁵

In response to AMPC and CEABC, BC Hydro submits that:

the timing of a decision by BC Hydro (e.g., to advance a capital project to meet a forecast energy deficit) does not determine the extent to which it informs the BCUC's decision regarding the requested rates for fiscal 2020 to fiscal 2021. Rather, the determining factor is whether BC Hydro is requesting BCUC approval of a particular decision in the Application.¹⁶

BC Hydro submits it is not seeking BCUC approval of its plans to address future energy capacity deficits in the Application. Thus, this matter should be addressed within the context of the 2021 IRP. BC Hydro further submits that there is "already significant evidence on the record" with respect to the two transmission projects identified in the CleanBC plan for the electrification of the oil and gas sector.¹⁷ BC Hydro also refers to its response to BCUC IR 317.1, which explains the purpose of the June 2019 load forecast and explains why it does not impact the Test Period revenue requirements.¹⁸

With respect to interveners' comments that answering these IRs would not be onerous, BC Hydro notes the time spent responding to IRs on load forecast in particular, has resulted in delays in preparing for certain components of the upcoming 2021 IRP.¹⁹ Furthermore, BC Hydro points out that to achieve the BCUC's objective of ensuring "the fairest, most expeditious and efficient determination of every matter before the BCUC consistent in all

¹¹ Exhibit C11-10.

¹² Exhibit C10-7, p. 1.

¹³ Exhibit C10-7, p. 3.

¹⁴ Exhibit B-25, p. 2.

¹⁵ Exhibit B-25, p. 2.

¹⁶ Exhibit B-25, p. 2.

¹⁷ Exhibit B-25, p. 2.

¹⁸ Procedural Conference Transcript Volume 4, p. 318.

¹⁹ Exhibit B-25, p. 1.

cases with the requirements of procedural fairness,” it is reasonable for BC Hydro to direct its efforts towards those IRs that will inform the BCUC’s decision and to declare those IRs that are best addressed in other proceedings to be out of scope.²⁰

BCUC Determination

The Panel acknowledges BCSEA’s and Zone II RPG’s submissions that they do not need their IRs answered. Given this, **the Panel directs that BC Hydro is not obligated to respond to BCSEA’s and Zone II RPG’s IRs identified in Attachment A to the Extension Letter.**

With respect to the remaining IRs, excluding those from BCSEA and Zone II RPG, the Panel sees value for these responses to be included in the evidentiary record. For example, the Panel recognizes that the June 2019 load forecast was not used to develop the Application and the requested rates, as updated by BC Hydro’s evidentiary update. However, in the Panel’s view, although the June 2019 load forecast does not have a direct impact on the rates requested in the Test Period, it does influence BC Hydro’s long-term planning, which impacts BC Hydro’s operating decisions in the Test Period. For example, in response to BCUC IR 317.1, BC Hydro states that Test Period capital additions were not adjusted as a result of the June 2019 load forecast. However, “[p]reliminary load forecast information did inform BC Hydro’s decision to defer \$0.8 million in capital expenditures (not capital additions) in the Test Period...”²¹

The Panel agrees with AMPC and CEABC that each year in the 20-year load forecast does not operate in “silos” and that BC Hydro would be incurring costs and making decisions in the Test Period to address forecast load beyond the Test Period. While the Panel recognizes that BC Hydro plans to prepare a new comprehensive load forecast for the upcoming 2021 IRP filing and that some of the issues may be best explored in that proceeding, in the Panel’s view, the impacts on the Test Period costs and decisions are important and should not be ignored in the current proceeding.

With respect to the remaining IRs that are related to trend analysis, such as requests for updates of tables, charts and graphs, as well as forecast methodologies, the Panel agrees with interveners that an understanding of context and trends is a useful tool in assessing the reasonableness of the Test Period forecast.

Therefore, the Panel directs BC Hydro to respond, to the best of its ability, to the remaining IRs identified in Attachment A to its Extension Letter, to the extent that they relate to:

- 1) Impacts on expenditures incurred within the Test Period; or**
- 2) Trend analysis and forecast methodologies**

The Panel directs that these responses be filed with the BCUC in accordance with the amended Regulatory Timetable as set out in Appendix A to this order.

Other Matters

As part of AMPC’s submission, it reiterates its earlier concern that the current schedule in this proceeding “risks being unduly compressed by the need to maintain the January 20, 2020 hearing date.” AMPC also suggests that the BCUC should reconsider the timing of the oral hearing date if further adjustments are required.²²

²⁰ Exhibit B-25, pp. 1–2.

²¹ Exhibit B-22, BCUC IR 317.1.

²² Exhibit C11-10, p. 2.

The Panel notes that at the procedural conference held on November 22, 2019, potential additional oral hearing dates were identified by the Panel as available.²³ The Panel has left these dates available to utilize if, at a later time, it finds that additional oral hearing dates are necessary.

²³ Procedural Conference Transcript Volume 4, p. 234.