

IRIS LEGAL

Environmental, Natural Resources &
Indigenous Law

VIA EFILE

January 10, 2020

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC. V6Z 2N3

Attention: Patrick Wruck, Commission Secretary

Dear Mr. Wruck,

**Re: BC Hydro F2020-F2021 Revenue Requirements Application
Project No. 1598990
Zone II Ratepayers Group's Responses to BCUC Information Request No. 1**

On behalf of Kwadacha Nation and Tsay Keh Dene Nation (aka. Zone II Ratepayers Group ("Zone II RPG")), please find enclosed Zone II RPG's response to the BC Utilities Commission's Information Request No. 1 in the above-named proceeding.

Should you require anything further, please let us know.

Yours truly,
IRIS LEGAL



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**ZONE II RATEPAYERS GROUP'S RESPONSE
TO
BCUC'S INFORMATION REQUEST NO. 1.**

British Columbia Hydro and Power Authority
F2020-F2021 Revenue Requirements Application

A. CHAPTER 10 – DEMAND-SIDE MEASURES

**1.0 Reference: DEMAND-SIDE MEASURES
Exhibit C5-9, Zone II Ratepayers Group Evidence, PDF p. 3;
Exhibit B-6, Zone II RPG IR 20.3; Exhibit B-13, Zone II RPG IR
47.4
DSM for Zone II customers**

In Zone II Ratepayers' (Zone II RPG) evidence, it states:

The recent initiatives by BC Hydro, in the areas of communications, DSM, supply and reliability, are encouraging but need to be expanded and sustained. Short-term testing of new approaches and pilot projects, which do not result in any long-term change, do not address the fundamental issues of affordability, access and reliability in our community. We need changes that will affect permanent improvements in our community.

In British Columbia Hydro and Power Authority's (BC Hydro) response to Zone II RPG IR 20.3 regarding the specific issues and barriers that BC Hydro continues to work with indigenous communities on with respect to conservation and energy management, BC Hydro outlined particular barriers the communities encounter and the measures being taken to address them. These include approaches to address awareness raising, accessibility, affordability and acceptance in the Non-Integrated Areas (NIA).

1.1 Please explain how Zone II RPG customers currently participate in BC Hydro's Demand-Side Management (DSM) programs.

1.1.1 Please describe any differences in how Zone II RPG customers currently participate in BC Hydro's DSM programs compared to the BC Hydro F2017-F2019 Revenue Requirements Application proceeding (Previous RRA). As part of the response, please discuss whether there have been any changes to the unique barriers to participation in BC Hydro's DSM programs, and to what extent the current approaches adopted by BC Hydro are addressing these barriers.

Response:

Kwadacha Nation and Tsay Keh Dene participate in BC Hydro's Demand-Side Management programs (DSM).

Tsay Keh Dene is now working under a five-year Energy Management Plan (EMP) framework, and is in year three of the EMP's implementation. The EMP allows Tsay Keh Dene to provide tailor-made DSM initiatives to its community. The EMP is an improvement for Tsay Keh Dene from prior years, although funding for DSM initiatives under that EMP is determined annually by BC Hydro (or less frequently), which creates uncertainties and difficulties for Tsay Keh Dene in implementing EMP programming. Longer-term and upfront DSM funding commitments are required to ensure DSM initiatives under the EMP are sustained

Kwadacha Nation has implemented a long-range EMP, funded by BC Hydro and the BC Rural Dividend. This EMP, which is updated yearly, sets priorities for energy management projects to achieve long term change in the community. As a result of this EMP, Kwadacha has received \$1 million funding in fall 2019 from Indigenous Services Canada (ISC) to upgrade 22 homes in the community and is awaiting approval from BC Hydro for funding to implement DSM measures in these homes.

In addition, Tsay Keh Dene and Kwadacha Nation have received two-year funding from BC Hydro for a youth mentorship program in the schools. This program helps to build energy capacity in the communities by developing youth energy stewards.

On page 10-11 of the Application, BC Hydro states that "BC Hydro has recently launched a new Non-Integrated Areas program to increase support for these remote and predominantly Indigenous communities. This program is described in section 5.5 of Appendix X."

In Exhibit B-13, Zone II RPG asked BC Hydro in IR 47.4 to list the new measures added as part of the new NIA program. BC Hydro responded that in fiscal 2018 (F2018), residential customers in the NIA had access to incentives for home energy upgrades through existing residential programs (Low Income Program and the Home Renovation Rebate Program). Starting in F2020, BC Hydro is offering a dedicated program for NIA customers. The table provided by BC Hydro outlines the new and enhanced measures and incentives through the new program that are available to residential customers and Indigenous Bands in the NIA during the test period and compares them to offers in F2018 that were available through the existing residential programs.

- 1.2 Please explain the level of participation anticipated from Zone II customers in the dedicated DSM program for NIA customers as described by BC Hydro in response to Zone II RPG IR 47.1.

Response: Zone II RPG understands that the BCUC intended to refer to BC Hydro's response to Zone II RPG IR 47.4 and not 47.1 here, and responds according to that understanding.

Kwadacha and Tsay Keh Dene expect to participate in BC Hydro's new NIA DSM program. Kwadacha, for example, is interested in the areas of commercial lighting upgrades.

In some cases, participation in some of BC Hydro's DSM programs for NIA customers is not efficient or cost-effective for Tsay Keh Dene. Tsay Keh Dene prefers to implement more comprehensive programs (ie. community-wide), rather than singular initiatives (ie. applying for a chest freezer for a single residence). Tsay Keh Dene is interested in the community support proposed by BC Hydro, including salary support to Bands to hire community members who will receive training.

1.2.1 Please highlight any areas of concern with the current NIA program as described by BC Hydro for the Test Period.

Response: In Zone II RPG IR 1.26.9, Zone II RPG noted that the new NIA program represents a significant increase in expenditures over F2018 – over twice as much as current spending. Zone II RPG views this increase as a positive step. In the response to Zone II RPG 1.26.9.1, BC Hydro states that “ramping up participation levels and achieving expected savings will be a challenge”. Zone II RPG shares this concern given the unique logistical challenges facing NIA communities, such remoteness and a shorter construction window, and therefore recommends the need for multi-year funding approval to implement these DSM measures.

1.2.2 Please discuss whether Zone II RPG considers its level of participation in BC Hydro's DSM programs to have changed (i.e. improved, worsened or the same) since the Previous RRA. Please explain.

Response: Tsay Keh Dene considers its participation in DSM programs to have improved under its EMP since the Previous RRA. Please further see Tsay Keh Dene's comments under IR 1.2 herein and its response to the Commercial Energy Consumers Association of British Columbia's IR 4.1.

Kwadacha's level of participation has improved as a result of the EMP funding and the subsequent community wide assessment of all Kwadacha homes this year. These assessments have provided Kwadacha with comprehensive data of the actual state of homes

and the associated costs of repairs/upgrades. This should provide BC Hydro with an opportunity to optimise its DSM funding by focusing on the specific DSM measures needed in community homes and move away from the traditional pre-determined list of DSM measures. Please also see our response to the Commercial Energy Consumers Association of British Columbia's IR 1.1.

B. NON-INTEGRATED AREAS

2.0 Reference: Non-Integrated Areas Exhibit C5-9, Zone II Ratepayers Group Evidence, PDF p. 3; BC Hydro F2017-F2019 RRA proceeding, Exhibit C17-9, BCUC IR 5.1 Fort Ware improvements

Zone II RPG states in its evidence:

The recent initiatives by BC Hydro, in the areas of communications, DSM, supply and reliability, are encouraging but need to be expanded and sustained. Short-term testing of new approaches and pilot projects, which do not result in any long-term change, do not address the fundamental issues of affordability, access and reliability in our community. We need changes that will affect permanent improvements in our community.

In response to BCUC IR 5.1 in the Previous RRA, Zone II RPG mentioned the implementation of energy efficiency pilots, the need for multi-year commitments to DSM programs and funding, as well as the commitments made by BC Hydro that have not been fulfilled, such as LED street lights.

- 2.1 Please provide an update to Zone II RPG's response to BCUC IR 5.1 in the Previous RRA. As part of the response, please discuss whether any permanent improvements have been implemented since the Previous RRA and what specific further improvements Zone II RPG considers BC Hydro should be responsible to fund.

Response: Tsay Keh Dene considers its five-year EMP to be an improvement in the area of DSM, as discussed in response to IR 1.1.1. above; however, funding still lags behind program implementation, which has an impact on programming and its effectiveness.

- 2.2 Please clarify the statement in the preamble referring to new approaches and pilot projects "which do not address the fundamental issues of affordability, access and reliability in our community." Please discuss whether the statement refers to BC Hydro's DSM program or the general

concern about Zone II's remote community?

2.2.1 If the former, please discuss how BC Hydro's DSM program can be modified to address these concerns.

2.2.2 If the latter, please discuss how other government organizations can assist with these concerns.

Response: When referencing "affordability, access and reliability" we are referencing issues specific to the provision of electricity in Zone II RPG communities and the implementation of DSM programs. Improved access to funding and a single-source funding provider would assist Zone II RPG in addressing these issues in a more efficient and effective manner.

3.0 Reference: Non-Integrated Areas
Exhibit C5-9, Zone II Ratepayers Group Evidence, PDF p. 14;
Exhibit B-6, Zone II RPG IR 25.8.2, 26.9; Exhibit B-13, Zone II
RPG IR 53.1
Zone II RPG requests

Zone II RPG, referring to DSM and energy efficiency, states in its evidence: "Due to the remoteness of the community, planning resources are required along with a multi-year funding commitment from BC Hydro for programs to be effective."

In Zone II RPG IR 25.8.2, BC Hydro stated that the Indigenous Customers Offer is not considered a pilot program offer for the Test Period; it is an ongoing offer within the Low Income program.

In Zone II RPG IR 26.9 to BC Hydro, Zone II RPG stated that the Annual Plan for the new NIA program is \$1.2M (F2020), \$1.4M (F2021) and \$1.5M (F2022), whereas from Table 2 the NIA activity for F2018 totaled \$569,472 (DSM Program Activity + Pilot Project Initiatives). The new NIA program represents a significant increase in expenditures over F2018 – over twice as much as current spending.

BC Hydro outlined an implementation schedule for the new NIA program over the Test Period in Table 1 of its response to Zone II RPG IR 26.9

In response to Zone II RPG IR 53.1 requesting details, including funding, timing, program, on BC Hydro's multi-year NIA program in its longer term DSM planning, BC Hydro provided the following:

Future activity beyond the Test Period will be updated in our next Integrated Resource Plan, but current high level estimates for energy saving and program costs are presented in the table below. These estimates assume a similar program offer remains in place.

Non-Integrated Areas Program Forecast

	New Incremental Energy Savings at Customer Meter (GWh/yr)	Total NIA Costs (\$ million)
F2020	0.5	1.2
F2021	0.6	1.4
F2022	0.6	1.5
F2023	0.8	1.6
F2024	0.8	1.8
F2025	0.8	1.8
F2026	0.7	1.8
F2027	0.7	1.7
F2028	0.7	1.7
F2029	0.6	1.5

3.1 Please discuss to what extent the NIA DSM forecast provided by BC Hydro in response to Zone II RPG IR 53.1 addressed the request for a multi-year funding commitment.

Response: The NIA consists of Zone II and Zone IB communities. To adequately provide DSM in these communities the proposed funding above is an improvement but may still not be sufficient. Experience with the new NIA DSM program will provide further feedback on the adequacy of the funding. As well, the NIA DSM forecast provided by BC Hydro is a forecast of program expenditures but currently BC Hydro is only requesting approval for the NIA Costs for the Test Period. Funding for subsequent years will depend upon future approvals. Further, the implementation of DSM initiatives in Zone II RPG would improve with multi-year funding commitments which are provided upfront to the communities.

3.2 Please outline any concerns Zone II RPG may have with the implementation schedule for the Test Period outlined in Table 1 of BC Hydro's response to Zone II RPG IR 26.9.

Response: The implementation schedule as outlined in Table 1 of BC Hydro's response to Zone II RPG IR 26.9.3 is vague. Although it indicates when programs will be commenced it does not provide clear timelines for implementation and completion. Zone II RPG would like clearer guidelines on implementation of these initiatives.

4.0 Reference: Non-Integrated Areas
Exhibit C5-9, Zone II Ratepayers Group Evidence, PDF p. 13;
BC Hydro F2017-F2019 RRA proceeding, Exhibit C17-9, BCUC
IR 4.2, 6.1
Quality of service

In response to BCUC IR 4.2 in the Previous RRA, Zone II RPG stated:

In Fort Ware, electricity reliability has improved since BC Hydro took over service. However, there have been some problems with the smart meters and some meters had to be replaced. These issues have now been resolved.

In Tsay Keh Dene, the level of service has not met the needs of the community. There have been delays in service connections, an unanswered need for upgrades, and multiple generator failures. Delays in restoring operations have caused damage to housing and computers, and negatively effected the community's communications network.

In Zone II RPG's evidence, it states:

The community's [Tsay Keh Dene] electricity demand is exceeding BC Hydro's projections, with blackouts and flickering lights occurring on a weekly basis. The community needs additional electricity supply to provide reliability, to provide much needed housing for a growing community, to grow the economy and to provide services. Cooperation is needed from BC Hydro to develop renewable energy projects at fair prices, offset diesel needs and achieve broader community objectives.

4.1 Please elaborate on the frequency and duration of blackouts in Tsay Keh Dene. How many times during a week does a blackout occur, how long does it take for power to be restored and at what time of day and year do these blackouts occur?

4.1.1 Please explain whether the quality of service has changed since the Previous RRA. If so, please elaborate.

Response: Tsay Keh Dene would like to clarify that blackouts have improved considerably since BC Hydro replaced its diesel generators in 2018. We still have blackouts occasionally as well as brownouts. Tsay Keh Dene has not tracked the frequency of these events since the installation of the new generators, so cannot provide more specifics.

Tsay Keh Dene has found BC Hydro to be more responsive to its concerns since the previous RRA. Tsay Keh Dene also has invested considerable time and effort into improving the relationship.

In response to BCUC IR 6.1 in the Previous RRA, Zone II RPG stated:

BC Hydro is in the process of consulting with Tsay Keh Dene to determine:

1. The extent of the current and future load growth;
2. How this growth can be minimized through comprehensive energy efficiency and conservation efforts; and
3. How the shortfall can be addressed by upgrading the diesel generating station and the distribution system while considering potential future renewable energy installations by the community.

Zone II RPG's response also stated:

Distribution system upgrades will also be required to service a planned residential development. This new residential development area is adjacent to an area currently serviced by a single phase line. This line requires upgrading to a three phase line in order to service the planned addition of 50 new residences to ensure:

1. Sufficient line load capacity; and
2. Load is shared equally between the three phases (required for generating unit operation).

Tsay Keh Dene representatives are currently submitting a customer connection request for the planned residential, which will initiate the distribution cycle.

- 4.2 Please provide details of any discussions with BC Hydro since the Previous RRA as they relate to the above.

Response: Items 1-3 above remain the subject of consultation between Tsay Keh Dene and BC Hydro. The frequency of those discussions has improved since the previous RRA. Tsay Keh Dene's EMP attempts to address the 2nd item. BC Hydro has also upgraded its diesel generating system, which is an improvement. Tsay Keh Dene remains concerned that BC Hydro has not invested sufficiently to enhance the use of renewal energy in the region.

Tsay Keh Dene and BC Hydro are still discussing the connection request for the proposed 50 new residences.

5.0 Reference: Non-Integrated Areas
Exhibit C5-9, Zone II Ratepayers Group Evidence, PDF p. 13;
Exhibit B-13, Zone II RPG IR 44.1
Adequate support regarding energy efficiency in NIA

Zone II RPG states in its evidence:

Tsay Keh Dene is committed to reducing electricity consumption in the community. Sustainable and responsible use of energy to mitigate effects on the environment and climate are a core Tsay Keh Dene value and priority. However, Tsay Keh Dene needs assistance from BC Hydro to manage the energy conservation process since BC Hydro and contractors have the expertise. BC Hydro funded an energy steward, which Tsay Keh Dene appreciated; however, the steward does not have adequate resources to implement and manage DSM programs in our community. Tsay Keh Dene is interested in building its own long term capacity to efficiently and responsibly manage energy consumption in the community. To do so, we require adequate resources and support.

- 5.1 Please describe the role and responsibilities of the existing BC Hydro funded energy steward, the accessibility of the energy steward for the Tsay Keh Dene community, and any challenges currently faced by the energy steward.

Response: Tsay Keh Dene's Energy Steward's intended role is to provide ongoing mentorship and support for the community. The steward is responsible for developing local expertise around energy use, energy conservation, building/home maintenance, and clean energy. The steward also is responsible for building the internal skills and tools necessary to lead community energy actions that align with the EMP. Finally, the steward is responsible to use their training and skills to support community members to develop practical tools to reduce energy consumption and improve the health, safety and comfort of their homes through the delivery of in-community energy conservation education and hands-on demonstrations (personalized advise, workshops, home visits, etc).

The primary challenge facing the Energy Steward's role is a lack of long-term funding to support a full-time permanent position. A secondary challenge is capacity-building.

5.2 Aside from the energy steward, please identify and describe any new funding or support provided by BC Hydro since the Previous RRA.

Response: Refer to Zone II RPG's response to BCUC IR 1.1 above.

In response to Zone II RPG IR 44.1, BC Hydro provided details on how it is engaging with Zone II RPG within the Low Income Advisory Council.

5.3 Please discuss any particular concerns Zone II RPG has regarding the level of engagement provided through the Low Income Advisory Council.

Response: In BC Hydro's response to Zone II RPG IR 44.1, "BC Hydro engages with the Low Income Advisory Council to improve its understanding of issues faced by low income customers." Zone II RPG has no particular concerns regarding the level of engagement through the LIAC and is a regular participant in the Low Income Advisory Council.