

BC Hydro F2020 – F2021 Revenue Requirements

BC HYDRO UNDERTAKING NO. 7

HEARING DATE: January 22, 2020

REQUESTOR: CEABC, Mr. David Austin

TRANSCRIPT REFERENCE: Volume 7, page 1056, lines 10 to 25

TRANSCRIPT EXCERPT:

MR. AUSTIN: Q My question is "When did the low carbon electrification budget come into being?" And the response from BC Hydro was, "I'm not sure of the date, but it is in the application." Could please tell me when the low carbon budget first came into being?

MS. FRASER: A In terms of a low carbon electrification budget, like BC Hydro budget?

MR. AUSTIN: Q As a line item in the BC Hydro budget.

MS. FRASER: A Oh, so, gosh, I am going to have to double check.

QUESTION:

Could you provide the first fiscal year that BC Hydro funded a low carbon electrification budget?

RESPONSE:

There is a variety of work, across the company, that relates to electrification. Not all of this work is planned and tracked as electrification. Expenditures related to our Low Carbon Electrification (LCE) projects/programs, which are prescribed undertakings under the Greenhouse Gas Reduction Regulation (GGRR), are planned and tracked.

As described in BC Hydro's response to BCSEA IR 3.67.3 (attached) in the Fiscal 2017 to Fiscal 2019 Revenue Requirements Application proceeding, BC Hydro first incurred costs related to work for the initial exploration of LCE in fiscal 2017.

The table below shows the expenditures related to our LCE projects/programs that are prescribed undertakings under the GGRR. These expenditures are shown in the updated version of Appendix Y, provided as Attachment 1 to BC Hydro's response to BCUC Panel IR 2.18.2.

BC Hydro F2020 – F2021 Revenue Requirements

	F2018 Actual (\$ million)	F2019 Actual (\$ million)	F2020 Forecast (\$ million)	F2021 Forecast (\$ million)	F2022 Forecast (\$ million)	F2023 Forecast (\$ million)
Initial LCE Projects	0.21	6.85	13.33	3.38	6.00	0.00
LCE Program	0.00	0.48	4.49	4.36	3.13	4.20
Total LCE Projects/Programs	0.21	7.33	17.82	7.74	9.13	4.20

Undertaking No. 7 Attachment 1

BC Sustainable Energy Association and Sierra Club BC Information Request No. 3.67.3 Dated: April 24, 2017 British Columbia Hydro & Power Authority Response issued May 11, 2017	Page 1 of 2
British Columbia Hydro & Power Authority Fiscal 2017 – Fiscal 2019 Revenue Requirements Application	Exhibit: B-22

67.0 Topic: Low-Carbon Electrification

Reference: Exhibit B-20, A8, p.11, pdf p.14; Exhibit B-1-1, p.7-15, pdf p.509; Exhibit B-18, Attachment 1, OIC 100; Attachment 2, OIC 101; Exhibit B-14, BCUC 2.197.3, pdf p.43

“Government’s policy to increase low-carbon electrification is set out in the Climate Leadership Plan, which was published in August 2016, after the filing of BC Hydro’s F2017 to F2019 Revenue Requirements Application. In our responses to information requests, including our response to BCUC IR 2.197.3, we set out our progress in responding to this policy.

Since responding to information requests, the Lieutenant Governor in Council issued Order in Council Nos. 100 and 101 on March 1, 2017, outlining the policy parameters for low-carbon electrification. Order in Council No. 101 will enable BC Hydro to pursue cost-effective electrification, including electrification of loads as outlined in Attachment 1 to our response to BCUC IR 2.197.3. Order in Council No. 100 allows for the costs of low-carbon electrification carried out under Order in Council No. 101 to be deferred to the Demand-Side Management Regulatory Account. These policy parameters now give BC Hydro the framework in which to move forward with further actions in support of low-carbon electrification.

We will be reporting on and conducting expenditures in accordance with the regulation.”

“British Columbia Utilities Commission Order No. G-48-14 approved the recovery mechanisms for BC Hydro’s Cost of Energy Deferral Accounts and the Demand-Side Management Regulatory Account, on an ongoing basis.” [Exhibit B-1-1, p.7-15, pdf p.509, underline added]

“Government announced in the Province’s August 2016 Climate Leadership Plan that it would work with BC Hydro to expand the mandate of BC Hydro’s demand-side management programs to include investments that reduce greenhouse gas emissions.” [Exhibit B-14, BCUC 2.197.3, pdf p.43.]

3.67.3 At the present time, does BC Hydro have expenditures on low-carbon electrification? If so, are expenditures on low-carbon electrification exclusively within DSM spending, exclusively outside of DSM spending, or some combination?

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RESPONSE:

This response also responds to BCSEA IRs 3.67.4, 3.67.5, 3.67.6, 3.67.6.1, and 3.67.12.

As described in BC Hydro's response to BCUC IR 2.323.2, we have done some initial exploration of low-carbon electrification. This has been conducted primarily by staff within Conservation and Energy Management, and these costs have been funded from the Demand-Side Management Plan as part of broader demand-side management development work conducted by this group. Consistent with Order in Council No. 100, these costs are being deferred to the Demand-Side Management Regulatory Account.

At the present time, besides the initial exploration costs of low-carbon electrification, only demand-side management expenditures are being deferred to the Demand-Side Management Regulatory Account.

Going forward, BC Hydro anticipates that qualifying low-carbon electrification expenditures (i.e., that meet the criteria of section 4 (3((a) (b) (c) (d))) of Order in Council No. 101) will be deferred to the Demand-Side Management Regulatory Account, as set out in Order in Council No. 100.

The Demand-Side Management Plan does not contain low-carbon electrification expenditures, beside the initial exploration costs described in BC Hydro's response to BCUC IR 2.323.2. Funding within the demand-side management expenditure schedule for which approval is being sought, will not be re-allocated for low-carbon electrification initiatives.