



**BCPIAC**  
Public Interest Advocacy Centre

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Our File: 7000

January 30, 2020

**VIA E-FILING**

Patrick Wruck  
Commission Secretary  
BC Utilities Commission  
6th Floor 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Mr. Wruck,

**Re: British Columbia Hydro and Power Authority (BC Hydro) Transmission  
Service Market Reference-Priced Rates Application  
BCOAPO Information Requests No. 1**

We represent the BC Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Tenant Resource and Advisory Centre, and Together Against Poverty Society, known collectively in regulatory processes as "BCOAPO et al." ("BCOAPO").

Enclosed please find the BCOAPO's Information Requests No. 1 with respect to the above-noted matter.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

**BC PUBLIC INTEREST ADVOCACY CENTRE**

*Original on file signed by:*

Leigha Worth  
Executive Director | General Counsel

Encl.

REQUESTOR NAME: **BCOAPO**  
INFORMATION REQUEST ROUND NO: **#1**  
TO: **BRITISH COLUMBIA HYDRO & POWER  
AUTHORITY**  
DATE: **JANUARY 30, 2020**  
PROJECT NO: **1599053**  
APPLICATION NAME: **TRANSMISSION SERVICE MARKET  
REFERENCE-PRICED RATES  
APPLICATION**

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**1.0 Reference: Exhibit B-1, page 2**

**Preamble:** The Application states:

“The proposed Freshet Rate and Incremental Energy Rate Pilot have been designed to:

(a) Provide opportunities for transmission service customers to operate their idle and/or flexible production capacity that in the absence of these rates would be underutilized;”

- 1.1 Please outline what adjustments, if any, would be made to a Freshet Rate customer’s eligibility or baselines if the customer expands its production capability after commencing service under the rate.
- 1.2 Please outline what adjustments, if any, would be made to an Incremental Energy Rate Pilot customer’s eligibility or baselines if the customer expands its production capability after commencing service under the rate.

**2.0 Reference: Exhibit B-1, pages 2 & 5 and Appendix D, page 10 of 296**

**Preamble:** At page 2, the Application states:

“Minimize risk to all ratepayers by not requiring BC Hydro to undertake system reinforcements”

At page 5, the Application states:

“Over the four-year pilot period the Freshet Rate:  
-Had participation from approximately 30 per cent of eligible RS 1823 customers.”

- 2.1 Please clarify what is meant by “eligible” RS 1823 customers.
  - 2.1.1 What was the total number of RS 1823 customers during the Freshet Rate Pilot and how many were “eligible” in each year?
- 2.2 During the period of the Freshet Rate Pilot were there any RS 1823 customers that were unable to participate on the basis that system reinforcements would have been required for them to do so?
  - 2.2.1 If yes, how many customers were there?

**3.0 Reference: Exhibit B-1, page 2**

**Preamble:** The Application states:

“For greater certainty, BC Hydro does not propose to interrupt these non-firm services for economic reasons”.

3.1 Please explain why BC Hydro is not proposing to interrupt either service for economic reasons.

3.2 Has BC Hydro considered an option whereby the service would be interrupted for “economic reasons” if the difference between the Freshet Rate and the actual marginal cost to provide the service was materially higher than the energy adder?

3.2.1 If yes, why was it rejected?

3.2.2 If not, please comment on the pros/cons of such an approach.

**4.0 Reference: Exhibit B-1, page 5**

**Exhibit B-1, Appendices D (page 15 of 296) and E (page 18 of 21)**

**Preamble:** The Application states that the referenced \$5.8 M in net revenue gain “has not been adjusted for implementation costs and any verified load shifting impacts”.

4.1 Please explain why the evaluation of the year 4 results did not include adjustments similar those made in Table 3 of Appendix D for each of the first three years.

4.2 Based on the results reported in Appendices D and E, please confirm that the net revenue gain (after adjusting for implementation costs, load shifting, etc. for the first three years) for the four year period is \$3.2 M (i.e., reported three year benefits of \$3.725 M per Table 3 of Appendix D less the loss in year four of \$0.543 M per Appendix E).

4.2.1 Please confirm that the net revenue gain for the four year period will be less than \$3.2 M if adjustments for implementation costs, load shifting, etc. were also included for year 4.

**5.0 Reference: Exhibit B-1, page 6**

**Preamble:** The Application states that for the Incremental Energy Rate Pilot: “BC Hydro will not construct system reinforcements to enable Service”.

5.1 Given that service under the Incremental Energy Rate Pilot is available on a year-round basis and the fact BC Hydro will not construct system reinforcements to enable service, how many of the current RS 1823 customers would not be able to take service under the proposed rate?

**6.0 Reference: Exhibit B-1, page 12 (lines 21-25)**

6.1 Has BC Hydro received letters of support from any customers other than RS 1823 and RS 1828 customers? If so, please provide.

**7.0 Reference: Exhibit B-1, pages 16-17 and Appendix D (page 13 of 296)**

**Preamble:** In Appendix D (page 13 of 296) BC Hydro uses the RS 1823 Tier 1 unit energy price to estimate the cost reduction for incremental sales.

7.1 Please explain why the Tier 1 unit energy price was used as opposed to the Tier 2 unit energy price.

7.2 During the pilot, for how many of the RS 1823 customers also taking service under RS 1892 was the HLH baseline lower than 90% of the customer's CBL?

7.3 During the pilot, for how many of the RS 1823 customers also taking service under RS 1892 was the LLH baseline lower than 90% of the customer's CBL?

7.4 With respect to Appendix D (Table 2), please confirm that the fourth row under "Energy" is meant to refer to the total RS 1892 volumes and not the total RS 1823 volumes.

**8.0 Reference: Exhibit B-1, Appendix D (pages 14 & 15; 25 & 26 and 36-41 of 296)**

**Preamble:** Appendix D states:  
"BC Hydro has further adjusted this estimate to remove the impact of additional verified costs which it considers to reduce ratepayer benefits. These costs include: (1) implementation costs; and (2) verified load shifting costs. BC Hydro has expanded its definition of load shifting to include customer-reported events of load-shifting, unexplained load variances, natural load growth and use of RS 1892 as a replacement service for RS 1880 during events of forced generator outage".

8.1 With respect to Appendix D (page 40 of 296) was the Tier 1 or Tier 2 rate used to determine the revenue that would have been collected under RS 1823/1880?

8.1.1 If the Tier 1 rate was used, how would the results change if the Tier 2 rate had been used instead?

8.2 Is it possible that load shifting or natural load growth occurred beyond that reported by customers/calculated by BC Hydro?

8.2.1 If not, why not?

8.2.2 If yes, what is the degree of uncertainty associated with the reported ratepayer benefits?

**9.0 Reference: Exhibit B-1, Appendix D (pages 23 – 25 and 93 of 296)**

- 9.1 Under Conditions 1 and 2, what is the relevance of the qualifier – “holding market price constant”?
- 9.1.1 Are there circumstances under which the relevant market price to be used in the evaluation of actual ratepayer impacts would change from the day ahead market price used to set the RS 1892 energy rate? If yes, please describe what they are.
- 9.2 Please clarify whether the revenues received by BC Hydro for exports or the amounts paid for imports are based on day ahead market prices (i.e., those used to set the RS 1892 energy rates) or real time market prices.
- 9.2.1 If in either case the revenues received/amounts paid are not based on the day ahead prices used to set the RS 1892 energy rates, please provide schedules that compare the day ahead vs. real time market prices for the 2016-2019 Freshet Periods.
- 9.3 If Powerex is involved in effecting the exports that would have been made without the RS 1892 sales or the imports that could be required due RS 1892 sales, please clarify whether the prices that would have been received by Powerex for exports avoided by RS 1892 or the prices paid for imports by Powerex required to support RS 1892 are based on day ahead or real time prices.
- 9.3.1 If in either case the revenues received/amounts paid are not based on the day ahead prices used to set the RS 1892 energy rates, please provide schedules that compare the day ahead vs. real time market prices for the 2016-2019 Freshet Periods.
- 9.4 Please explain why BC Hydro ratepayers are typically worse off under Condition 2.
- 9.5 For each of the years 2016-2018, please indicate for what percentage of the freshet period did each of the three conditions described on pages 23-24 exist.
- 9.6 With respect to Condition 1, please explain more fully why the revenue increase that BC Hydro will see is “equal to the difference between the CAD \$3/MWh wheeling rate and 5 per cent rate rider collected under RS 1892 and the avoided US \$5.16/MWh wheeling charge paid for energy delivery from the BC border to the Mid-C market (converted to Canadian dollars daily) plus 1.9 per cent transmission losses”.
- 9.6.1 In doing so, please explain why BC Hydro’s Open Access Transmission Tariff wheeling rate for non-firm point-to-point transmission service of C\$8.05 per MW of reserved capacity per hour does not factor into the calculation.
- 9.6.2 In doing so, please explain why, if the US \$5.16/MWh wheeling charge paid for energy delivery from the BC border to the Mid-C market is avoided by the domestic sale of freshet energy it serves to reduce the margin received.

- 9.7 With respect to Condition 2, please explain more fully why the revenue decrease that BC Hydro will see is “equal to the difference between the CAD \$3/MWh wheeling rate and 5 per cent rate rider collected under RS 1892 and the US \$5.16/MWh wheeling charge paid for energy delivery from the Mid-C market to the BC border (converted to Canadian dollars daily) plus 1.9 per cent transmission losses”.
- 9.7.1 In doing so, please explain why BC Hydro’s Open Access Transmission Tariff wheeling rate for non-firm point-to-point transmission service of C\$8.05 per MW of reserved capacity per hour does not factor into the calculation.
- 9.8 With respect to Condition 3, please explain more fully how the System Marginal Value is determined. In doing so please explain whether/how wheeling rates are taken into account in the calculation.
- 9.8.1 Please provide a schedule that, for those days during the 2016-2019 Freshet Periods when Condition 3 was in effect, compares the System Marginal Values with the Mid-C market prices.
- 9.9 Please explain why Condition 3 contributes most of the ratepayer benefit (per Table 8).
- 9.10 Are the calculations underlying Table 8 all based on day ahead prices for purposes of valuing lost exports and additional imports?
- 9.10.1 If yes, will the difference between the day ahead and real time prices have any impact on the net margin received by BC Hydro or Powerex’s net income?
- 9.10.2 If not, where and how are the real times prices used in the analysis and how does the difference between the day ahead and real time prices impact the results presented in Table 8?

**10.0 Reference: Exhibit B-1, Appendix D, (page 27 of 296)**

**Preamble:** The Appendix states:

“On most days during the Pilot, BC Hydro was typically in an export position. Accordingly, the wheeling rate under RS 1892 provided a margin to BC Hydro equal to the difference between the wheeling rate collected under RS 1892 and the wheeling rate that would have been paid for a market energy sale.”

“BC Hydro collected \$1.44 million in total wheeling rate revenue for the Pilot under RS 1892 (includes rate rider, excludes taxes)”

- 10.1 With respect to the first reference, given that the “margin” is based on the difference, please confirm: i) that the “wheeling rate that would have been paid for a market energy sale” represents revenue that BC Hydro would have received from the market sale, ii) what the basis for the wheeling rate is and iii) what the dollar value per kWh is.

10.1.1 During the Freshet Periods in 2016-2019 when BC Hydro was in an export position, what was the “difference” on a \$/MWh basis?

10.2 For the same period that the \$1.44 M is based on, what was the revenue associated with the wheeling rate(s) that would have been paid for a market energy sale?

**11.0 Reference: Exhibit B-1, Appendix D (pages 28 & 84 of 296)**

11.1 For each of the years 2016, 2017, 2018 and 2019 how many RS 1892 customers had baselines that were not established using the customer’s electricity consumption billed under RS 1823 of the 2015 Freshet Period?

11.2 Without getting into specific customer details, what were the reasons for not using the usage during the 2015 Freshet Period to set the baselines?

**12.0 Reference: Exhibit B-1, Appendix D (page 35 of 296)**

12.1 With respect to Table 10, what does BC Hydro expect to be the ongoing annual implementation costs for 2020 and subsequent years if the Freshet Rate is made permanent?

12.1.1 Will these costs vary with the number of customers participating and, if so, how?

**13.0 Reference: Exhibit B-1, Appendix D (page 36 of 296)**

**Preamble:** The Appendix states:

“A load shift is deemed to occur when a customer changes the timing of electricity consumption to buy more during freshet months and less in non-freshet months for no net change in total annual energy consumption”.

“Natural load growth is defined as year-over-year growth in electrical load that has occurred over time at the customer site and which is independent of the Freshet Rate”.

13.1 If the Freshet Rate is made permanent, does BC Hydro plan to continue to monitor and report the impact of load shifting (as defined in the above quote) on the net revenues attributable the rate?

13.1.1 If not, why not?

13.1.2 If yes, what actions would BC Hydro anticipate taking if there was a material deterioration in the net margin/net revenues attributed to the rate?

13.2 If the Freshet Rate is made permanent, does BC Hydro plan to continue to monitor and report the impact of natural load growth on the net revenues attributable the rate?

13.2.1 If not, why not?

13.2.2 If yes, what actions would BC Hydro anticipate taking if there was a material deterioration in the net margin/net revenues attributed to the rate?

**14.0 Reference: Exhibit B-1, Appendix D (pages 37-40 of 296)**

14.1 With respect to Step 3 and Step 5, please confirm that the identification of natural load growth is based on year over year changes in RS 1823 energy sales.

14.1.1 Is it not possible that, even in cases where there was no increase in RS 1823 energy sales, some of the RS 1892 energy sales may have occurred anyways (i.e., even in the absence of RS 1892)? If not, please explain why?

**15.0 Reference: Exhibit B-1, Appendix D (page 41 of 296)**

15.1 It is noted that the Year 3 values in Table 12 are forecast values. Has BC Hydro determined what the actual values were for Year 3?

15.1.1 If yes, please provide.

15.1.2 If not, why not?

**16.0 Reference: Exhibit B-1, Appendix D (page 42 of 296)**

16.1 With respect to the written feedback received following the October 2018 workshop, for each of the Yes, No and Unsure categories of response, please indicate the proportion of respondents that were either RS 1823 customers or groups representing these customers.

**17.0 Reference: Exhibit B-1, Appendix D (page 54 of 296)**

17.1 Please clarify what is meant by “customers with aggregated operating plants under RS 1823” (e.g., does it mean customers where the metered quantities for different plants are aggregated for purposes of billing?).

17.2 If the Freshet Rate is made permanent, does BC Hydro plan to monitor and report whether or not there is any load shifting between plants/accounts owned by the same customer (i.e., shifting of load from a plant billed solely under RS 1823 to one also billed under RS 1892)?

17.2.1 If not, why not?

17.2.2 If yes, what actions would BC Hydro anticipate taking if there was a material deterioration in the net margin/net revenues attributed to such actions?

**18.0 Reference: Exhibit B-1, Appendix D (pages 87-89 of 296)**

18.1 Please clarify whether the market prices presented on these pages are the day ahead prices used to set the RS 1892 rates or the actual real time market prices.

**19.0 Reference: Exhibit B-1, Appendix E (pages 15-17 of 21)  
Exhibit B-1, Appendix D (page 23 of 296)**

**Preamble:** With respect to Condition 1, Appendix E states:

“BC Hydro will see an approximate revenue gain equal to the sum of the CAD \$3.00/MWh energy adder (wheeling rate) collected under RS 1892 and the avoided USD \$5.16/MWh wheeling fee plus 1.9 per cent transmission loss charge for avoided energy delivery from the BC border to the Mid-C market (converted to Canadian dollars)”. (emphasis added)

With respect to Condition 1, Appendix D states:

“BC Hydro will see a revenue increase equal to the difference between the CAD \$3/MWh wheeling rate and 5 per cent rate rider collected under RS 1892 and the avoided US \$5.16/MWh wheeling charge<sup>14</sup> paid for energy delivery from the BC border to the Mid-C market (converted to Canadian dollars daily) plus 1.9 per cent transmission losses.” (emphasis added)

- 19.1 Please explain why in Appendix E the revenue gain is the sum of the values described whereas in Appendix D it is the difference between the values described.
- 19.2 Please explain why the rate payer impact analysis in Appendix E does not include any further adjustments to the benefits to non-participants as was provided in Section 3.1.1.3 of Appendix D.

**20.0 Reference: Exhibit B-1, page 17 (line 9)**

- 20.1 The Application claims that the design of the freshet rate “minimized load shifting”. What aspects of the design minimized load shifting (where load shifting is defined per Appendix D, page 36 of 296 (lines 6-16))?
- 20.2 Given that some load shifting has occurred (per Appendix D, Table 11), did BC Hydro consider any design changes to further minimize load shifting?
- 20.2.1 If yes, what were they and why were they adopted/rejected?
- 20.2.2 If not, why not?

**21.0 Reference: Exhibit B-1, page 28**

- 21.1 Which of the intervener groups noted in Footnote 21 attended either the October or November industrial rate design workshops?

**22.0 Reference: Exhibit B-1, page 30**

- 22.1 With respect to Figure 7, for each of the Yes, No and Unsure categories of response, please indicate the proportion of respondents that were either RS 1823 customers or groups representing these customers.

**23.0 Reference: Exhibit B-1, page 36**

23.1 If a customer has only two years of consumption history what historical period will be used to determine the baselines?

23.1.1 Given the typical time required for new plant start-up and commissioning to achieve normal operations, how will BC Hydro determine that the baseline determined using this data is representative of normal operations?

**24.0 Reference: Exhibit B-1, page 37**

24.1 With respect to Figure 15, for each of the Yes, No and Unsure categories of response, please indicate the proportion of respondents that were either RS 1823 customers or groups representing these customers.

**25.0 Reference: Exhibit B-1, pages 39-40**

25.1 Is it the Incremental Energy Rate Pilot participants or BC Hydro that is taking the risk that actual market prices for imports will vary from the market price used to set the rate?

25.2 Is it the Incremental Energy Rate Pilot participants or BC Hydro that is taking the risk that actual market prices that could be received from exports will vary from the market price used to set the rate?

25.3 Is it the Incremental Energy Rate Pilot participants or BC Hydro that is taking the risk that actual C\$/US\$ exchange rates will differ from those used in setting the rate?

**26.0 Reference: Exhibit B-1, pages 39-40**

**Exhibit B-1, Appendix D, pages 23-25 of 296**

26.1 For what portion of the non-freshet period is each of the three Conditions outlined in Appendix D expected to exist over the term of the Incremental Energy Rate Pilot?

26.2 Using a \$7/MWh energy charge adder and holding the market price constant, what is BC Hydro's expected net revenue margin (in \$/MWh) under each of the three Conditions?

**27.0 Reference: Exhibit B-1, pages 41-42**

**Exhibit B-1, Appendix D, pages 23-25 of 296**

27.1 Is the proportion of the time that the Conditions 1, 2 and 3 exist in each of the non-freshet months of the year expected to vary in a predictable way by month?

27.1.1 If yes, using a \$7/MWh energy charge adder and holding the market price constant, how is BC Hydro's net revenue margin expected to vary across the non-freshet months? (Note: A qualitative response is acceptable if the necessary analysis for a quantitative response cannot be reasonably completed).

27.1.2 If yes, did BC Hydro factor this into consideration in its decision to apply a flat energy rate adder of \$7/MWh in all non-freshet months of the year?

**28.0 Reference: Exhibit B-1, pages 43-44**

28.1 Apart from AMPC and CAPP (both of whom represent large industrial customers), what other intervenors' view are reflected by the comments noted?

**29.0 Reference: Exhibit B-1, page 45**

**Preamble:** The Application states:

"Freshet Rate energy pricing is based on the Mid-C market price, which is expected to be generally reflective of BC Hydro's marginal cost of energy".

29.1 Under what system conditions is the Mid-C market price not reflective of BC Hydro's marginal costs?

29.2 Over the next five years, for what portion of the freshet period (i.e., May to July) are these system conditions expected to exist? If applicable, please also explain how the proportion will vary depending upon the level of water flows.

29.3 Based on BC Hydro's most recent load/resource balance outlook, is this proportion expected to change over the next 20 years and, if so, when and how? Again, if applicable, please also explain how the proportion will vary depending upon the level of water flows

**30.0 Reference: Exhibit B-1, pages 46 and 65**

**Preamble:** At page 46 the Application states:

"BC Hydro also has operating procedures in place to interrupt non-firm Freshet Rate service customer loads to mitigate the impact of actual or prospective system constraints and prioritize service to firm service customer loads."

30.1 Please fully describe the conditions/circumstances under which non-firm Freshet Rate service customer loads would be interrupted.

30.2 For RS 1892 customers, will notification procedures for service interruption be set out in BC Hydro's System Operating Order and incorporated into the Customer's Joint Local Operating Order (similar to what is proposed for Incremental Energy Rate Pilot customers)?

**31.0 Reference: Exhibit B-1, pages 47 and 76-78**

**Preamble:** The Application states:

“In general, BC Hydro considers that the \$3 per MWh adder provides a sufficient margin to cover any residual revenue shortfalls that may arise for energy imports over the entire freshet period and across multiple freshet periods”.

- 31.1 Please explain what is meant by “multiple freshet periods”.
- 31.2 Has BC Hydro undertaken any quantitative analysis specific to the Freshet Rate/Period that supports this conclusion similar to that performed for the Incremental Energy Rate Pilot?
- 31.3 If yes, please outline the analyses performed, the time periods considered and the results (e.g., provide a table similar to Table 7 but for the Freshet Months and a \$3/MWh Adder).
  - 31.3.1 As part of the response please clarify whether any adjustments were made to account for load shifting (per Appendix D, page 36 of 296).
- 31.4 If not, please undertake such an analysis and provide the results.

**32.0 Reference: Exhibit B-1, page 50**

**Preamble:** The Application states:

“The Customer notice must include an estimate of the amount of incremental energy that the Customer expects to take under the rate schedule and a description of their planned actions to increase load.”

“BC Hydro will only provide service where it has energy and capacity to do so. BC Hydro has the right to interrupt RS 1892 service for transmission and generation system constraints. RS 1892 load is not included in BC Hydro’s load forecast. BC Hydro will not advance any system investments to serve load.”

- 32.1 Does BC Hydro use the “estimate of the amount of incremental energy that the customer expects to take” in order to confirm that service can be provided without advancing system investments?
  - 32.1.1 If yes, why doesn’t BC Hydro also require the customer to indicate the maximum incremental demand the customer is expected to place on the system?
- 32.2 During the Freshet Rate Pilot did any customer’s actual RS 1892 energy use in a given year exceed the estimate provided? If yes, how frequently did this occur?
- 32.3 Are there any “planned actions” (per the first reference) that would make a customer ineligible for service under RS 1892? If yes, what are they?

**33.0 Reference: Exhibit B-1, pages 51-52**

**Preamble:** The Application describes the RS 1892 Baseline determination for existing and new customers.

33.1 Does the reference to an “existing/new” customer mean an existing/new RS 1892 customer or an existing/new RS 1823 customer?

33.1.1 If the reference is to an existing/new RS 1823 customer, why is RS 1823 usage during the 2015 Freshet Period the default when more recent data is likely available?

**34.0 Reference: Exhibit B-1, pages 45 and 60**

**Preamble:** At page 45 the Application states:

““Freshet Rate energy pricing is based on the Mid-C market price, which is expected to be generally reflective of BC Hydro’s marginal cost of energy”.

At page 60 the Application states:

“The Incremental Energy Rate Pilot energy pricing is referenced to daily ICE Index Mid-C market pricing BC Hydro expects this price, with appropriate adjustments to account for seasonal storage and wheeling, to generally reflect BC Hydro’s short-run marginal cost of energy under most expected conditions.”

34.1 With respect to the page 60 reference, please explain what the “appropriate adjustments to account for seasonal storage” are.

34.2 Are these adjustments included in the derivation of the energy price for the Incremental Energy Rate Pilot?

34.2.1 If yes, how?

34.2.2 If not, what is the impact on the net revenue to BC Hydro?

34.3 Why does the page 45 reference make no mention of the adjustments to account for either seasonal storage or wheeling?

34.4 For the non-Freshet Period, under what system conditions does the adjusted Mid-C market price not reflect of BC Hydro’s short-run marginal costs?

34.4.1 Over the next five years, for what portion of the non-freshet period are these system conditions expected to exist? If applicable, please also explain how the proportion will vary depending upon the level of water flows.

34.4.2 Based on BC Hydro’s most recent load/resource balance outlook, is this proportion expected to change over the next 20 years and, if so, when and how? Again, if applicable, please also explain

how the proportion will vary depending upon the level of water flows

**35.0 Reference: Exhibit B-1, pages 53 and 64**

35.1 Why do new customers require only one year of historical RS 1823 or RS 1828 electricity usage during the Freshet Period to be eligible for the Freshet Rate but require two years of consumption history to be eligible for the Incremental Energy Rate Pilot?

**36.0 Reference: Exhibit B-1, pages 61-62**

**Preamble:** The Application states:

“BC Hydro may apply to the BCUC to terminate the Incremental Energy Rate Pilot if conditions warrant such application”.

36.1 In BC Hydro’s view, what “conditions” would warrant such an application?

**37.0 Reference: Exhibit B-1, page 65**

**Preamble:** The Application states:

“The Customer must also be able to satisfy BC Hydro that it can reduce load to its Monthly Reference Demand within one hour of receiving notice from BC Hydro. The one hour notice requirement is consistent with the eligibility criteria previously used for the RTP rate. One hour is generally considered to be the acceptable operational timeframe required for BC Hydro to mitigate the impact of an unplanned generation constraint.”

37.1 Please explain why one hour is “considered to be the acceptable operational timeframe required for BC Hydro to mitigate the impact of an unplanned generation constraint”.

37.2 It is noted (page 64) that BC Hydro also has the right to interrupt RS 1893 service for transmission system constraints. Is one hour considered to be an acceptable operational timeframe for BC Hydro to mitigate the impact of an unplanned transmission constraint? If yes, please explain why.

**38.0 Reference: Exhibit B-1, pages 68-69**

38.1 Why does the limitation on RS 1893 usage focus on the customer’s highest kVA demand in the HLH of the Billing Period as opposed to the customer’s highest kVA demand at any time during the Billing Period?

38.2 The limitation on RS 1893 usage focuses on the customer’s highest kVA demand in the HLH of the Billing Period and whether it exceeds twice the Monthly Reference Demand. Why is there not similar limitation requirement for energy usage under the Incremental Energy Rate Pilot?

**39.0 Reference: Exhibit B-1, pages 54-55 and 70-72**

**Preamble:** It is noted that for the Freshet Rate BC Hydro uses a seasonal net to gross ratio, and seasonal billing, in part to reduce the potential for load shifting between Freshet Period months. However, for the Incremental Energy Rate Pilot monthly net to gross ratios and monthly billing will be used.

- 39.1 Under the Incremental Energy Rate Pilot, is there any potential for load shifting between months with no net increase in electricity use?
- 39.2 Please explain more fully how/why the prospect of the Energy CBL reset under TS 74 (per page 72) significantly mitigates this risk.
- 39.3 Will the Energy CBL reset capture any natural load growth (per Appendix D, page 36 of 296) that was billed under the RS 1893 rate but would have occurred in any event?
  - 39.3.1 If yes, how is this accomplished?

**40.0 Reference: Exhibit B-1, pages 73-74**

- 40.1 Did the modelling assumptions include the cost of wheeling associated with exports and imports?
  - 40.1.1 If yes, what were the assumptions used?
- 40.2 What the basis for using \$55/MWh as the all-in customer strike price?

**41.0 Reference: Exhibit B-1, pages 75-78**

- 41.1 For each of Tables 7, 9 and 11 – at what percentile do the net revenues become negative?
- 41.2 How would the results set out in Table 9 vary if a higher or lower strike price was used? In particular, how would the percentile at which the net revenues become negative change? (Note: A qualitative response is acceptable if the necessary analysis for a quantitative response cannot be reasonably completed).
- 41.3 It is understood that the analysis is based on the three year period F2020 to F2022. How would the results set out in Table 9 change if the analysis considered the period F2025 to F2028? (Note: A qualitative response is acceptable if the necessary analysis for a quantitative response cannot be reasonably completed).
- 41.4 With respect to Table 9, how would the results change if 5% or 10% of the incremental load was load that would have occurred under RS 1823 and the related loss in revenue is included in the calculations?
- 41.5 Are there any incremental billing or administrative costs associated with the Incremental Energy Rate Pilot?

41.5.1 If yes, what are they and how would their inclusion impact the results shown in Table 9?