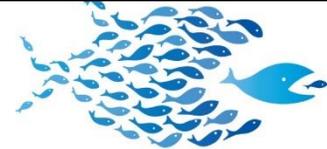


March 17, 2020

**VIA E-FILING**

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



**BCPIAC**  
Public Interest Advocacy Centre

Reply to: Leigha Worth  
ED@bcpiac.org  
Ph: 604-687-3034  
Our File: 7500.311

Dear Mr. Wruck,

**Re: British Columbia Hydro and Power Authority (BC Hydro) Transmission Service  
Market Reference-Priced Rates Application  
BCOAPO Information Requests No. 2**

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. 2 with respect to the Freshet Rate component of the above-noted Application.

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: **#2**  
TO: **BRITISH COLUMBIA HYDRO & POWER  
AUTHORITY**  
DATE: **MARCH 17, 2020**  
PROJECT NO: **1599053**  
APPLICATION NAME: **TRANSMISSION SERVICE MARKET  
REFERENCE-PRICED RATES  
APPLICATION**

---

**42.0 Reference: Exhibit B-5, BCOAPO 1.32.1**

**Preamble:** RS 1892 Special Condition 1 states:

“BC Hydro agrees to provide Electricity under this Rate Schedule to the extent that it has energy and capacity to do so. BC Hydro may refuse Service under this Rate Schedule in circumstances where BC Hydro does not have sufficient energy or capacity. For greater certainty, BC Hydro will not be required to construct a System Reinforcement under Electric Tariff Supplement No. 6 or 88 to provide Service under this Rate Schedule.”

42.1 The response to BCOAPO 1.32.1 suggests there is no assessment as to whether a customer’s incremental load under RS 1892 can be supplied without additional system reinforcements or capacity prior to the customer taking service under the rate. Please clarify if this is the case.

42.2 If so, is service only “refused” at the time that the customer’s actual load exceeds the system’s current capabilities (i.e., service to the customer would be interrupted)?

42.3 If not, please outline how BC Hydro ensures Special Condition 1 is met prior to the customer actually taking service under RS 1892.

**43.0 Reference: Exhibit B-5, BCSEA 1.8.1**

**Preamble:** The response states:

“A revenue forecast for the Freshet Energy Rate and Incremental Energy Rate was not part of BC Hydro’s Fiscal 2020 to Fiscal 2021 Revenue Requirements Application, although actuals for May 2019 were included in the Evidentiary Update to the Fiscal 2020 to Fiscal 2021 Revenue Requirements.”

- 43.1 What effect, if any, does the inclusion of the actuals for May 2019 have on the revenue requirement or required rate increase for F2020 in the current Fiscal 2020 to Fiscal 2021 Revenue Requirements Application?
- 43.2 If the Freshet Rate is made permanent, will BC Hydro include the revenue forecast for the Freshet Rate in future Revenue Requirement Applications?

**44.0 Reference: Exhibit B-4, BCUC 1.11.1  
Exhibit B-5, BCOAPO 1.29.2**

- 44.1 Prior to each Freshet Period (e.g. February of each year), is BC Hydro able to readily forecast for what portion of the Freshet Period each of the three Conditions will exist?
- 44.2 Prior to the Freshet Period, is BC Hydro able to readily forecast (using the most recent Mid-C price forecast) what its marginal cost for the Period will be under Conditions 1 and 2?
- 44.3 Prior to the Freshet Period, is BC Hydro able to readily forecast what the system marginal value for the Period will be under Condition 3?
- 44.4 Following each Freshet Period, is BC Hydro able to readily determine for what portion of the Freshet Period each of the three Conditions actually existed?
- 44.5 Following each Freshet Period, is BC Hydro able to readily determine what its average system marginal costs/system values were for each of the three Conditions?
- 44.6 Following each Freshet Period, would BC Hydro be able to produce a summary of the RS 1892 results in a format similar to that in Appendix E, Table 5.
  - 44.6.1 If not, why not?
  - 44.6.2 If yes, would BC Hydro be willing to commit to publicly releasing such results after each Freshet Period and what would be reasonable timeframe to allow for the preparation of such results?

**45.0 Reference: Exhibit B-5, BCOAPO 1.11.1 and 1.11.2  
Exhibit B-5, BCOAPO 1.35.1**

- 45.1 The response to BCOAPO 1.11.2 makes reference to three Applications made by BC Hydro for Transmission Service Freshet Energy Baselines and the subsequent Orders issued by the BCUC. The referenced Orders are posted on the BCUC's website. However, they do not provide the

information requested and the Applications themselves do not appear to be “posted”. Please provide a response to BCOAPO 1.11.2.

- 45.2 The response to BCOAPO 1.35.1 states that “BC Hydro seeks to make clear that the established baselines are representative of the customer’s expected future electricity consumption under the applicable firm service rate (RS 1823 or RS 1828) during the forthcoming freshet period (for RS 1892)”. During the Freshet Pilot project were any adjustments made to the baselines determined using the 2015 freshet period to specifically reflect the expectation that future consumption would be higher during the forthcoming freshet period even in the absence of RS 1892?

**46.0 Reference: Exhibit B-4, BCUC 1.3.1  
Exhibit B-5, BCOAPO 1.12.1  
BC Hydro’s F2020-F2021 RRA, pages 5-16 to 5-17**

**Preamble:** The discussion in the current F2020-F2021 RRA of BC Hydro’s Work Smart Program uses the concept of “capacity hours”.

- 46.1 The response to BCOAPO 1.12.1 states that the “If the Freshet Rate is made permanent, BC Hydro expects that ongoing annual implementation costs for RS 1892 will be lower than the annual costs reported in Table 10 of Appendix D of the Application for the Freshet Rate Pilot.” It is noted that the annual costs in Table 10 range from \$30,000 to \$115,000. Please provide a more accurate estimate of the annual ongoing implementation cost for RS 1892 if implemented on a permanent basis.

- 46.2 It is noted that the Pilot implementation costs referenced in BCOAPO 1.12.1 (and BCUC 1.3.1) exclude other staff and administration costs which were funded under existing budgets. Do the responses to BCOAPO 1.12.1 and question 5.1 (above) also exclude any staff and administration costs that will be funded under currently forecasted budgets?

46.2.1 If yes, what are the annual “capacity requirements” associated with these “funded” activities and what is their estimated annual value?

**47.0 Reference: Exhibit B-4, BCUC 1.7.1**

- 47.1 Please confirm that the net revenue values provided in the response are in thousands of dollars (i.e., the Expected Incremental Load Net Revenue is \$71,000 per annum) and that the values do not include any allowance for implementation costs or load shifting impacts.
- 47.2 Using the same assumptions as in BCUC 1.7.1, what is the estimated electricity cost reduction for participating customers per year over the same three-year period?

**48.0 Reference: Exhibit B-4, BCUC 1.7.1 and 1.8.5.1 & 1.8.5.2**

- 48.1 The response to BCUC 1.8.5.1 states “the proposed adder pricing has been chosen because BC Hydro believes it to be low enough to encourage additional load and high enough that other ratepayers are not negatively impacted in most of the scenarios analyzed.” With reference to the analysis undertaken for BCUC 1.7.1, at what “percentile” is the Expected Incremental Load Net Revenue equal to zero?
- 48.2 Using the same analysis as presented in BCUC 1.7.1 and assuming annual costs associated with the factors cited in BCUC 1.8.5.2 (i.e., implementation costs; customer reported load shifting; unexplained load variances; natural load growth; and RS 1880 replacement service) were \$200,000 what would the rate adder need to be in order that the Expected Incremental Load Net Revenue would be zero?
- 48.3 Using the same analysis as presented in BCUC 1.7.1 and assuming annual costs associated with the factors cited in BCUC 1.8.5.2 were \$200,000 what would the rate adder need to be in order that the Expected Incremental Load Net Revenue would be greater zero at least 75% of the time (i.e., Expected Incremental Load Net Revenue is zero at the 25<sup>th</sup> percentile)?
- 48.4 Using the same analysis as presented in BCUC 1.7.1 and assuming annual costs associated with the factors cited in BCUC 1.8.5.2 (i.e., implementation costs; customer reported load shifting; unexplained load variances; natural load growth; and RS 1880 replacement service) were \$400,000 what would the rate adder need to be in order that the Expected Incremental Load Net Revenue would be zero?
- 48.5 Using the same analysis as presented in BCUC 1.7.1 and assuming annual costs associated with the factors cited in BCUC 1.8.5.2 were \$400,000 what would the rate adder need to be in order that the Expected Incremental Load Net Revenue would be greater zero at least 75% of the time (i.e., Expected Incremental Load Net Revenue is zero at the 25<sup>th</sup> percentile)?

**49.0 Reference: Exhibit B-5, BCOAPO 1.20.1**

**Preamble:** The response to BCOAPO 1.20.1 outlines various aspects of the RS 1892 Rate Design that serve to minimize load shifting. One of those cited is Special Condition #2 where the customer must provide an estimate to BC Hydro of the amount of incremental energy that it expects to take, together with a description of the operational and/or production changes that the customer plans to make at its plant to increase load.”

- 49.1 Under the RS 1892 provisions, can BC Hydro decline to provide a customer with service if it is not satisfied that the description of the operational and/or production changes that the customer plans to make at its plant will increase annual load (as opposed to simply shifting load)?
- 49.2 If not, why would it not be appropriate to change the rate provisions so as to allow BC Hydro to do so?
- 49.3 If yes, in each future year does BC Hydro plan on reviewing potential RS 1892 customers' March 1<sup>st</sup> applications from this perspective?

**50.0 Reference: Exhibit B-1, Appendix D, page 13 of 296**

- 50.1 Please provide a version of Table 2 that also includes Year 4 of the Pilot.