BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

TRANSMISSION SERVICE MARKET REFERENCE-PRICED RATES APPLICATION

MoveUP INFORMATION REQUEST NO. 3 TO BC HYDRO

re INCREMENTAL ENERGY RATE PILOT

3.1 Impact of COVID-19 Pandemic and Associated Recession

Reference: Exhibit A-8, BCUC IR 3.1 – 3.3

Comment:

MoveUP recognizes that the characteristics, scale and duration of the global economic decline triggered by the pandemic cannot be known with any degree of certainty at this juncture.

Request:

3.1.1 Subject to this high degree of uncertainty, what is BC Hydro's best current directional and quantitative estimation of the impact of COVID-19 and the associated recession upon the following:

(a) The magnitude of BC Hydro's energy surplus during the term of the proposed incremental energy rate pilot?

(b) The degree of seasonality of BC Hydro's energy surplus during term of the proposed incremental energy rate pilot?

(c) Industrial loads (including the impact on segments that are the likeliest candidates for the incremental energy rate, where possible)?

(d) The extent of interest and likely take-up of the proposed rate by domestic industrial customers?

(e) The usefulness of the information that can be gleaned from the pilot under these economic circumstances, in relation to the appropriateness of maintaining the rate during "normal" economic times?

3.1.2 In BC Hydro's view, would it make better sense to postpone the operation of the pilot until the British Columbia economy has recovered sufficiently that the "new normal" can at least be described?

3.2 Pilot Rationale: Energy Surplus - Mitigation Efforts

Reference: from BC Hydro News Release, May 11, 2020, *Report: COVID-19 leads to drop in power usage and operational challenges for BC Hydro*:

> **The report examines how the drop in power demand coupled with high inflows from spring snowmelt and a limited export market have created a large surplus in BC Hydro's system. This has created challenges for BC Hydro and the potential for its reservoirs to reach capacity. Further adding to its surplus challenges is the majority of the Independent Power Producers (IPPs) it has agreements with are producing the most amount of energy at this time of year – accounting for about 29 per cent of BC Hydro's total generation.**
>
> **BC Hydro's system is designed and operated to perform safely across a wide range of conditions and extreme events, and its staff are highly trained and experienced to adapt quickly to changing conditions. To ensure the safety of the public, the environment and its system, BC Hydro is taking the following immediate measures:**
>
> - **Shutting down operations at some of its smaller plants to reduce generation.**
> - **Spilling water at its facilities, including Seven Mile and Revelstoke, to balance generation and the province's electricity load in real-time when needed.**
> - **Reducing generation from other sources, including invoking provisions within its contracts with some of its large IPPs to reduce power purchases during the spring.**
> - **Powerex – BC Hydro's trading subsidiary – will export electricity to other jurisdictions.**

Request:

3.2.1 With reference to BC Hydro's ongoing energy surplus as a rationale for the incremental energy rate pilot, please identify the nature of the "provisions within its contracts with some of its large IPPs" and provide BC Hydro's best current estimate of the overall quantity of surplus energy deliveries that may be avoidable through this strategy.

3.2.2 What is BC Hydro's best estimation of the impact of those potential energy delivery reductions on the rationale for the incremental energy rate?