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May 22, 2020

VIA ELECTRONIC MAIL

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C. V6Z 2N3

**Attention: Patrick Wruck, Commission Secretary
and Manager, Regulatory Support**

Dear Sirs/Mesdames:

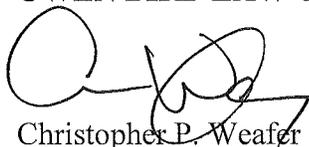
**Re: British Columbia Hydro and Power Authority (BC Hydro) Transmission Service
Market Reference-Priced Rates Application ~ Project No. 1599053**

We are counsel to the Commercial Energy Consumers Association of British Columbia (the "CEC"). Attached please find round No. 3 of Information Requests to BC Hydro with respect to the above-noted matter.

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

Yours truly,

OWEN BIRD LAW CORPORATION



Christopher P. Weafer

CPW/jj
cc: CEC
cc: BC Hydro and Power Authority
cc: Registered Interveners

**COMMERCIAL ENERGY CONSUMERS ASSOCIATION
OF BRITISH COLUMBIA (“CEC”)**

**INTERVENER INFORMATION REQUEST ROUND NO. 3 TO
BC HYDRO AND POWER AUTHORITY**

**British Columbia Hydro and Power Authority (BC Hydro) Transmission Service
Market Reference-Priced Rates Application
Project No. 1599053**

May 22, 2020

**13. Reference: Exhibit B-1, page 58 and 59 and Order G-104-20 Appendix A Reasons
for Decision page 22**

1. The proposed Incremental Energy Rate Pilot is responsive to customer feedback. Transmission service customers have requested flexible rate options that better match their individual operating capabilities and electricity service requirements. Customers have identified the annual availability of non-firm service with market-referenced pricing and monthly settlement as a key objective during the consultation process. The Incremental Energy Rate Pilot is

also responsive to the 2013 Industrial Electricity Policy Review (IEPR) taskforce recommendations to develop innovative rate options for industrial customers;

The Panel notes that BC Hydro states it is “open to exploring similar pilots or tariffs for commercial customers.”¹¹⁵ The Panel encourages BC Hydro to consult with Commercial customers or any parties representing Commercial customers as part of its consultation activities in preparation for its next rate design application.

- 13.1 Please confirm that BC Hydro is open to exploring options for an Incremental Energy Rate for Commercial customers, as well as a Freshet rate.
- 13.2 Please provide details of when and how BC Hydro plans to consult with commercial customers or a representative thereof to examine these options.

14. Reference: Exhibit B-1, page 60

- The Incremental Energy Rate Pilot is non-firm and interruptible. BC Hydro will provide energy and capacity under this rate schedule only to the extent it is available. BC Hydro is not required to undertake system reinforcements to serve load under this rate schedule. RS 1893 load is not included in BC Hydro's load forecast. BC Hydro has the right to interrupt RS 1893 service for transmission and generation system constraints; and

- 14.1 Please provide an overview with quantification of BC Hydro's experience with interrupting customers for each interruptible rate schedule for each of the last five years including duration and notice time.
- 14.2 Please comment on the historical impacts of interruption to customer business activities. Do the interruptions have severe impacts on customer operations, or are they generally manageable? Please explain.
- 14.3 To the extent that BC Hydro has not provided significant interruption to customers, how does BC Hydro verify that customers do not use interruptible service to replace firm service where they have opportunities for load growth?

15. Reference: Exhibit B-1, page 61

5.3 Implementation Considerations

BC Hydro proposes to implement RS 1893 on a 51-month pilot basis beginning January 1, 2020 and ending March 31, 2024 (the end of BC Hydro's fiscal year), subject to BCUC approval.

- 15.1 Has BC Hydro commenced the pilot already?
- 15.1.1 If yes, please provide the results to date including number of customers, GWh and revenues.

16. Reference: Exhibit B-1, page 61

BC Hydro also proposes to conduct annual monitoring and prepare an evaluation report to consider the results and impacts of the rate in fall 2023 after the results for the initial period (January 1, 2020 to March 31, 2021) and three complete fiscal years (fiscal 2021, fiscal 2022 and fiscal 2023) are available. BC Hydro proposes that the evaluation will consider the following:

- (i) Ratepayer and participant economics;
- (ii) Appropriateness of the energy charge adder;
- (iii) Customer understanding and acceptance;
- (iv) Practicality of administration; and
- (v) Interactions and possible opportunities for synergies between the Incremental Energy Rate Pilot and the Freshet Rate.

- 16.1 Does BC Hydro expect that the Report will be available for intervener review?
- 16.2 Please confirm that BC Hydro can use the information being collected to explore pilots for commercial customers as the Pilot is ongoing, and would not require a completed Report to do so.
- 16.3 Please elaborate on the possible 'synergies' that BC Hydro envisions could be available.

17. Reference: Exhibit B-1, page 66

Customers with Self-generation

BC Hydro is proposing that Customers with self-generation may elect to use RS 1893 as an alternative to RS 1880 for the instantaneous pick-up of load due to loss of self-generation. However, the Customer must choose one service or the other. There is no ability to switch back and forth between RS 1893 and RS 1880. For example, a customer taking RS 1893 service can subsequently elect to take RS 1880 service at any time during the Billing Year. Where this occurs, the customer will be automatically cancelled out of RS 1893 for the remainder of the Billing Year in accordance with Special Condition 13, but remain eligible to request RS 1880

service for any event of forced or planned generator outage. The Customer must wait until March 1 before being eligible to re-enrol in the Incremental Energy Rate Pilot.

- 17.1 Why was March 1 selected as the date for re-enrolment eligibility?
- 17.2 Please elaborate on the rationale for not allowing a customer to switch back and forth between RS 1880 and RS 1893, which the CEC understands are both non-firm.

17.3 Could switching back and forth permit a customer to game the system? Please explain.

18. Reference: Exhibit B-1, page 71 and page 67

Cancellation and Opt In/Out Provisions

There are automatic and voluntary cancellation provisions in RS 1893. Acting reasonably, BC Hydro has the discretion to automatically cancel RS 1893 service where: (i) a customer does not respond to a BC Hydro curtailment notice; and (ii) where a customer with self-generation requests RS 1880 service in place of RS 1893 service in order to prevent the customer from switching between the two rates. On a voluntary basis, the subscribing customer can elect to opt-out of the pilot by providing written notice to BC Hydro at any time.

In all cases of cancellation, BC Hydro will terminate RS 1893 service for the entire Billing Period in which the cancellation occurs. BC Hydro will not rebill for any Electricity supplied under RS 1893 in a prior Billing Period. If supply under RS 1893 is cancelled, all electricity supplied will be billed under RS 1823 or RS 1828 and/or RS 1880, as applicable.

Further, after cancellation, whether automatic or voluntary, the customer is not eligible to re-enrol for RS 1893 service for the balance of the current Billing Year. This will prevent customers having the ability to “opt in/out” of the rate depending on the price of firm Electricity service under RS 1823 or RS 1828 and non-firm electricity service under RS 1893 and/or RS 1880.

service for any event of forced or planned generator outage. The Customer must wait until March 1 before being eligible to re-enrol in the Incremental Energy Rate Pilot.

18.1 Is March 1st the reset date?

18.1.1 If yes, please explain whether or not having a fixed reset date enables some gaming to the extent that a customer is able to reset as the March 1st date approaches.

18.1.1.1. If there is the potential for gaming due to a fixed March 1 reset date, could the reset instead be made to be 1 year from the date of termination? Please explain.

19. Reference: Exhibit B-1-1, page 79 and Exhibit B-1 page 80

Table 13 Summary of Expected Net Revenue by Adder Option

| ENERGY CHARGE ADDER ALTERNATIVES | ADDER (\$/MWh) | Expected Incremental Load (GWh) | Expected Incremental Net Revenue (\$M) |
|----------------------------------|------------------------|---------------------------------|--|
| Option 1A - Flat | \$6.00 8.00 | 264 | \$ 1.47 |
| Option 1B - Shaped | | 263 | \$ 1.45 |
| Option 2A - Flat | \$ 7.00 | 266 | \$ 1.32 |
| Option 2B - Shaped | | 265 | \$ 1.29 |
| Option 3A - Flat | \$8.00 6.00 | 268 | \$ 1.12 |
| Option 3B - Shaped | | 267 | \$ 1.13 |

BC Hydro’s proposal in this application is to proceed with Option 2A, which uses a flat energy charge adder of \$7/MWh in non-freshet months and a flat \$3/MWh energy charge adder of \$3/MWh in freshet months. This option reflects AMPC’s proposal and is generally consistent with customer feedback requesting simplicity in adder pricing.

Based on the assumptions provided, for energy charge adder Option 2A:

- Expected incremental RS 1893 energy sales are 266 GWh per year and expected net revenue to BC Hydro is approximately \$1.3 million per year;
- At the 10th percentile, there is a 10 per cent chance that BC Hydro would see a forecast annual net revenue loss of approximately (\$0.3 million) or more for approximately 243 GWh of incremental energy sales; and
- At the 90th percentile, there is a 10 per cent chance that BC Hydro would see a forecast annual net revenue gain of approximately \$2.9 million or more for approximately 282 GWh of incremental energy sales.

BC Hydro would also support using Option 2B if that is the BCUC’s preference. Although the modeling indicates that there is no material financial difference between Option 2A and Option 2B on an annualized basis, BC Hydro does consider the shape of the energy charge adder in Option 2B to provide a price signal that better matches monthly pricing signals with prospective costs and risks.

- 19.1 For each option, please provide the expected losses and gains based on the 10th percentile and 90th percentiles as calculated above for Option 2A.
- 19.2 The CEC notes that there is approximately 2GWh difference, or less than 1% change in load, comparing Option 1A, to 2A. However, there is an approximate 10% change in revenues. Please explain whether or not BC Hydro would consider Option 1A or 1B in order to provide more benefits to non-participants or for any other reason, and explain why.
- 19.3 Does BC Hydro consider there to be a social element to the overall IER proposal given the current COVID-19 pandemic?
 - 19.3.1 If so, please elaborate and explain why BC Hydro considers this to be an appropriate role for the utility.