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Sent via email/eFile

CATALYST PAPER- REQUEST TO REDUCE RS 1893 BASELINES EXHIBIT A-7
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Mr. Fred James
Chief Regulatory Officer
Regulatory & Rates Group
British Columbia Hydro and Power Authority
16th Floor – 333 Dunsmuir Street
Vancouver, BC V6B 5R3
bchydroregulatorygroup@bchydro.com

Re: Catalyst Paper Corporation – Request to Reduce Rate Schedule 1893 Baselines – Information Request No. 1

Dear Mr. James:

Further to Catalyst Paper Corporation’s May 21, 2020 filing of the above-noted application, enclosed please find British Columbia Utilities Commission Confidential Information Request No. 1.

In accordance with the regulatory timetable established by Order G-207-20, please file your responses on or before Tuesday, September 1, 2020.

Sincerely,

Original signed by Ian Jarvis on behalf of:

Marija Tresoglavic
Acting Commission Secretary

/ae
Enclosure

CC: Catalyst Paper Corporation
carlo.dalmonte@catalystpaper.com



Catalyst Paper Corporation
Request to Reduce Rate Schedule 1893 Baselines

INFORMATION REQUEST NO. 1 TO BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

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A. QUESTIONS REGARDING BRITISH COLUMBIA HYDRO AND POWER AUTHORITY SUMMARY COMMENTS

**1.0 Reference: SUMMARY COMMENTS
Exhibit C1-2-1, British Columbia Hydro and Power Authority Evidence, p. 2
Tariff Supplement 74**

In British Columbia Hydro and Power Authority’s (BC Hydro) Summary Comments, Item 5 states the following:

To address baseline harmonization challenges that arise between RS [Rate Schedule] 1823 and RS 1893 when the principles and criteria of TS [Tariff Supplement] 74 are applied to a shutdown plant seeking an opportunity for economic re-start, BC Hydro considers that transfer of the customer site to RS 1823A would be a fair and pragmatic solution;

- 1.1 Please confirm, or explain otherwise, that transfer of Catalyst Paper Corporation’s (Catalyst) sites to RS 1823A is the only fair and pragmatic option available in accordance with TS 74 to address a facility shutdown and restart scenario.
 - 1.1.1 If not confirmed, please describe other options available that would allow Catalyst to restart its facility at a more favourable rate, in accordance with TS 74 and the Electric Tariff, if any.
 - 1.1.2 In BC Hydro’s view, would any other options, proposed by either BC Hydro or Catalyst, be permitted under TS 74 and the current Electric Tariff or would these options require a tariff amendment? Please elaborate.

**2.0 Reference: BC HYDRO COMMENTS RELATED TO BRITISH COLUMBIA UTILITIES COMMISSION (BCUC) INFORMATION REQUESTS
Exhibit C1-2-1, pp. 3–4
RS 1893 Special Condition 8**

In BC Hydro’s Summary Comments, Item 17 states the following:

As required by Special Condition 8 of RS 1893, baseline adjustments requested by the customer will be reviewed consistent with the principles and criteria set out in TS 74. In practice, BC Hydro uses this provision to harmonize baseline adjustments as between RS 1823 and RS 1893. In general, the changes made to one baseline will have a flow-through change to the other.

In Item 13, BC Hydro also states:

BC Hydro notes that Catalyst applied to BC Hydro for annual (F2021) adjustment to each of its 12 monthly RS 1893 baselines for its Crofton and Port Alberni mills on May 7, 2020 (i.e., prior to Catalyst making its request on May 21, 2020 to the BCUC for the three months of July - August only). At that time, BC Hydro advised Catalyst that its initial request was complex and that tariff and engineering review would likely take a significant amount of time to complete. BC Hydro was unable to provide Catalyst with certainty as to the timing or probable outcome of that review to enable Catalyst to make plans for short-term mill restart.

- 2.1 Please confirm, or explain otherwise, that Catalyst's request to BC Hydro on May 7, 2020, for baseline adjustment, was in accordance with, and permitted under, Special Condition 8 of RS 1893.
- 2.2 Please discuss the intent and purpose of the tariff review, as stated in the above preamble.
- 2.3 Please describe the requirements and the estimated time needed to complete the tariff and engineering review for Catalyst's request.
 - 2.3.1 Please indicate the typical length of time for reviews of this nature.
- 2.4 Has BC Hydro made any progress with respect to the tariff and engineering review for Catalyst's request?
 - 2.4.1 If yes, please provide a summary of the progress made.
 - 2.4.2 If not, why not? Please discuss.

**3.0 Reference: BC HYDRO COMMENTS RELATED TO BCUC INFORMATION REQUESTS
Exhibit C1-2-1, p.5
RS 1828 applicability**

Under Item 23, BC Hydro writes:

To avoid the application of Special Condition 11, Catalyst has proposed a treatment equivalent to it being served under Rate Schedule 1828 (Transmission Service - Biomass Energy Program). Catalyst opines that this rate design may '... provide a framework for encouraging incremental load during these uncertain times while adhering to the intent of TS 74 to not discourage economic growth.' It would also have the result of fixing the price of Catalyst's baseline energy purchases at the RS 1823 Tier 1 energy rate. BC Hydro considers this submission to be out of scope for the current proceeding.

- 3.1 Please explain why BC Hydro does not consider the use of RS 1828 as a valid approach to address the impact of Special Condition 11 on Catalyst under RS 1893.
- 3.2 Please elaborate on why BC Hydro considers the submission of service under RS 1828 as out of scope for the current proceeding.

B. QUESTIONS REGARDING APPENDIX TO EVIDENCE

**4.0 Reference: GENERAL
Exhibit C1-2-1, Appendix 1, p. 4
RS 1893 Special Condition 9**

In Appendix 1, page 4, BC Hydro writes:

Special Condition 8 of RS 1893 provides a means to address a situation where the requested baselines may not accurately reflect the impacts of COVID-19 and may not represent Catalyst's normal expected RS 1823 electricity usage during each of the June - August Billing Periods;

In accordance with Special Condition 9 of RS 1893, BC Hydro is not certain how adjustments to Catalyst's RS 1893 baselines that might be approved by the BCUC (such as for production curtailments) could be harmonized in a manner "... consistent with the principles and criteria set out in BC Hydro's Tariff Supplement 74" (such as if production is re-started);

- 4.1 Please explain the purpose of Special Condition 8 and its intended interaction with Special Condition 9 of RS 1893.
- 4.2 Please elaborate on how Catalyst's RS 1893 baselines adjustment request is inconsistent with the principles and criteria set out in TS 74.
- 4.3 Please provide and discuss alternative methods of adjustments to Catalyst's RS 1893 baselines that could be harmonized in a manner consistent with the principles and criteria TS 74., if any.

**5.0 Reference: GENERAL
Exhibit C1-2-1, Appendix 1, pp. 4-5
Catalyst consumption history**

In Appendix 1, BC Hydro notes the following:

BC Hydro is unable to speculate as to how Catalyst might choose to operate its Crofton and Port Alberni sites for the July and August Billing Periods and whether there will be any RS 1893 energy purchases in these months;

RS 1893 uses monthly settlement to determine the volume of HLH and LLH Net Incremental Energy over an entire Billing Period. Please refer to page 70 of the Application for a detailed summary of the monthly settlement process, which relies on hourly data. This may impact the determination of RS 1893 energy if Catalyst were to run its operations only sporadically during a Billing Period, such as during a single week, which could result in higher than hourly baselines in that week, but lower in other weeks.

- 5.1 Based on settlement data, please describe Catalyst's electricity consumption under RS 1823 and RS 1893 from April 2020 to present.
- 5.2 Please explain any changes to Catalyst's baselines under RS 1893 that resulted from the previous billing statements.

5.3 Based on settlement data, please provide an analysis of the ratepayer impact of Catalyst's RS 1823 and RS 1893 purchases thus far from the beginning of the period of the interim BCUC approval.

**6.0 Reference: GENERAL
Exhibit C1-2-1, Appendix 1, p. 3
Ratepayer impacts**

In Appendix 1, BC Hydro submits:

The ratepayer impact would be positive where:

- Catalyst has any RS 1893 energy purchase in a Billing Period;
- The RS 1893 energy is considered to be truly incremental (i.e., would not otherwise have occurred in the absence of the baseline adjustment and the adjusted baseline is verified to be appropriate); and
- BC Hydro recovers its marginal cost of serving the RS 1893 energy based on the daily system condition deemed to apply to any day where HLH and/or LLH Net Incremental Energy was purchased.

The ratepayer impact would be negative where:

- Catalyst has an RS 1893 energy purchase in a Billing Period, but BC Hydro does not recover its marginal cost of serving the RS 1893 energy based on the daily system condition deemed to apply to any day where HLH and/or LLH Net Incremental Energy was purchased; or
- The RS 1893 energy: (a) is not considered to be truly incremental (i.e., would have occurred anyway); and (b) the otherwise applicable RS 1823 energy price is higher than the RS 1893 energy price for the specified volume of energy that is deemed to not be incremental.

6.1 Please provide an analysis of the ratepayer impact if Catalyst's requested RS 1893 baseline adjustment for the period is approved on a permanent basis by the British Columbia Utilities Commission and Catalyst were to purchase RS 1893 energy.

6.2 Please elaborate on the risk(s) to BC Hydro in recovering its marginal cost of serving RS 1893 for all Transmission Service Rate (TSR) customers.

6.2.1 Please describe BC Hydro's historic ability to recover its marginal cost of serving RS 1893 for all TSR customers.

6.3 Please explain the ratepayer impact if purchases are made under RS 1893 while the RS 1823 energy price is higher than the RS 1893 energy price for a volume deemed not to be incremental.