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Environmental, Natural Resources &
Indigenous Law

VIA EFILE

September 30, 2020

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC. V6Z 2N3

Attention: MarijaTresoglavic, Acting Commission Secretary

Dear Ms. Tresoglavic,

**Re: Project No. 1599045
British Columbia Utilities Commission (BCUC or Commission)
Review of British Columbia Hydro and Power Authority's Performance
Based Regulation Report (PBR)**

We write on behalf of the Zone II Ratepayers Group (Zone II RPG) in response to your letter dated March 17, 2020 (Exhibit A-9), requesting further submissions on the scope of the remaining review process in the above proceeding.

By way of general submissions, Zone II RPG considers the term PBR to be very broad. As a Crown corporation, Zone II RPG also is uncertain whether the financial motivators offered by PBR is a more effective means of controlling BC Hydro costs than the current cost of service (COS) rates regime. The current record in this proceeding makes it difficult to formulate a final view of these issues.

We also note that the concept of PBR is a highly specialized area. For intervenors to participate effectively, it may require funding for expert advisors. Until the Commission clarifies the breadth of the proceeding it is difficult to assess whether and when such a step would be required.

Ultimately, Zone II RPG supports changes to the Commission's regulatory regime that improves effectiveness, efficiency and fairness and keep rates affordable.

Scope of Review

Zone II RPG is of the view it would be important to resolve at the outset any questions about its jurisdiction to approve or direct PBR or incentive-based mechanisms for BC Hydro (topic 1(a) in Exhibit A-9). BC Hydro has conceded that the Commission has such jurisdiction in its submission (Exhibit B-7), but the Commission ought to confirm or

if needed consider intervenor submissions on this point also to ensure there are no opposing views.

Zone II RPG agrees with BC Hydro's submission (in Exhibit B-7) that it is important to identify the goal or problem being addressed at this early stage of the proceeding (topic 1(b) in Exhibit A-9). To date, such a discussion has been limited and it is unclear to Zone II RPG what the Commission's goals are in considering the implementation of some form of PBR. The recent workshop held by the Commission made it clear that this process is at an a very early stage and is meant to initiate the discussions. Properly defining the intended outcome of this proceeding would assist the parties in assessing their level of participation and the resources they need to participate effectively.

In the short-term, Zone II RPG suggests prioritizing topic 1(g), which would allow the Commission to consider which elements of PBR could be added to a more traditional form of rate regulation to achieve the BCUC's regulatory goals, and the timing of inclusion of such elements.

Zone II RPG is also interested in specific consideration of how the use of PBR might alter the Commission's approach to assessing demand-side management, diesel reduction in the non-integrated areas and other initiatives like the Customer Crisis Fund, if at all.

Review Procedure

Below, we respond to the specific questions raised by the Commission. In our submission, the process is best determined after the intended scope and objectives are articulated more clearly. For example, how to proceed would be more obvious if the intervenors were being asked to comment on specific PBR mechanisms and how it applies to BC Hydro. With that qualification:

- 2(a) Zone II RPG does not seek an opportunity for evidentiary submissions at this time.
- 2(b) Zone II RPG does not seek an opportunity for information requests on the basis of the current record, although it is difficult to assess the need for future information requests without a better understanding of the scope and proposed objectives of this proceeding. Zone II RPG also may seek such an opportunity if BC Hydro makes further evidentiary submissions, as proposed in Exhibit B-7.
- 2(c) Again, it is difficult to comment on the proposed process without an understanding of the scope and objectives. Zone II RPG does not see a need for an Oral Hearing to review the current record at this time. Zone II RPG is supportive of a written process, that allows BC Hydro to make submissions and intervenors to respond, with BC Hydro having the final right of reply.

2(d) At this stage, Zone II RPG would prefer final arguments to be in written form, once the proceeding is clearly scoped. In Zone II RPG's submission the proposed process is at such an early stage it is difficult to comment on these questions at this time.

Should you require anything further, we would be pleased to comment.

Yours truly,
IRIS LEGAL



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