



March 19, 2021

Sent by E-mail

British Columbia Utilities Commission
Suite 410, 900 Howe Street
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Attention: Patrick Wruck, Commission Secretary

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Dear Commission Secretary,

Re: British Columbia Utilities Commission – Review of British Columbia Hydro and Power Authority's Performance Based Regulation Report – Project No. 1599045 – Oral Submissions

We are legal counsel to the Association of Major Power Customers (**AMPC**) in this matter and write on its behalf. AMPC will not attend the proceeding on March 22, 2021 regarding potential outcomes of the Performance Based Ratemaking Review, and how they might affect the timing of future BC Hydro rate applications.

Instead, AMPC offers the following written comments on the Commission's three scenarios:

1. Full implementation of a PBR mechanism for BC Hydro rate setting would significantly delay BC Hydro's F2023 Revenue Requirement Application (**F2023 RRA**) and require substantial regulatory process and involvement from affected parties to test and implement. If the Commission ultimately selects this option, AMPC believes a delay in implementation until after the F2023 RRA would be necessary to ensure implementation is done correctly.
2. If BC Hydro is directed to file some hybrid form of PBR that affects rates, it is likely similar delays and implementation timeframes would be experienced, causing significant delays to the F2023 RRA.
3. BC Hydro states in Exhibit B-8 that it can implement its suggested improvements to the existing cost of service framework for the F2023 RRA. AMPC agrees with this assessment, but still expects that step would add costs and demand more time from participants during the F2023 RRA process.

The use of a "gap year" to implement any BCUC's directives from this proceeding is likely necessary.

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In addition, the Alberta Utilities Commission is planning an evaluation of the PBR framework it uses for its electric and gas distribution utilities rate setting.¹ Specifically, this review will examine the legacy of PBR and identify the successes and shortcomings after two full PBR plans (2015 – 2017 and 2018 – 2022). The review will also consider whether regulatory process efficiencies were achieved, what internal efficiencies utilities implemented due to the incentives of PBR, and if customers experienced lower rates than under a cost-of-service framework.² The Alberta Utilities Commission expects to complete its evaluation by the end of June 2021. AMPC believes that lessons learned from Alberta should be considered by the Commission prior to any implementation of PBR for BC Hydro rate setting.

AMPC confirms that it intends to provide a final written submission on the use of performance-based ratemaking over cost-of-service in setting BC Hydro rates in this proceeding.

Yours very truly,

A handwritten signature in black ink, appearing to read "Matthew D. Keen".

for Matthew D. Keen

¹ As announced in Bulletin 2021-04 from March 1, 2021. The process has been initiated as Proceeding #26356

² AUC Exhibit 26356-X0008 AUC Letter on Proceeding Details, March 1, 2021. Available online:

https://www2.auc.ab.ca/Proceeding26356/ProceedingDocuments/26356_X0008_AUC%20letter%20-%20Proceeding%20details_000024.pdf