

BC Hydro Rate Design Workshop

SUMMARY

30 JULY 2015

9 A.M. TO 1.30 P.M.

BCUC Hearing Room
1125 Howe Street, Vancouver

TYPE OF MEETING	RDA Workshop 12
FACILITATOR	Anne Wilson, BCH
PARTICIPANTS	Association of Major Power Consumers of British Columbia (AMPC), British Columbia Old Age Pensioners Organization (BCOAPO), BC Ministry of Energy & Mines, BC Sustainable Energy Association and Sierra Club of Canada B.C. Chapter (BCSEA), BCUC staff, Canadian Association of Petroleum Producers, Canadian Office and Professional Employees Union Local 378 (COPE 378), Canexus Corporation, City of New Westminster (New West), Clean Energy BC/Weimer Consulting Inc., CLEAResult, Commercial Energy Consumers Association of British Columbia (CEC), ERCO Worldwide (ERCO), First Nations Energy & Mining Council/Linda Dong Associates (FNEMC), FortisBC Inc. (FortisBC), Global Power, Mining Association of BC, Koho Power, Midgard Consulting, Paper Excellence, Paragon Projects Ltd., Port Metro Vancouver, Simon Fraser University, Spectra Energy, TransLink, Vancouver Airport Authority, Viterra, West Fraser
BC HYDRO ATTENDEES	Gordon Doyle, Rob Gorter, Paulus Mau, Justin Miedema, Dani Ryan, Daren Sanders, Anne Wilson, Bryan Hobkirk, Tom Loski, Craig Godsoe, Richard Cuthbert (Cuthbert Consulting Inc.)
AGENDA	<ol style="list-style-type: none"> 1. Welcome & Introductions 2. 2015 RDA Chapter 1 and 2 3. 2015 RDA Chapter 3 – COS 4. 2015 RDA Chapter 4 – Rate Classes 5. 2015 RDA Chapter 5 – Default Residential rate and Residential E-Plus rate 6. 2015 RDA Chapter 6 – Default SGS, MGS and LGS rates 7. 2015 RDA Chapter 7 – Default Transmission service rate and Transmission service rate options 8. 2015 RDA Chapter 8- Electric Tariff Standard Charges and Terms and Conditions' 9. Next Steps

MEETING MINUTES			
ABBREVIATIONS	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> aMW.....Average Megawatt BCH..... BC Hydro BCUC.....British Columbia Utilities Commission CBL.....Customer Baseline Load COS.....Cost of Service CP.....Coincident Peak CPUC.....California Public Utilities Commission DSM Demand Side Management MWh.....Megawatt GWh.....Gigawatt hour IEPR.....Industrial Electricity Policy Review IPP Independent Power Producer IRP.....Integrated Resource Plan IRs.....Information Requests </td> <td style="width: 50%; vertical-align: top;"> kW.....Kilowatt kWh.....Kilowatt hour LGS.....Large General Service LRMC.....Long-Run Marginal Cost MGS.....Medium General Service MW.....Megawatts MWh.....Megawatt hour NSP.....Negotiated Settlement Process R/C.....Revenue-Cost RDA.....Rate Design Application REUS.....Residential End Use Survey RIB.....Residential Inclining Block rate RRA.....Revenue Requirement Application RS.....Rate Schedule SGS.....Small General Service SRP.....Streamlined Review Process TOU.....Time of Use rate TS.....Tariff Supplement UCA.....<i>Utilities Commission Act</i> </td> </tr> </table>	aMW.....Average Megawatt BCH..... BC Hydro BCUC.....British Columbia Utilities Commission CBL.....Customer Baseline Load COS.....Cost of Service CP.....Coincident Peak CPUC.....California Public Utilities Commission DSM Demand Side Management MWh.....Megawatt GWh.....Gigawatt hour IEPR.....Industrial Electricity Policy Review IPP Independent Power Producer IRP.....Integrated Resource Plan IRs.....Information Requests	kW.....Kilowatt kWh.....Kilowatt hour LGS.....Large General Service LRMC.....Long-Run Marginal Cost MGS.....Medium General Service MW.....Megawatts MWh.....Megawatt hour NSP.....Negotiated Settlement Process R/C.....Revenue-Cost RDA.....Rate Design Application REUS.....Residential End Use Survey RIB.....Residential Inclining Block rate RRA.....Revenue Requirement Application RS.....Rate Schedule SGS.....Small General Service SRP.....Streamlined Review Process TOU.....Time of Use rate TS.....Tariff Supplement UCA..... <i>Utilities Commission Act</i>
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1. <i>Welcome and Introductions</i>		
<p>Anne Wilson opened the meeting by reviewing the agenda set out at slide 2 of the Workshop 12 slide deck. The agenda follows the chapter structure of 2015 RDA Module 1.</p> <p>BCH is looking to obtain feedback by August 14, 2015 given the 2015 RDA Module 1 filing date of on or about September 17, 2015.</p>		
2. <i>Presentation: Chapters 1 and 2</i>		
<p>Gordon Doyle outlined the contents of:</p> <ul style="list-style-type: none"> Chapter 1 – order ought (not set out on slide as stakeholder engagement is on-going); rate design terminology; rate design relationship to RRA and 2013 IRP; and BCH’s proposed regulatory review process up to a December 2015 procedural conference; Chapter 2 – BCH’s priorities which are Bonbright customer understanding and acceptance/rate stability/ fairness criterion; and inputs into rate design methodology: legal context, prior BCUC decisions and 2013 IEPR; stakeholder engagement; current BCH operating context; Bonbright criteria; B.C. Government policy and scope. 		
	FEEDBACK	RESPONSE
1.	<p>CEC</p> <p>Is there anything stopping BCH from proposing rate rebalancing as part of its proposed F2019 COS filing?</p>	<p>BCH would propose rate rebalancing for F2020 and beyond if appropriate at that time.</p>
2.	<p>AMPC</p> <p>There is value in reviewing the F2016 COS as part of the 2015 RDA; among other things, the F2016 COS informs rate design such as the appropriate level of demand charge cost recovery.</p>	<p>Agreed.</p> <p>As part of the feedback sought for Workshop 12, BCH is interested in participant views as to the potential review process(es) for the F2016 COS. Should the F2016 COS be subject to one round of IRs and then proceed to argument or NSP/SRP as opposed to an oral hearing? Are there any parts of the F2016 COS that BCH should seek BCUC endorsement of for purposes of the F2019 COS for which there is general agreement? A potential starting point for this is section 1 of the Workshop 4 Consideration Memo which lists the COS topics for which BCH believes there was a fair degree of consensus.¹ BCH can then set out its views in the cover letter accompanying the 2015 RDA Module 1 filing.</p>
3.	<p>BCUC staff</p> <p>The Commission panel for the 2015 RDA may wish to have an early procedural conference to determine the significance of the recent rate rebalancing direction² for purposes of the F2016 COS.</p>	
4.	<p>BCSEA</p> <p>The B.C. Minister of Energy & Mines July 2015 letter to the BCUC³ potentially raises significant procedural questions regarding the BCUC’s response and how it relates to the 2015 RDA.</p>	

¹ <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-0-22-bch-rda-wkshp-cos-2.pdf>.

² B.C. Reg. 140/2015, amending section 9 of Direction No. 7 to the BCUC, providing that in setting rates for BCH for F2017-F2019, the BCUC must not set rates for the purposes of changing the R/C ratio for a class of customers. Copy posted to the BCH 2015 RDA website under Workshop 12.

³ Letter of the B.C. Minister of Energy & Mines to the BCUC regarding a report on the RIB rate; copy posted to the BCH RDA website under Workshop 9b.

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5.	<p>BCUC staff</p> <p>The BCUC is not looking to include the requested report as part of the 2015 RDA decision itself; the contents of the letter may influence what IRs BCUC staff ask as part of the 2015 RDA process. The Commission panel for the 2015 RDA may wish to have an early procedural conference on process concerning the letter.</p>	<p>BCH will provide evidence in 2015 RDA Module 1 for purposes of addressing all of the questions posed in the letter, including DSM low income programs.</p>
6.	<p>BCOAPO</p> <p>So BCH will include evidence on its existing low income DSM programs?</p>	<p>Yes, in Chapter 5. The low income DSM program evidence will also include the low income rate review BCH has undertaken and shared with BCOAPO, as this review will canvass the low income DSM programs of the utilities surveyed.</p> <p>In BCH's view, the BCUC cannot order BCH to increase, decrease or change its existing low income DSM program spend (or design) as part of the 2015 RDA decision; low income DSM programs are not rates. The proper venue for such a BCUC decision is a section 44.2 UCA DSM expenditure determination filing.</p>
7.	<p>BCSEA</p> <p>Does BCH have data on Residential usage and whether there is access to natural gas service or not? This is an area the Minister's letter focuses on.</p>	<p>Revised Response</p> <p>Yes, pages D8 to D10 of Fortis Gas' tariff list communities that have access to natural gas.⁴ Examples of B.C. communities without natural gas include: Clearwater, Golden, Invermere, Port Hardy, Revelstoke and Valemount. According to BCH's REUS about 50 per cent of households in these areas use electricity for primary heating, which is higher than the provincial average. This is supported by billing data that shows F2014 average residential consumption of 14,000 kWh per year in these areas, which is higher than median consumption for electric or non-electric residential customers of about 10,000 kWh and 8,500 kWh per year respectively as reported on slide 24 of the Workshop 3 slide deck presentation.⁵</p>
<p>3. Presentation: Chapter 3 (COS)</p>		
<p>Justin Miedema outlined the content of 2015 RDA Chapter 3, including highlighting the proposed F2016 COS methodological changes as compared to those parts of the 2007 RDA Decision⁶ concerning COS methodology.</p>		
<p style="text-align: center;">FEEDBACK</p>		<p style="text-align: center;">RESPONSE</p>
1.	<p>AMPC</p> <p>Do the R/C ratio patterns on slide 20 look fairly typical (Residential under recovery; General Service over recovery; Transmission service at about unity)?</p>	<p>Yes, this pattern is fairly typical of the Canadian electric utilities BCH and its COS consultant Cuthbert Consulting Inc. reviewed.</p>
2.	<p>BCUC staff</p> <p>The BCUC in its 2007 RDA Decision decided that an examination of the circumstances of BCH is more important than jurisdictional references.⁷</p>	<p>BCH and its COS consultant developed a number of criteria to ensure that the utilities surveyed are comparable to BCH. For example, the Canadian electric utilities surveyed were chosen on the basis of: hydro-based, winter peaking.⁸</p>

⁴ http://www.fortisbc.com/About/RegulatoryAffairs/GasUtility/NatGasTariffs/Documents/FortisBC_GeneralTermsAndConditions.pdf.

⁵ <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-rate-design-application-electric-tariff-terms-and-conditions.pdf>.

⁶ *In the Matter of British Columbia Hydro and Power Authority: 2007 Rate Design Application Phase -1*, Decision, October 26, 2007 (**2007 RDA Decision**), directions 3, 4, 5, 6, 7, 8, 9, 10 and 14; copy available at http://www.bcuc.com/Documents/Proceedings/2007/DOC_17004_10-26_BCHydro-Rate-Design-Phase-1-Decision.pdf.

⁷ *Ibid*, page 81.

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3.	<p>Global Power</p> <p>What is BCH's long-term strategy – is it to move all classes to unity (100 per cent)?</p>	<p>No. At Workshops 1 and 2, BCH proposed a range of reasonableness of 95 per cent to 105 per cent given the number of COS assumptions and R/C ratio variability. It is common for utilities to have ranges of reasonableness and the 95 per cent-105 per cent range is the most common of utilities surveyed.</p>
4.	<p>CEC</p> <p>The BCUC in the 2007 RDA Decision decided that rates ought to move to unity over some period of time. While CEC is not litigating the rate rebalancing direction, CEC maintains that the Residential R/C ratio should be move to unity after F2019, particularly if low income rate relief is offered.</p>	
5.	<p>COPE 378</p> <p>On what basis would BCH reconsider 4CP as the allocator for Generation demand and Transmission costs?</p>	<p>BCH would need to see significant growth in summer peak vs winter peak; currently they are too far apart to revisit 4CP. In F2014 the gap between summer (July/August) and winter peak was about 3,000 MW; note also that the peak demands in the shoulder months (May or September) are often higher than the summer peak.</p> <p>BCH would also look at the winter peaking vs. summer peaking substation split; currently it is about 90+ per cent/10 per cent and BCH would need to see about a 60 per cent/40 per cent split. BCH discussed its individual substation review at Workshop 2..⁹</p>
<p>4. <i>Presentation: Chapter 4 (Rate Classes)</i></p>		
<p>Dani Ryan reviewed two potential segmentation issues raised by stakeholders: (1) Residential segmentation on the basis of heating or dwelling type, reviewed with COPE 378 at a meeting on June 29, 2015; and (2) three General Service segmentation issues: (i) merging LGS and MGS; (ii) whether there is a basis for an extra-large LGS rate class at a 2,000 kW breakpoint; and (iii) whether there is a basis for revisiting the existing MGS/LGS 150 kW breakpoint.</p> <p>Dani also presented BCH's proposal to create separate rate classes for FortisBC and New West. Since this is the first time BCH has presented this proposal, this is a topic BCH is specifically seeking feedback on. In addition, Dani outlined BCH's proposal to split the existing Street Lighting rate class into: (1) BCH owned street lighting; and (2) customer owned street lighting.</p>		
FEEDBACK		RESPONSE
1.	<p>AMPC</p> <p>Regarding slide 27 and the phrase 'BCH observes that almost all utilities have a single residential class of customers', what utilities do not have a single residential class and on what basis do such utilities segment the residential rate class?</p>	<p>Slide 27 should read: 'All Canadian electric utilities surveyed have a single residential rate class'.</p>

⁸ Refer to the COS consultant report entitled *Final Report: Cost of Service Methodology Review* (December 20, 2013), pages 3-1 to page 3-3, copy under Workshop 2 at BCH RDA website (<https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/cos-workshop-leidos-final-report.pdf>); as augmented by BCH's own jurisdictional review in response to stakeholder feedback at Workshop 2.

⁹ Refer to Workshop 2 slides 60 to 62; <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/cos-methodology-review-workshop-presentation.PDF>.

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2.	<p>CEC</p> <p>Regarding slide 29, what is the explanation for the kWh discrepancy for hot water baseboards?</p>	<p>BCH will look into this and report back.</p> <p>Revised Response</p> <p>The daily kWh consumption values shown on Slide 29 are estimates of total metered load for dwellings with either primary or secondary heating sources. The estimates are derived by correlating BCH's billing data with customer responses to the REUS. Households with hot water baseboards use significantly more electricity than those with baseboard electric heating because hot water heating is a less efficient technology and is commonly found in older homes. BCH cautions that the accuracy of load estimates on slide 29 may be impacted by sample size and notes that the primary heating range for hot water baseboards (104.2 kWh to 157.0 kWh) is based on the load of only 6 customers who reported hot water baseboards as their primary heating source in the REUS survey.</p> <p>In the last 10 years hot water baseboard penetration has remained steady at a 7 to 8 per cent share of primary heating while electric baseboards have increased their share to 27 per cent from about 21 per cent 10 years ago.</p>
3.	<p>BCSEA</p> <p>On slide 30, is it the per cent of total energy?</p>	<p>No; it is the per cent of dwelling types (how many premises in each category).</p>
4.	<p>COPE 378</p> <p>Has BCH used dwelling type/heating type for purposes of its low income DSM programs?</p>	<p>For eligibility BCH looks to the Demand-Side Measures Regulation definition of "low income household".¹⁰</p> <p>Revised Response</p> <p>In response to a question from BCOAPO at a meeting on May 5, 2015, BCH provided BCOAPO with the information low income customers have to provide with respect to BCH's Energy Conservation Assistance Program (ECAP). The application form attached below sets out the information required. In short, the information required to apply for ECAP includes customer contact and account information, housing type and income qualifications. If the applicant is a renter, the landlord must also consent to participate. The information collected is used to confirm ECAP eligibility. Due to the higher investment potential for ECAP participants (including fridge and insulation upgrades or furnace for FortisBC customers), proof of income qualification is required. Customers need to send in a copy of their Notice of Assessment (or proof of other benefit). When possible, BCH partners with organizations that already qualify their clients on income (housing providers or social service providers). In those cases, BCH waves the proof of income requirement.</p> <p>Please refer to the attached Energy Conservation Assistance Program (ECAP) Application Form</p>
5.	<p>AMPC</p> <p>Is BCH's proposal for a combined FortisBC/New West rate class or that each of FortisBC and New West are to be a rate class?</p>	<p>BCH is proposing that each of FortisBC and New West are to be a separate rate class given their respective unique characteristics. For example, FortisBC has its own generation; FortisBC has market access; Fortis BC has transmission.</p>

¹⁰ B.C. Reg. 141/2014; copy at <https://www.canlii.org/en/bc/laws/regu/bc-reg-326-2008/latest/bc-reg-326-2008.html>.

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6.	<p>CLEAResult</p> <p>New Westminster now owns a substation and so has transmission.</p>	
7.	<p>BCSEA</p> <p>Is the fact that DSM is not accounted for on slide 40 an issue for separating FortisBC and New West from the remainder of the Transmission service class?</p> <p>Is it possible to break out the effects of DSM on slide 40?</p> <p>Is the large amount of variability attributable to DSM?</p>	<p>No.</p> <p>It is possible, but BCH does not see value in doing so, and questions the accuracy of such an approach given that not all customer funded DSM or increases in customer self-generation is reported to BCH. In addition, BCH does not know how DSM has impacted purchases from FortisBC or New Westminster.</p> <p>There would still be R/C ratio variability. Note that slide 40 is based on one year of data, whereas BCH is proposing a five year average as part of its COS proposal in the 2015 RDA. Even with five years of data BCH would expect to see R/C ratio variability within the Transmission service class.</p> <p>No, it is due to the nature of the customers.</p>
8.	<p>CEC/CLEAResult</p> <p>Is BCH rate rebalancing though the backdoor by proposing that FortisBC and New West each be their own rate class?</p>	<p>No. First, BCH is not proposing any changes to RS 3808 (rate for FortisBC) or to RS 1827 (rate for New West). Second, BCH is only looking at how costs are assigned. The revenue is not going to change. To use the wording of the rate rebalancing direction, BCH is not proposing rates for FortisBC or New West for the purpose of changing the R/C ratios for either FortisBC or New West.</p> <p>It is the case that if the proposal is implemented, the R/C ratio for the remainder of the Transmission service class would increase by about 1.2 per cent.</p>
9.	<p>BCSEA</p> <p>Is the BCH proposal for FortisBC/New West as separate rate classes part of Module1?</p>	<p>Yes, but BCH emphasizes that this is a proposal only and is seeking feedback during the written comment period.</p> <p>Revised Response</p> <p>While there is no 2015 RDA impact, there could be an impact down the road. One option is to address this issue as part of the F2019 COS so the implications are clearly understood (e.g., the potential for rate rebalancing after F2019).</p>

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10.	<p>CEC</p> <p>Why is BCH only focusing on FortisBC/New Westminster given the R/C ratios for some of the Port and Pipelines customers on slide 40?</p>	<p>There is jurisdictional support for treating wholesale customers such as FortisBC and New West as separate rate classes. In addition, as noted on slide 23, there is historic precedent for treating FortisBC as a separate rate class (1991 COS).</p> <p>BCH would look to rate solutions to address the Ports and Pipelines. As discussed at Workshop 11b, as part of Module 2 BCH is considering a Limited use of Billing Demand option for low load factor, low coincidence customers¹¹ such as the Ports and Pipelines who have a lower impact on the system peak compared to the overall Transmission Service rate class.</p>
11.	<p>CLEAResult</p> <p>The LGS demand charge slide 49 states that the bill impact analysis does not include ratchets. Are ratchets included in the R/C ratios set out on slide 40?</p>	<p>Yes. Billed F2014 consumption and revenue (including ratchet revenue) is used for the R/C ratios shown on slide 40.</p>
<p><i>5. Presentation: Chapter 5 (Residential Rate Design)</i></p>		
<p>Rob Gorter addressed two Chapter 5 topics: (1) BCH's preferred default residential rate, which is the RIB rate, and the two viable alternatives which will be set out in the 2015 RDA – a three step rate and a flat rate; and (2) BCH's preferred rate design for RS 1005, the Residential E-Plus rate, which is Option 3, amend RS 1105 to make the rate practically interruptible.</p>		
<p style="text-align: center;">FEEDBACK</p>		<p style="text-align: center;">RESPONSE</p>
1.	<p>BCOAPO</p> <p>BCOAPO originally proposed a three step rate with a universally accessible low rate first step and a higher tier to target large electricity users as one way to offer low income rate relief. BCOAPO has revised the recent CPUC residential rate reform exercise and is not opposed to a surcharge on the RIB rate to fund low income rate relief.</p>	<p>Note that the California 'super-user electric surcharge' would charge residential customers of Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company if they use more than 400 per cent of the average California resident's monthly electricity consumption. Additional revenues are to be applied to reduce Tier 1 and Tier 2 rates of the three electric utilities' residential customers (the CPUC decision also directs that the utilities are to collapse their multi-tiered rates into a two-tiered, inclining block rate structure)..¹²</p>
2.	<p>BCOAPO</p> <p>BCOAPO is leaning toward opposing a flat rate at this time on the basis of the bill impacts to low electricity users including low income customers, and the likely loss of conservation.</p>	

¹¹ Refer to section 6.4 of the Workshop 8a/8b Consideration Memo, page 61; <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-06-19-bch-rda-wksp-8a-8b-qsr.pdf>.

¹² Refer to <http://www.utilitydive.com/news/california-regulators-mandate-major-residential-electric-rate-reform/401793/>.

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3.	<p>BCSEA</p> <p>Given the small amount of interruptible power, would there not be a negligible benefit to the BCH system of pursuing E-Plus Option 3?</p>	<p>The amount of interruptible power is about 25 MW. However, the size of the Residential E-Plus load is less of an issue than the ability to readily call on it. This is because aggregation is a possibility. As part of 2013 IRP Recommended Action 2, BCH initiated a Residential DSM capacity-focused DSM pilot in Sidney, Vancouver Island that among other things is testing aggregating scattered, small loads. Aggregation of many small loads, including Residential E-Plus loads, could have a material benefit for localized constraints and/or contribute to overall tactics to address system level needs. Thus a truly interruptible E-Plus rate could be one of many tools in the toolbox for load curtailment purposes.</p> <p>Further details will be provided in BCH's responses to BCSEA's May 7, 2015 E-Plus questions as part of the Workshop 9a/9b Consideration Memo to be posted to the BCH 2015 RDA website early next week.</p>
4.	<p>BCSEA</p> <p>Does the rate rebalancing direction affect E-Plus Option 3 or E-Plus rate design more generally?</p>	<p>In BCH's view, the rate rebalancing direction preventing the Commission from setting rates for BCH for the purpose of changing the R/C ratios for a class of customers does not apply in the context of either Option 2 (ending RS 1105 and transferring) or Option 3 because Residential E-Plus customers are not a separate rate class.</p>
<p><i>6. Presentation: Chapter 6 (General Service Rate Design)</i></p>		
<p>Rob Gorter reiterated BCH's preferred rate structures for SGS and MGS which were outlined at Workshop 11a: (1) SGS rate structure status quo with an increase in the Basic Charge to 45 per cent recovery of fixed costs to align with the RIB rate Basic Charge; and (2) MGS flat energy rate with a flat demand charge with demand-related cost recovery increased from 15 per cent to 35 per cent.</p> <p>Rob stated that BCH was leaning toward a flat energy LGS rate with a flat demand charge but is awaiting feedback relating to Workshop 11b which is due in the middle of August 2015. Rob stated that based on feedback from AMPC, BCH prefers to increase LGS demand charge cost recovery from about 50 per cent to 65 per cent as this enhances fairness and mitigates bill impacts to LGS load high load factor customers if a LGS flat energy rate is pursued.</p>		
<p>FEEDBACK</p>		<p>RESPONSE</p>
1.	<p>FNEMC</p> <p>Does BCH have a proposed transition option if it pursues a LGS flat energy rate?</p>	<p>At Workshop 11a BCH outlined a preferred three year transition option for the proposed MGS flat energy rate and the transition strategy could be similar for a LGS flat energy rate.</p> <p>Note that as shown on slide 51, the bill impacts of a LGS flat energy rate are relatively small if the demand charge cost recovery is increased to 65 per cent, and so BCH asks for feedback if a transition strategy is needed.</p>
2.	<p>BCSEA</p> <p>We are surprised by how small the bill impacts are.</p>	<p>One of the reasons is that LGS customers surpass the Part 1, Tier 1 energy rate threshold of 14,800 kWh with the majority of consumption at the lower Part 1, Tier 2 energy rate,¹³ and thus flattening the energy rate has less of an impact as compared to flattening the MGS energy rate. In addition, flattening the demand charge and increasing the demand charge cost recovery to 65 per cent offsets most of the impact of flattening the LGS energy rate.</p>

¹³ For F2016, the LGS Part 1 Tier 1 energy rate is 10.66 cents/kWh and the Part 1 Tier 2 energy rate is 5.13 cents/kWh. The Part 2 energy rate is 9.90 cents/kWh.

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7. Presentation: Chapter 7 (Transmission Service Rate Design)

Greg Simmons reviewed BCH's preferred RS 1823 pricing principle Option 1 and demand charge structure (the status quo), and BCH's preferred rate structures for RS 1825, RS 1827, RS 1852, RS 1853 and RS 1880, which is to continue with the status quo, with some possible amendments to RS 1852.

Justin Miedema stepped through BCH's proposed two year freshet rate pilot for Transmission Service customers.

FEEDBACK		RESPONSE
1.	ERCO If a Transmission service customer is not able to participate in Year 1 of the freshet rate pilot, can they participate in year 2?	Yes. BCH sees March 1, 2016 as the deadline for participating in Year 1 and March 1, 2017 as the deadline for participating in Year 2.
2.	CEC How would BCH treat new Transmission Service customers given the baseline proposal?	Under RS 1823, new customers are put on the flat blended rate for a year to establish a CBL. BCH would probably consider something similar – would need a full year including freshet consumption and thus BCH would use the new customers' F2016 consumption to establish this and the new customer could then participate in Year 2 (but not Year 1).
3.	FNEMC Regarding the slide 59 potential cost of \$4 million to non-participants if 30 aMW ¹⁴ is shifted, how was this calculated?	It is based on the differential between RS 1823 Tier 2 and a market forecast price (about a \$60/MWh differential) x 30 aMW x 2200 hours in the three freshet months of May to July. Note that this could be regarded as a worse-case scenario – 30 aMW may be a high estimate for participation.
4.	AMPC We agree this is almost certainly a worse-case scenario. AMPC believes it is unlikely the freshet rate pilot will result in 30 aMW and is of the view that the impact of shifting on non-participants is <i>de minimis</i> , the word used by BCH to describe the impact of the Residential E-Plus rate subsidy on other Residential ratepayers.	BCH agrees that shifting is not likely to have a significant impact on non-participants. The Transmission Service customers that are most likely to participate are chemical producers and pulp and paper mills which are operating at around 90 per cent to about 92 per cent of their RS 1823 CBL to avoid Tier 2 energy rates. If these customers shift too much and their RS 1823 consumption falls below the 90/10 Tier 1/Tier 2 threshold, their CBLs could be lowered as per TS 74. ¹⁵ Under this scenario the financial consequences for RS 1823 customers would be significant and this feature of RS 1823 provides a natural cap on the amount of shifting likely to occur.
5.	FNEMC BCH is relying on spot market forecasts. Has BCH considered an off-ramp after Year 1 to protect non-participants in the event of large impacts?	The problem is that BCH will not be able to determine how much freshet energy was taken until after the end of the fiscal year (F2017), which would occur after the March 1, 2017 deadline for participating in Year 2. Note that in addition, there is the proposal to charge the wheeling fee which provides some protection to non-participants.
6.	BCSEA Should the description of preferred Alternative 1 on slide 59 read 'let RS 1823 run its course' as opposed to Tier 2?	Yes. The workshop slides have been re-posted to correct this.

¹⁴ An average megawatt (aMW) is a unit of energy output over a year that is equal to the energy produced by the continuous operation of one megawatt of capacity over a period of time.

¹⁵ TS 74 is the Customer Baseline Load Determination Guidelines.

BC Hydro Rate Design Workshop

SUMMARY

30 JULY 2015

9 A.M. TO 1.30 P.M.

BCUC Hearing Room
1125 Howe Street, Vancouver

7.	BCSEA Regarding BCH's proposal to report to the Commission, and assuming BCH wants to make the freshet rate pilot permanent after the results of Year 2, would there be a break in Year 3 for the reporting and necessary application to the Commission?	BCH set out the timing of the two freshet rate pilot reports to the Commission at Workshop 10: ¹⁶ (1) preliminary evaluation report in fall of 2017; (2) to measure shifting over two billing years, a final evaluation report in spring of 2018. BCH would look to the preliminary evaluation report and if the freshet rate pilot looked successful, would likely recommend a bridging Year 3 pilot during which the final evaluation report would be developed, together with any application to the Commission to make the freshet rate pilot permanent.
8. Presentation: Chapter 8 (Electric Tariff Standard Charges, and Terms and Conditions)		
Daren Sanders outlined BCH's proposals for the Standard Charges set out in section 11 of the BCH Electric Tariff, and for the Electric Tariff Terms and Conditions.		
FEEDBACK		RESPONSE
1.	BCOAPO Given the general agreement for the proposed Minimum Reconnection Charge of about \$30, will BCH request an expedited review of this charge and what would this request look like?	BCH must address a \$950,000 net income issue if the Minimum Reconnection Charge were to be implemented say by 1 December 2015. This issue will be reviewed internally. BCH understands it is beneficial to customers to have the proposed Minimum Reconnection Charge in place for the upcoming winter season. An expedited review process could consist of one round of IRs with BCH responses due in November 2015 and then either: (i) parties submitting argument on this topic shortly after; (ii) or a SRP as follow up to the responses in November 2015 so that the proposed Minimum Reconnection Charge could be in place by say December 1, 2015.
2.	Global Power The same demographic benefitting from implementation of the Minimum Reconnection Charge early on may also benefit from the Returned Payment Charge, and so BCH should consider requesting an expedited review for the Returned Payment Charge.	BCH will consider this.
3.	CLEAResult The not sufficient funds issue is more likely balanced across all residential income levels.	
4.	CEC BCH should include the revenue impact of reducing the Standard Charges in the 2015 RDA so that interveners can see if it is material or not. A small impact may support an expenditure review request.	Agreed. BCH is including the revenue impact of reducing the Late Payment Charge from 1.5 per cent to 1.25 per cent and 1 per cent in the Workshop 9a/9b Consideration Memo.
5.	BCSEA BCH should be sure to communicate that the reason for the proposed \$181 Meter Test Charge is full cost recovery and not to deter meter testing requests.	Agreed.

¹⁶ Refer to slide 39 of the Workshop 10 slide deck; <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-05-07-bch-rda-wkshp-presentation.pdf>.

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6.	CEC BCH could think about additional security deposit flexibility by collecting bills in advance, such as equal payments coming in advance.	BCH has this with its Pay As You Go Plan discussed at Workshop 9b. ¹⁷ BCH is also considering a prepayment option as part of Module 2.
7.	BCOAPO The fact that BCH is working with the B.C. Ministry of Social Development & Innovations on streamlining as set out on slide 64 is a positive development. We would like to discuss this with BCH.	BCH will discuss this with BCOAPO at the August meeting or whenever it is convenient for BCOAPO.
9. Closing Comments and Next Steps		
<p>Anne Wilson thanked everyone for making the time to participate in Workshop 12. Anne reiterated the August 14, 2015 timeline for submitting written comments, and reviewed the areas BCH is particularly interested in receiving feedback as listed on slide 65. Anne also stated that feedback was welcome on the freshet rate due to the amount of information on the slides. BCH is targeting posting the Workshop 12 summary notes the week of August 4, 2015.</p> <p>Craig Godsoe stated that BCH is also interested in receiving feedback on the cost basis of the Late Payment Charge which will be set out in the Workshop 9a/9b Consideration Memo, as this was an issue raised by BCOAPO, COPE 378 and FNEMC in their feedback concerning Workshop 9a, and any suggestions for review process(es) for the F2016 COS.</p>		
FEEDBACK		RESPONSE
1.	BCOAPO Will BCH be circulating a feedback form or should participants submit written comments without a form.	Given the timeline for submitting Workshop 12 and the 2015 RDA Module timeline, BCH asks participants to submit written comments without a form.

¹⁷ Under section 2.4 of the BCH Electric Tariff, the Pay As You Go Billing Plan allows monthly payments based on an estimate to be paid one month in advance. Payment is required within 21 days following the billing date. Applicants may select this plan as an alternative to providing a security deposit, based on credit approval. BCH collects one month of security in advance.

ENERGY CONSERVATION ASSISTANCE PROGRAM (ECAP) APPLICATION FORM

COMPLETING THE APPLICATION

To apply for the FREE Energy Conservation Assistance Program, please complete each of the following before mailing your application to BC Hydro:

- Complete the application in full or we will not be able to process your application.
- Income Qualifications: Attach the most recent Notice of Assessment for each member of the household 18 years of age or older. Canada Revenue Agency sends a Notice of Assessment after you have filed your income taxes each year. Notices of Assessment must have been issued within the last 12 months. Please black out all personal information on the Notice of Assessment except Line 150 and your name. For other options visit bchydro.com/ecap.
- Sign Section 3 (for household members 18 years of age or over).
- Attach the Landlord Consent Form (if you rent).
- Have the BC Hydro Account Holder sign the yellow section at the bottom of the page.
- Have the FortisBC Account Holder sign the yellow section at the bottom of the page (if there is a FortisBC Natural Gas account associated with this residence). If you require assistance completing this application form please call 1 877 806 3242

1. ACCOUNT HOLDER INFORMATION

BC HYDRO ACCOUNT

First Name (on BC Hydro bill) _____ Last Name (on BC Hydro bill) _____
BC Hydro Account Number _____ Account Address _____ Apt. No. _____
City _____ Province B.C. _____ Postal Code _____
Home Phone Number _____ Other Phone Number _____ Email _____

FORTISBC (NATURAL GAS) ACCOUNT

First Name (on FortisBC bill) _____ Last Name (on FortisBC bill) _____
FortisBC Account Number _____

If I do not qualify for ECAP, please use the information in this application to determine my eligibility for the free Energy Savings Kit.

Where did you hear about this program? BC Hydro Bill By mail Website Received a phone call Family/friends
 Other/promo code: _____

2. PROPERTY INFORMATION

How many people live in your home? _____

What type of home* do you live in? Single-family (detached house) Duplex Townhouse Mobile Home Other _____

*Apartment units are not eligible

Do you own or rent your home? Own Rent (Complete and attach the Landlord Consent Form)

How is your home heated?: Gas Electric Propane/Diesel Wood Other Unspecified

What type of hot water heating do you have? Gas Electric Propane/Diesel Wood Other Unspecified

3. INCOME QUALIFICATION INFORMATION

I understand that BC Hydro requires proof of income for every household member 18 years of age or older in order to qualify the household for the Energy Conservation Assistance Program. All household members over the age of 18 years must consent to BC Hydro's collection of their income qualification information by each separately signing the declaration below:

Declaration: I am 18 years of age or older, a member of the household that is the subject of this application, and by signing below, I consent to BC Hydro collecting my income qualification information through the copy of the qualifying documentation that is attached with this application.

First Name	Last Name	Signature	Date (DD/MM/YY)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

MUST COMPLETE

By signing below, I certify that I understand and agree to all of the preceding declarations and all the terms and conditions that follow on this application. I certify that all the information contained in this application is true and complete in every respect and that any wilful misstatements may cause the rejection of my application.

BC Hydro Account Holder Signature _____ **Date** _____

FortisBC Account Holder Signature _____ **Date** _____
(if there is a FortisBC Natural Gas account associated with this residence)

¹ To be eligible for this program, an applicant's combined household income must be less than the most recent income limits under the Terms and Conditions. For those applicants that meet these criteria, BC Hydro and, if applicable, FortisBC will also evaluate the applicant's annual electricity, and if applicable, gas consumption. Meeting all these criteria, however, does not necessarily guarantee acceptance into the program.

4. TERMS AND CONDITIONS

1. Residential property refers to the home occupied by an income-qualified owner or tenant at the address listed on this application and meets the qualifications set out below.
2. The applicant must at all times:
 - a. Be of a legal age of at least 18 years old as of the time of submission of this application
 - b. Be the current lawful occupant of the residential property and occupy the property as their principal residence on a year-round basis
 - c. Be an active BC Hydro residential account holder for the residential property referred to in this application, and if applicable, be an active FortisBC Energy residential natural gas account holder for the residential property referred to in this application.
 - d. Income qualification is based on the applicant's combined gross (before tax) household income being less than the most recent income cut-offs as per the Household Income Thresholds Table.
3. BC Hydro and FortisBC reserve the right to, at any time, verify the accuracy and completeness of any and all information provided by the applicant, and the applicant must cooperate with this verification process. The applicant must notify Energy Conservation Assistance Program (ECAP) Operations if any information provided as part of this application changes at any time after the submission of the application.
4. The residential property must be a fully serviced existing building suitable for human habitation that is occupied on permanent year round basis (attached garages, outbuildings, buildings under construction, and unoccupied buildings are not eligible), and deemed to be in suitable condition for the improvements available through the program.
5. BC Hydro and FortisBC may without penalty or obligation, at its sole discretion, at any time, modify any terms or conditions or any of its requirements for program

eligibility, and modify or terminate the program.

6. BC Hydro and FortisBC have the right to prioritize applications for program support within available funding based on any criteria deemed appropriate.
7. The availability, timing, and amount of program support are subject to available program funding.
8. BC Hydro and FortisBC are not obligated to provide program support to any applicants including those who meet all program eligibility criteria. It is within BC Hydro's and FortisBC's sole discretion to accept or reject any applicant who meets all program eligibility criteria.
9. BC Hydro and FortisBC will decide in their sole discretion which improvements an approved applicant will receive. Mobile homes are not eligible to receive insulation or furnace upgrades.
10. Households (determined by service address) are not eligible to receive the program more than once every 10 years.
11. Services for applicants in remote or hard to service locations may vary.

HOUSEHOLD INCOME THRESHOLDS			
Household Size	Maximum Household Income	Household Size	Maximum Household Income
1	\$31,700	5	\$66,700
2	\$39,400	6	\$75,200
3	\$48,500	7+	\$83,700
4	\$58,800		

FortisBC Energy Inc. does business as FortisBC. The company is an indirect, wholly owned subsidiary of Fortis Inc. FortisBC uses the FortisBC name and logo under license from Fortis Inc.

5. APPLICANT DECLARATION AND CONSENT

- I confirm that I am the owner of the above household or, if not, that I have the owner's permission to proceed with this application and the implementation of improvements to the household as contemplated by the program.
- If I rent my home, I understand that any improvements completed under this program cannot form the basis for an increase in rent above the provincial guidelines as it is not an expenditure that my landlord will have incurred
- If this application is approved, I grant permission for the program contractors to conduct a free energy efficiency evaluation of my home and to install free basic energy efficient products including but not limited to: Compact Fluorescent Lighting, weather stripping, low flow shower heads, faucet aerators, pipe wrap, and night light(s).
- If during the free energy efficiency evaluation of my home contractors determine that the property qualifies for further upgrades that would be administered by FortisBC, including, for example, insulation and furnace upgrades, I hereby grant permission to FortisBC and FortisBC contractors to conduct an advanced assessment on the property, which may include but is not limited to a basic survey of the home's air quality, assessment of the level of the insulation in the home, and an estimation of the efficiency of gas furnaces.
- I acknowledge and agree that BC Hydro and FortisBC are not the designers, manufacturers or installers of the products installed under this program and that BC Hydro and FortisBC make no representation or warranty of any kind concerning such products or their installation or any potential cost savings there from. I further irrevocably waive any and all actions, claims, suits and demands (whether based in contract, tort, equity or otherwise) that I have or may in the future have against, and irrevocably release from liability and agree not to sue, BC Hydro, FortisBC or any of their affiliates or any of their respective officers,

directors, employees, agents, contractors or representatives for any type of loss or damage that I may suffer including, without limitation, property loss or damage, financial loss or damage, or personal injury that arise or accrue from, as a result of, in relation to, or in connection with my involvement in the program or the use and installation of these products.

- I understand that any improvements to be performed in my home are subject to the availability of funds, program goals, and eligibility of the household under the program guidelines.
- I have attached the most recent copy of a qualifying document for each member of the household 18 years of age and over and permit BC Hydro and FortisBC to use this information to determine the total household income at the above residential property.
- If I have indicated that in the case that I do not qualify for the ECAP, I would like BC Hydro to use the information in this application to determine my eligibility for the free Energy Savings Kit (ESK) program, I consent to BC Hydro shipping me a free ESK in the case that I do qualify for the free ESK.
- If I rent my home, I understand that work cannot be completed in my home without the permission of my landlord and that it is my task to have my landlord complete the Landlord Consent Form and attach the completed form to my application.
- If I rent my home, I understand and agree that all products installed and/or replaced in my home under the ECAP program, including but not limited to appliances (for example, refrigerators and furnaces), fixtures (for example showerheads, faucet aerators) and all other improvements are the property of the building owner and I will not remove or alter them.

6. CONSENT TO USE INFORMATION:

- I understand that BC Hydro is collecting my personal information on this form for the purpose of administering ECAP. BC Hydro administers this program and related activities in furtherance of BC Hydro's energy conservation mandate and obligations under the *Clean Energy Act* and the *Utilities Commission Act*. BC Hydro uses, discloses and collects my personal information in accordance with the provisions of the *Freedom of Information and Protection of Privacy Act*. **If I have any questions regarding ECAP, and/or the information collection undertaken on this form, I can contact BC Hydro at 604 224 9376 or 1 800 224 9376 outside the Lower Mainland.**
- I understand that, if I have indicated that there is a FortisBC account associated with my residence, BC Hydro may disclose my personal information on this form, any information disclosed to BC Hydro as part of my application to the program, as well as information regarding the improvements carried out in my home under ECAP to FortisBC and its contractors. This includes, but is not limited to; my name, contact information, FortisBC Account number, health and safety assessment results, products installed, and building information and I consent to that disclosure. I understand that FortisBC will use and dispose of this information in accordance with the provisions of the *Personal Information Protection Act*.
- I consent to BC Hydro, FortisBC, and their contractors carrying out any necessary inquiry and to collect and use any information provided by me under this program for the purposes of administering, carrying out and evaluating the program including, without limitation, determining my eligibility to receive benefits under this program, conducting an evaluation of my home, recommending and installing energy efficient measures in my home and

conducting a quality assurance evaluation. Specifically, I understand that, if I qualify for further benefits under ECAP that are administered by FortisBC, BC Hydro may disclose my personal information on this form, any information disclosed to FortisBC as part of my application to the program, as well as information regarding the work that was carried out in my home under ECAP to FortisBC and its contractors. This includes, but is not limited to: my name, contact information, FortisBC Account number, health and safety assessment results, products installed, and building information. I consent to such disclosure and understand that FortisBC will use and dispose of such information in accordance with the provisions of the *British Columbia Personal Information Protection Act*.

- I also consent to BC Hydro's, and if I have indicated that there is a FortisBC account associated with my residence, FortisBC's internal use of any information provided by me in this application and under this program and my BC Hydro and if applicable, FortisBC account information, including electricity and natural gas consumption at the above household for a period of 36 months before program participation and 36 months after program participation, for purposes of: (i) administering and verifying the effectiveness of the program, and (ii) expanding existing programs and designing new programs to better serve the needs of residential customers.
- I understand that BC Hydro and FortisBC may contact me (by phone, email, direct mail or similar method) for the purposes of program administration, implementation and evaluation and/or to provide me with further information on this or other similar conservation-related programs.