

BACKGROUND

Industrial Electricity Policy Review Report

The Taskforce

On February 1, 2013, government announced a review of British Columbia's industrial electricity policy to help the province prepare for future industrial development.

The task force reviewed existing industrial electricity policy, the current regulatory framework and consulted with industrial stakeholders, customer groups, utilities and the BC Utilities Commission.

In July, the review was extended to October 31, 2013, and the terms of reference were expanded to include industrial time-of-use models, utility interconnection policies, consultations with other jurisdictions, and application of a retail access policy.

The Report

Summarized recommendations and government responses in chart below:

Task Force Recommendations	Government Response
1. Government should adopt four additional principles beyond the "regulatory compact" – which allows a utility to earn a fair return on its investment in exchange for providing safe, reliable service at rates based on costs – in any decision-making process involving electricity policy. The expanded regulatory compact should include the following principles: <i>Clearly Articulated Policy, Allocating Risk, Market Based Solutions, Public Scrutiny of Costs and Benefits.</i>	Government will consider the principles in the proposed expanded regulatory compact for policy decisions that affect the electricity sector and are not made by the British Columbia Utilities Commission (BCUC).
2. As BC Hydro's surplus diminishes, Government should consider whether a requirement for self-sufficiency is consistent with a long-run approach to least cost electricity prices.	BC Hydro is currently in surplus. While not under consideration at this time, this recommendation could be considered as energy forecasts change.

3. BC Hydro's future Integrated Resource Plans should be reviewed and accepted by the BCUC after a public process. As the owner of BC Hydro, Government may wish to review the Integrated Resource Plan before it is submitted to the BCUC.	In response to recommendation 17, government is launching a review of the BCUC. While not under consideration at this time, this recommendation could be considered during this review. This recommendation would require a legislative change.
4. A long-term carbon price should be used in evaluating all electricity supply proposals and the price should be determined by Government after a public process.	This recommendation would require legislative changes to the Clean Energy Act. This recommendation will be considered at a future date.
5. Acquire all possible conservation up to the cost of new supply. There is no need for the BC Hydro-specific 66 per cent conservation objective in the Clean Energy Act.	This recommendation would require legislative changes to the Clean Energy Act. This recommendation will be considered at a future date.
6. Government should provide clarity on the role carbon offsets will play in meeting Government's greenhouse gas reduction goals.	Carbon offsets are an established greenhouse gas reduction measure in British Columbia. Government remains committed to our goals and will consider options that could help achieve these targets.
7. Government should assess any directions or exemptions against the expanded regulatory compact recommended in Section 4.3.	Government will consider the principles in the proposed expanded regulatory compact for policy decisions that affect the electricity sector when issuing directions and/or exemptions to the British Columbia Utilities Commission (BCUC).
8. The industrial tariff supplement that sets out the terms and conditions of connections, Tariff Supplement 6, is over 20 years old and should be reviewed in a Commission public process.	A rate design review process will be launched to examine ways to provide industrial customers with more options to reduce their electricity costs.
9. Continue using postage stamp rates.	Government will continue to use postage stamp rates.
10. End use rates which have no impact on ratepayers could be considered but those which impact ratepayers and are directed by Government should be paid for by taxpayers and not ratepayers.	A rate design review process will be launched to examine ways to provide industrial customers with more options to reduce their electricity costs.
11. BC Hydro should develop a revised retail access program.	A rate design review process will be launched to examine ways to provide industrial customers with more options to reduce their electricity costs.

12. Government need not act on the Commission's 2009 Transmission Service Rate report until BC Hydro's surplus has diminished and the effect of the other recommendations in this report can be seen.	Government accepts this recommendation.
13. BC Hydro should work with its industrial customers and the Commission to develop options that take advantage of industrial power consumption flexibility, such as time of use rates and interruptible rates.	<p>A rate design review process will be launched to examine ways to provide industrial customers with more options to reduce their electricity costs.</p> <p>BC Hydro will implement a voluntary load curtailment program with industrial customers starting in 2015.</p>
14. BC Hydro should benchmark and publicly report on its transmission interconnection turnaround times for both new generation and new load.	Government will direct BC Hydro to implement this recommendation by April 1, 2014.
15. BC Hydro should host a workshop on its regulatory accounts to improve understanding of the balances and the provisions in place for dealing with them.	Government will direct BC Hydro to implement this recommendation.
16. BC Hydro should ultimately bring its surplus management plan forward in a Commission-led process if the management plan proposes to put additional costs on ratepayers or transfer costs between ratepayers.	A surplus management plan is included in BC Hydro's Integrated Resource Plan.
17. An independent review of the British Columbia Utilities Commission should be undertaken to evaluate resource needs, review processes, and performance.	Government will initiate a review of the BCUC, through the Core Review process, with the goal of increasing the Commission's effectiveness and efficiency so that BC Hydro rates can be set by the Commission starting in the third year of the 10 year plan.

Contact: Jake Jacobs
Media Relations
Ministry of Energy and Mines and Responsible for Core Review
250 952-0628

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