

Workshop on Distribution Extension Policy
January 11, 2007
Dunsmuir Auditorium, BC Hydro, Vancouver

Attendees

Harold Nelson – BC Hydro Fred James – BC Hydro David Bullus – Webild Holdings Ted Dawson – Mosaic Avenue Developments Ron Emerson – Emerson Real Estate Group Lorne Wolinsky – Anthem Properties Group Ltd	Wayne Taylor – BC Hydro consultant Basil Stumborg – BC Hydro David Fawley – Anthem Properties Chris Gillham – Concord Pacific David Kirsop – Urban Systems Ltd Curtis Neesor – Concert Properties Steve Nemetz – Nemetz (S/A) & Associates Ltd
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Handouts – “BC Hydro Extension Policy Changes – Workshop for Lower Mainland Developers and Consultants” PowerPoint presentation

Summary

BC Hydro gave a presentation regarding its upcoming Rate Design Application, with a focus on its extension policy.

The objectives that BC Hydro wanted to achieve through this meeting were to:

- Present the drivers for changes to the BC Hydro extension policy
- Summarize BC Hydro’s experience with the existing policy
- Propose a straw model for a new policy
- Obtain comments from BC Hydro’s stakeholders

BC Hydro asked attendees to:

- Share their experiences with the existing policy
- Provide input into the formulation of a new policy

The topics covered included:

- Regulatory Framework
- Terminology
- Existing Extension Policy
- Drivers for Change
- Straw Model with Examples

Comments on extension fees and the extension policy from workshop participants

- Most comments from participants focused on the existing extension fee policy.
- Participants noted that the existing process is very complicated and time-consuming.
- The delay between the application and the response from BC Hydro was often too long.
- As well, the extension policy is very difficult to understand. Given the size of the bills developers get, some participants felt that not enough supporting information is provided to give them the confidence that they are paying the appropriate amount for the services they are receiving. Participants at the workshop said that

- they would like to have more information and a better explanation on their bills to help them develop this confidence.
- Some participants pointed out that BC Hydro's application of the policy across the province is not uniform.
 - There was some recognition in the discussions that simplifying the extension policy through this RDA could address these concerns.

Comments on the change to treatment for private property

The participants had no comments on this topic.

Comments on the proposed change to allowances from workshop participants

- Participants felt that it was not clear how allowance is calculated, and that it seemed to be a "black box" to them.
- Some participants felt that a uniform allowance was not fair across all applications. One example raised was that it was not enough to pay for residential subdivisions. Another example raised was that it was neutral across heating technologies – houses that use heat pumps are more energy efficient, but use more electricity. Therefore, they should get more than the proposed allowance.
- The group expressed a desire to keep the allowance current, given the rapid increase in construction costs. Participants felt that, if the allowance amount was only updated through future Rate Design Applications, then the numbers upon which it is based would become outdated. As a solution, several participants expressed interest in having an automatic escalator built into the allowance calculation.

Comments on BC Hydro's Infill Policy

BC Hydro gives a 5-year period in which developers can be refunded for an extension on their extension. Participants expressed concern that this window of opportunity was too short. As an example, some developments are staged out over longer time periods and miss this window. Participants were interested in models from other jurisdictions that offered longer time periods (e.g., 10 to 20 years), even if that meant the amount refunded would be designed to decline over time in a way that captured the depreciation of the assets in place.

A second topic of discussion centred on who should be responsible for triggering a pioneer refund. Participants felt that it was too onerous for developers to remember over time whether they were eligible for future refunds, and that BC Hydro should be tracking this information and notifying individuals when they are eligible for a refund.

General Comments

For projects with staged implementation, developers would like BC Hydro to stage its fees so that it is not collecting large amounts of money in advance of the detailed design stage.

Conclusion – BC Hydro thanked the participants for the discussion and for providing input into its rate design process. The Hydro project team also promised to circulate the notes to make sure that, at least at a high level, they captured the content of the discussion.