

Summary of E-Plus feedback (taken from Rate Design Application of March 15, 2007, Appendix I)

E-Plus

BC Hydro wanted to know whether the E-Plus rate should be eliminated and if so, how. Opinions were collected through a variety of forums: a survey, focus groups, through workshop settings, and by written responses either through direct mail or through BC Hydro's E-Plus web response form. Because these forums yielded different types of responses, the feedback will be broken out below by forum.

Survey Highlights

A survey carried out by Decima Research was conducted in January 2007. 720 E-Plus and 719 non E-Plus customers were contacted across B.C. and asked both closed and open ended (conversation-type) questions. The highlights are provided here.

"Top of mind" knowledge of E-Plus is low among E-Plus customers. Only one in four E-Plus customers believe that they pay a lower rate than other customers. When provided with a description of the E-Plus rate, awareness rises to 80% among E-Plus customers. Of those aware of the E-Plus rate, 89% of E-Plus households say they get that rate.

Respondents were asked if they supported, opposed or were neutral on the elimination of E-Plus. Support for eliminating or phasing out the E-Plus rate is weak, both among E-Plus and non E-Plus customers. 4% of E-Plus customers feel the rate should be eliminated, and 30% of non-E-Plus customers feel that the rate should be eliminated. When considering a gradual (2-year) elimination, this support changes to 9% of E-Plus customers and 45% of non E-Plus customers.

There is some resistance to the idea that E-Plus should be removed. 94% of the E-Plus customers want the rate kept in place, and 58% of non E-Plus customers also think that the rate should remain. When considering a gradual (2-year) phase out, 56% of E-Plus customers still oppose this change, and 34% of non E-Plus customers similarly oppose this change.

In response to open ended questions, the main reason people cite for favouring elimination is that everyone should pay the same rate for electricity. The main reasons cited to keep E Plus are that a "deal should be honoured", and E-Plus "saves customers money".

Focus Group Highlights

As part of ongoing research regarding public opinion on rate-related issues, BC Hydro engaged Synovate to hold focus groups with residential customers to explore topics around rate-related issues. Several questions were included regarding E-Plus issues. Customers in the focus groups appeared to be less convinced that the E-Plus rate should be maintained than were respondents to a quantitative survey. At the very least, they expect BC Hydro to invoke the "no surplus, no cheap deal" clause; and most would expect the special rate to be phased out over three or four years, with increases each year until parity was restored.

Workshop Feedback

BC Hydro carried out a number of workshops around the province in January and February of 2007. While these were focused on other rate-related topics, the meeting sessions did touch on E-Plus and BC Hydro canvassed participants for their views.

A high-level summary is presented here.

- Workshop participants voiced little if any support for maintaining the E-Plus rate. The rationale for removing it focused mostly on the rate being contingent on surplus energy; now that there is no longer a surplus of energy, the rate should be discontinued. Sending the "right" price signal seemed, to workshop participants, both consistent with BC Hydro's conservation message and fair to other customers.

- There was some sympathy expressed for E-Plus customers that had just made investments in the belief that the rate would continue, either by buying a house or by upgrading or maintaining a backup heat source.
- While there was little to no support for keeping the E-Plus rate, there was also little to no support for removing it immediately. Most workshop participants saw potential problems with a quick removal of this rate:
 - former E-Plus customers would face financial hardship with little time to adjust;
 - a sudden jump in prices might make these customers turn to their backup heat source (e.g. wood or oil) thereby degrading air quality in their area.
- Due to these issues, workshop participants offered several ideas to help move customers off of E-Plus while avoiding negative consequences. The most commonly cited solutions were to gradually reduce the E-Plus discount over time to phase the rate out of existence. Secondly, many participants felt that the E-Plus discount should not be allowed to be transferred when new owners took over a property with the rate.
- Some less frequently mentioned solutions included increasing audits of homes to move off customers that either did not have backup heat sources (and therefore were not keeping their part of the deal) or that were hooking up more load than just heating. Others felt that positive inducements should be used to move customers off the rate, including buying them out of their contracts or offering them replacement technology such as heat pumps.
- Many participants felt that BC Hydro needed to work with E-Plus customers by offering access to Power Smart or other energy management approaches.

Comments From Letters and Emails

On February 8, 2007, BC Hydro wrote to all 13,000 E-Plus customers informing them of the Rate Design Application process and the proposed elimination of the E-Plus rate. Between February 8 and March 7, 2007, approximately 1,500 letters and emails were received from E-plus customers. The following is a summary of the key comments received and excerpts from customers' letters. Ten per cent of the E-Plus customers responded

Theme 1 - Customers' Recommended Approaches to Eliminating E-Plus

- **Maintain the Rate** - Most E-Plus customers asked that the rate be maintained or that the discount be reduced, but not eliminated.
- **Attrition** - Attrition was next most often recommended by E-Plus customers as a means for eliminating the rate while continuing to be fair to those who are currently on the rate. E-Plus customers suggested eliminating the rate when the house is sold. No new E-Plus customers would be eligible for the rate.
- **Consideration for Seniors** - A suggestion was that if the E-Plus rate were eliminated it be kept for seniors who are currently on the E-plus plan, until they move or sell their home. Many E-Plus customers suggested that rate increases are especially hard on seniors.
- **Gradual Phase Out** - Many E-Plus customers suggested that if the rate must be eliminated it should be phased out over a period of years, the longer the better. Five years was seen as a long phase out period; some customers suggested an even longer phase out period and a few customers suggested that less than 5 years was acceptable.
- **Eliminate** - Some E-Plus customers feel that elimination of the E-Plus rate would increase the fairness of rates for all customers.

Theme 2 - Financial Hardship from the Change

- **Fixed Income and Possible Hardship** - Many E-Plus customers who are on a fixed or lower income think that elimination of the E-Plus rate will pose a financial hardship. E-Plus customers noted that when making their plans for living on a fixed or lower income, the associated investment in the second heating system was tolerable due to the anticipated

benefits of the lower E-Plus rate, over time. Also, the reduced rate for heating with electricity was factored into household budgets.

- **Investment in Second System** - Because E-Plus customers had to make a financial investment to qualify for the E-Plus program they do not think elimination of the E-Plus rate is fair. Depending on the second heating system selected, customers may have spent between \$1,000 and \$5,000 dollars for a second heating system. Some feel that, in light of E-Plus elimination, this was a poor investment.

Some customers commented that they had recently bought new heating and hot water equipment and the decision to do so was based on the E-Plus rate. For example, some elements of home design were based on baseboard heaters.

E-Plus customers who will not have had sufficient time in the E-Plus program to realize their investment are requesting financial compensation.

- **New Cost for Equipment Removal** - Some E-Plus customers commented that they were concerned there would be costs associated with removal of the second meter and possibly the secondary heating system.
- **Home Value** - Certain E-Plus customers are concerned that elimination of the E-Plus rate would devalue their home.
- **New E-Plus Home Owner** - Home owners who have recently purchased E-Plus homes state that they expected the rate to continue and the rate was a factor in their decision to purchase a particular house.
- **Missed Opportunities** - Some E-Plus customers refused natural gas service at the time it was being installed on their streets because they had E-Plus. If E-Plus is eliminated they will incur higher cost to have natural gas installed, as the introductory connection opportunity has passed.
- **Legal Action** - A number of E-Plus customers have stated that they will consider legal action against BC Hydro, especially in light of the costs they incurred for secondary heating equipment and dual meters.
- **Programs or Incentives to help with Transition to Regular Electric Rates** - There were some suggestions that incentives to further help with electricity conservation be promoted with E-Plus customers. Using subsidies to encourage greater efficiencies will also bring long-term benefits to BC Hydro in the same way as the many similar programs BC Hydro has pioneered in the past.
- **Areas Without Natural Gas Option** - Certain E-Plus customers have reported that they do not have access to natural gas service, which would be their preferred source for heating if the E-Plus rate is eliminated. They have requested that E-Plus be maintained in areas where natural gas is not available.

Theme 3 - The Environment and Conservation

- **E-Plus is a Better Environmental Choice for Some** - Certain customers commented that if the E-Plus rate is eliminated the increased cost of electricity will force E-Plus customers to use wood or oil, which have more environmental impacts than heating with electricity.
- **Conservation** - Many E-Plus customers were offended that BC Hydro implied they may be unwisely using electricity because of the E-Plus rate. Many E-Plus customers made the point that even though they received a reduced rate for home electric heating and water heating,

they were practising conservation, due to being on a fixed income, and/or their awareness about the environmental impacts of using energy, especially in consideration of global warming.

Theme 4 - Maintaining Agreements

- **Agreement Termination** - Customers were disheartened that BC Hydro would consider eliminating the rate and questioned BC Hydro's reputation. Some E-Plus customers felt that there was some security as the agreement for the E-Plus rate was with a reliable company.
- **Time Line of E-Plus Agreement** - Some E-Plus customers thought the E-Plus program would last in perpetuity. There was reference to a letter from 1991 regarding the commitment to the discount.
- **Miscommunications** - There were some miscommunications around E-Plus with customers, and the customer usually interpreted the information in their favour. Some E-Plus customers have noted that when BC Hydro staff promoting the E-Plus program approached them, they were told it would be "long term". Customers interpreted this to mean, as long as they owned their house. One new homeowner reported that they checked, via a phone call, with BC Hydro regarding the duration of the E-Plus contract prior to purchasing an E-Plus program house and they were told the E-Plus rate would be "grandfathered" to the new house.

There is further miscommunication because customers do not understand why BC Hydro sells electricity to the United States, when there is reference to an energy gap.

Theme 5 - Benefit to BC Hydro

- **Benefit to BC Hydro** - Some E-Plus customers commented that they could not understand the benefit to BC Hydro. BC Hydro did not need the minor amount of additional revenue that would result from the elimination of the E-Plus rate.
- **E-Plus Provides an Energy Security Buffer** - Some customers think that E-plus customers provide a buffer in the system that benefits BC Hydro. If there is a shortage of energy 13,000 customers would be interruptible, because they are prepared via the contract and their secondary heating system. This provides a buffer to the energy supply system. By eliminating E-Plus an interruptible buffer will be gone from the system.