Rate Design Application Workshop for

BC Hydro's Large Commercial (> 35 kW) Customers

Meeting Minutes

Exhibition Park, Abbotsford, BC

February 15, 2007

ATTENDEES

Name	Company
Earl Erickson	Township of Langley
Stephen Harrington	Ivanhoe Cambridge
Ramadan Eshref	Ivanhoe Cambridge
Herman Acherholt	Ivanhoe Cambridge
Tom Jones	School District # 36 Surrey
Dwight Milne	Interwrap
Martin Loewen	Interwrap
Gary Whitton	GVA Aggregates – Lafarge North America
Lyle Yolkowski	University College of the Fraser Valley
Tom Knox	Kwantlen University College
Randy Grant	City of New Westminster
Jim Alkins	School District 33 Chilliwack
Brenda Gunning	Teleflex Canada
Martin Edwards	Shxwowhamel First Nations
Larry Doiron	Western Forest Products
Sharon Moffat	Western Forest Products
Simon Poole	Saputo Foods
Rod Carle	City of New Westminster
John Eaton	Lilydale

BC HYDRO PROJECT TEAM

Name	**Organization & Department**
Allan Chung	BC Hydro
Basil Stumborg	BC Hydro
Jane Christensen	BC Hydro
Janet Ruzycki	BC Hydro
Krista Richmond	BC Hydro
Toby Lau	BC Hydro

MEETING OBJECTIVES

The objectives for the meeting were for BC Hydro to present the drivers for changing the Large General Service Tariff, the general principles that utilities use in rate design, and several options for stakeholders to discuss.

Agenda

1. **Introduction and Welcome**
2. **Objectives**
3. **Background**
4. **Current Large General Service Rate**
5. **Rate Design Objectives**
6. **Rate Design Options**
7. **Feedback**
8. **Additional Rate Application Topics**
   - **Rebalancing**
   - **E-Plus**
   - **Distribution and Extension Policy**
9. **Next Steps**

HANDOUTS PROVIDED AT THE MEETING

Paper copies of the following materials were distributed at the meeting.

Item	Description
F2008 Rate Design Application: Large Commercial Customer Rate Restructuring Workshop	A Powerpoint presentation describing the current Large General Service rate structure, the drivers for change, the principles for designing a new rate structure, and two options for discussion.
Feedback Form	A form that allows participants to take away the questions posed by BC Hydro during the meeting and answer them later if a) there was no time during the meeting, or b) participants wished to answer the questions once they had a chance to examine the two options presented in more detail.

PRESENTATIONS DELIVERED AT THE MEETING

The following PowerPoint presentation was delivered during the meeting; paper copies of this were distributed at the meeting as indicated above.

Item	Description
F2008 Rate Design Application: Large Commercial Customer Rate Restructuring Workshop	A Powerpoint presentation describing the current Large General Service rate structure, the drivers for change, the principles for designing a new rate structure, and two options for discussion.

AGENDA ITEM #1 and 2 – Welcome and Introductions

Basil Stumborg welcomed the group to the meeting. The objectives for the meeting were for BC Hydro to present the drivers for changing the Large General Service Tariff, the general principles that utilities use in rate design, and several options for stakeholders to discuss.

AGENDA ITEM #3 - 5 – Background, Current Rates, and Objectives

Allan Chung and Jane Christensen presented material on the large general service class. The existing rate structures for other rate classes and for the Large General Service class were contrasted. It was noted that the Large General Service Class' rate was unique in a) not reflecting the marginal cost to serve for energy and demand, and b) biased towards using more energy (through a declining block structure).

An emphasis was placed on the projected gap between supply and demand for energy and capacity in the province's future, and how appropriate price signals will play a key role in making supply meet demand.

One customer noted that the current meters do not show real-time demand data, and so they have a hard time linking their behaviour to their recorded demand levels.

AGENDA ITEM #6 – Rate Design Options

Allan and Jane walked through two examples of what rate flattening would look like. The objective was to let participants see how there are different ways to balance the competing rate design objectives, and that these different approaches have different impacts depending on the customer's type.

Key issues raised:

Customers thought that it was important to give them enough time to budget for and react to any increase in prices.

One customer thought that some sort of demand charge needed to be collected from the 1220 customers (small general service class), since they are paying nothing for that now. If this was done, then this increased revenue could be redistributed to large customers on the 12XX rate.

One customer felt that a better option might be to flatten demand and energy charges, but to have demand charges higher than in Option 2 and energy charges lower than in Option 2. This would give an added incentive for companies to shift their peak load.

AGENDA ITEM #7 – Feedback

Basil Stumborg led the group through a brief discussion around the two options put forward by BC Hydro. The group was asked to think about the rate design principles presented, and asked, if they were BC Hydro, how they would weigh these.

The key issues raised were:

Some customers felt that energy prices should be shaped to send a strong **message around energy conservation.** The motive would be to "change the mindset" of people. Others felt that this could include an inclining block structure for energy pricing.

Other customers, however, noted that higher energy prices and inclining block rate structures are an inhibitor to **companies' growth**.

Some customers felt that a higher charge on demand would incent customers **to control and shift their peak load**. However, others noted that not all business types can shift load successfully.

When asked about what amount of price change amounts to rate shock, customers responded that whatever the level, it need not be a barrier to change if BC Hydro can identify this small number of companies and work with them **to mitigate this impact**. Also**, transitioning these changes in over time** will give businesses a chance to adjust.

AGENDA ITEM #9 – Additional Rate Application Topics

Rate Rebalancing – The project team presented to the group the current estimates of the revenue-to-cost ratios for each rate class and raised of how close these have to be to unity (i.e., R/C = 100%) in order to be considered fair enough.

No substantive comments were offered by the group on this topic.

E-Plus – The E-Plus rate, its history, and the drivers for change were presented to the group by Jane Christensen.

The key issues raised by the group were:

Sending the right price signal to everyone is fair, and it will encourage people to use less.

Some customers were concerned that increasing the price of home heating may encourage people to use less environmentally friendly forms of home heating, such as wood or oil. Therefore, these rates should be grandfathered with current tenants, but not allowed to be transferred to new owners.

To reduce bill impacts to customers, the rate should be phased out over a long time period (e.g., 10 years). This should be announced to all participants, and everyone will know that it will be gone by the end of that period.

The "deal" entered into by BC Hydro and participants was based on there being surplus electricity. Since this has changed, the basis for the deal no longer exists.

Distribution Extension Policy – The project team presented to the group a high-level summary of the proposed changes that would take place for distribution and extension charges.

The key issues raised were:

No substantive comments were offered by the group on this topic.

AGENDA ITEM #9 – NEXT STEPS

The group was given a rough description of what would occur once the Rate Design Application was filed in March. The participants were told that a feedback form would be made available and they were encouraged to fill this out and return it to BC Hydro in order to give more detailed comments around the topics discussed.