

**Rate Design Application Workshop for
BC Hydro's Large Commercial (> 35 kW) Customers**

Meeting Minutes

Civic Arena, Prince George, BC

February 13, 2007

ATTENDEES

Name	Company
Sandra Stibrany	City of Prince George
David Jewesson	Winton Global Lumber
Garnet Boese	Canfor Pulp Limited Partnership
Jennelle Redekopp	Tembec Industries Inc
Andrew Kim	West Fraser Mills
Ed Dylke	Canfor Pulp Limited Partnership
Greg Anderson	City of Prince George
Martin Meger	Carrier Lumber
Pius Jack	Nee-tahi-buhn Band

BC HYDRO PROJECT TEAM

Name	Organization & Department
Fred James	BC Hydro
Basil Stumborg	BC Hydro
Jane Christensen	BC Hydro
Susanne Lee	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

Fred James 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.

AGENDA ITEM #6 - Rate Design Options

Fred 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:

By moving from an **inclined demand rate to a flat one**, companies will lose an obvious target to shoot for in designing demand reduction efforts (e.g., to get below the 150kW or the 35 kW threshold).

Some customers felt that BC Hydro's rate design criteria ought to include the goal of **using energy more efficiently** as a way of reducing or avoiding environmental impacts.

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:

A general theme through the discussions was that customers wanted to know how exactly these options would impact them through this rate change and across their multiple accounts.

The customers felt that price impacts would be easier to adjust to if **their impact was spread over 2-3 years**.

When asked which was easier to manage, energy or demand, customers answered that managing demand was a more expensive and technical exercise. **Managing energy seemed easier** to them since it only involved changing behaviour.

When asked about rate shock and whether a 10% price increase is a reasonable threshold for defining "rate shock", some customers pointed out that a 10% price increase is too high for many companies.

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:

Moving people off the lower price for electric heating may lead them to switch to less **environmentally friendly heating sources**, e.g., oil or wood.

Some E-Plus customers may have made **home investments** based on this rate, so changing it now will not seem fair to them.

BC Hydro should think of ways to help people off that rate. This could be:

- Allowing **heat pumps** to operate off that meter (since this is a more efficient way to heat a house using electricity)
- Giving **financial incentives** to people to get them to switch.

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.