

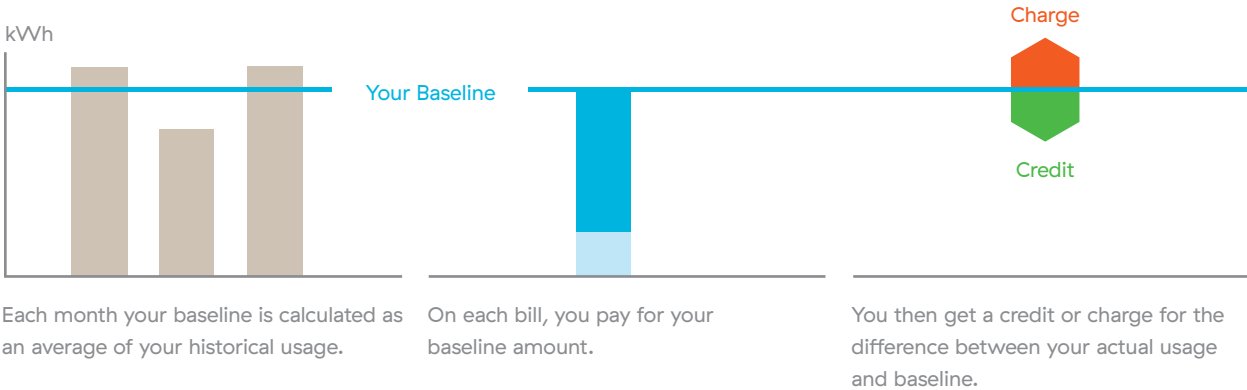
A Guide to the Medium General Service Conservation Rate

BC Hydro
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Executive summary

Medium General Service (MGS) accounts pay for electricity according to the MGS Conservation Rate – a rate structure that encourages energy conservation and efficiency.

The MGS Conservation Rate encourages you to use less than your average historic usage, called your baseline. If you use less electricity than your baseline, part of your bill is a credit. If you use more than your baseline, part of your bill is a charge.



This document details how the MGS Conservation Rate encourages energy conservation and efficiency. It includes information about how your baselines are calculated and special considerations for new accounts and those experiencing unusual energy usage changes.

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In the event of differences between the details noted here and the official Electric Tariff issued by BC Hydro,
the official Electric Tariff will prevail.

Medium General Service (MGS) Accounts

MGS is one of three rate categories for BC Hydro's business customers.

Each of your electricity meters is typically considered a separate account and is assigned a rate category based on total annual energy usage or annual peak demand (a measure of your highest rate of usage).

Accounts that use less than 550,000 kilowatt hours (kWh) of electricity per year and have an annual peak demand between 35 and 150 kilowatts (kW) are billed as an MGS account. If you have an MGS account, your rate schedule (the code that appears on your bill) is 1500, 1501, 1510 or 1511.

On each bill, customers with MGS accounts see:

- A basic charge to partially cover the fixed costs of service,
- An energy charge for their total electricity usage measured in kWh
- A demand charge for their peak demand, the highest rate of electricity usage, measured in kW
- If applicable, a power factor surcharge,
- And a rate rider, a small percentage applied to the total charges.

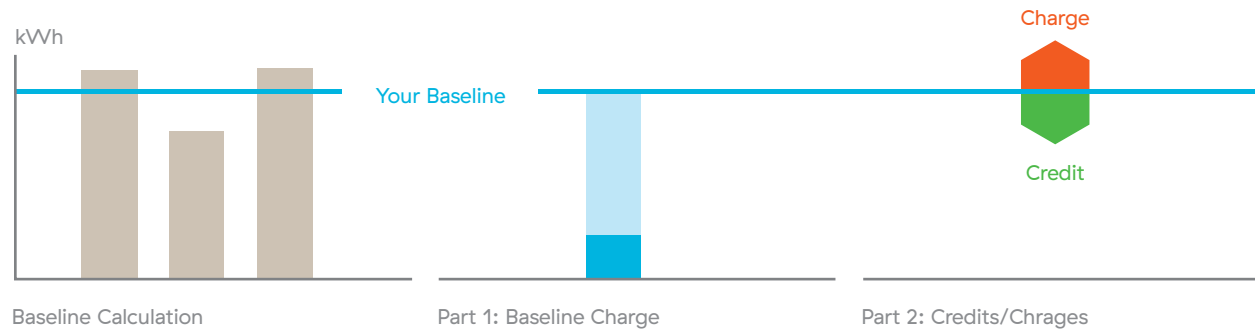
Other discounts and minimum charges may also apply.

For more details, see the online pricing table at [bchydro.com/rates](https://www.bchydro.com/rates).

The MGS Conservation Rate

The MGS Conservation Rate encourages you to use less than you have in the past.

The MGS Conservation Rate encourages you to use less electricity than your average historic usage (called your baseline). Using less electricity than your baseline results in a credit on your bill. Using more than your baseline results in a charge.



Baseline calculation:

The MGS Conservation Rate starts with your baselines. For each month, BC Hydro calculates your baseline—your average historic energy usage in the month. Your baselines are unique to your account and are updated every year to ensure they reflect your account’s most recent energy usage.

Pay for your baseline (Part 1 of your Energy Charge)

The Energy Charge section of your bill, where you pay for your total energy usage, has two parts. In Part 1, you pay for your baseline amount of energy. You pay one price (Tier 1) for up to 14,800 kWh and a second, lower price (Tier 2) for any additional kWh in your baseline.

Credits and charges (Part 2 of your Energy Charge)

In Part 2 of your Energy Charge, you get a credit or charge for the kWh difference between your actual usage and your baseline. You get a credit if you use less than your baseline and a charge if you use more.

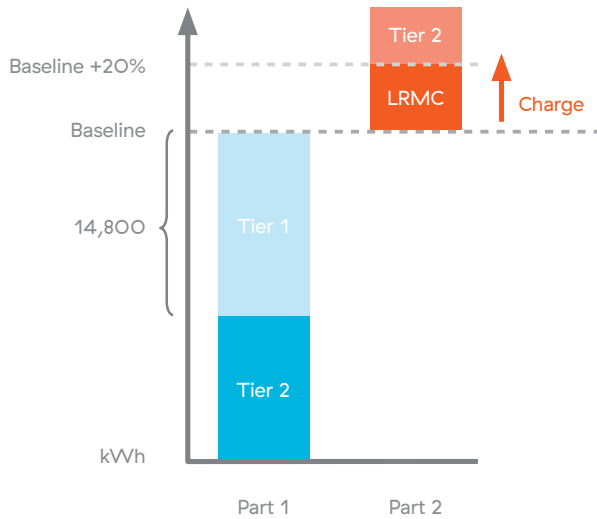
There is no delay between when you pay for your baseline (in Part 1) and when you receive a credit or charge for the difference between your actual usage and baseline (in Part 2). If your actual usage is equal to your baseline, there is no Part 2 credit or charge.

To encourage conservation, a portion of your credits and charges is at a higher price that more closely reflects BC Hydro’s higher cost of new electricity supply. This price is also referred to as the long-run marginal cost-based price or LRMC. This higher price makes your credits and charges larger—giving your organization a bigger incentive to save money through energy conservation and efficiency.

Pricing for charges

You pay for each kWh you use above your baseline. The LRM price applies to each kWh up to 20% above your baseline (in terms of kWh).

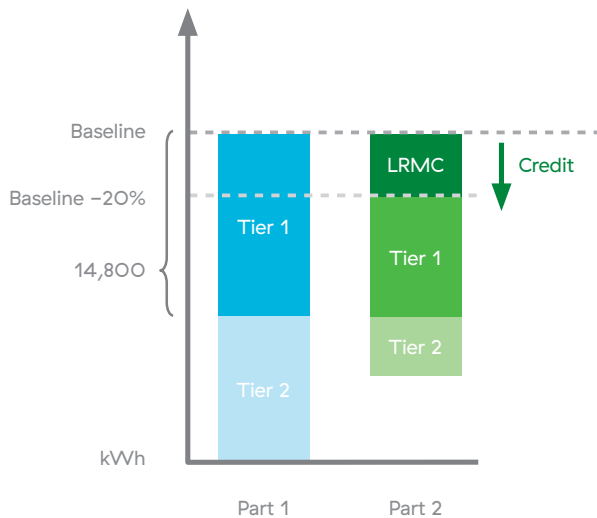
Tier 1 and Tier 2 prices apply to kWh beyond 20% above your baseline. The Tier 1 price applies until at least 14,800 kWh has been charged at Tier 1 and/or the LRM price. Once at least 14,800 kWh has been charged at Tier 1 and/or the LRM price, the lower Tier 2 price will apply to additional kWh.



Pricing for credits

You get a credit for every kWh you save below your baseline. The LRM price applies to kWh saved down to 20% below your baseline (in terms of kWh).

Tier 1 or Tier 2 prices apply to each kWh saved beyond 20% below your baseline. The credit for each of these kWh is equal to the price you paid for it in Part 1.



Your Baselines

Your baselines are the starting point for the MGS Conservation Rate. Baselines reflect your average historic usage and are calculated for each month every year. How your baselines are calculated depends on how many years your account has been on the MGS Conservation Rate.

Baselines for your first year on the MGS Conservation Rate

The calculation of your Year 1 baselines depends on the date your account moved to the MGS Conservation Rate.

Move date to MGS Conservation Rate	Year 1 baselines are an average of your usage during:
April 1, 2012 (85 kW–150 kW)	October 1, 2008–September 30, 2011*
April 1, 2013 (35 kW–85 kW)	October 1, 2009–September 30, 2012*

As an example, if your MGS account moves to the MGS Conservation Rate on April 1, 2012, your Year 1 baselines will be an average of your usage in each month between October 1, 2008 and September 30, 2011. Your July 2012 baseline, then, would be an average of your usage in July 2009, July 2010 and July 2011.

* If your account has less than 12 full months of historic usage in this period, your Year 1 baselines will be based on the 12 month period prior to the date you move to the MGS Conservation Rate. If you have less than 12 full months of historic usage prior to the date you move to the MGS Conservation Rate, please see the special considerations for new accounts below.

Subsequent baselines

Every year, a new baseline is calculated for each month to reflect changes in your energy usage. Baselines for your second and subsequent years on the MGS Conservation Rate will begin to incorporate your usage since moving to the MGS Conservation Rate. In your fourth year on the MGS Conservation Rate, your baselines will become a rolling three-year average of your historic usage.

Baselines are calculated for each month. Using July as an example, your July baselines will be calculated as follows:

- Year 2 July baseline = (Year 1 July baseline + Year 1 July usage) / 2
- Year 3 July baseline = (Year 1 July baseline + Year 1 July usage + Year 2 July usage) / 3
- Year 4 July baseline = (Year 1 July usage + Year 2 July usage + Year 3 July usage) / 3

Moving forward, baselines become a rolling three-year average for each month.

Baselines are calculated three months at a time and updated online about six months before your account is billed on them.

When you login or register your account at bchydro.com/login, you can see your baselines and how they were calculated. Once you have registered, select the baselines link on the Account Summary page.

Baselines on your bill

Baselines are calculated for each calendar month, like January, February or March. Your bills, on the other hand, are based on your billing period—the time between the dates your meter is read. To fairly compare your baselines to your actual usage in the billing period, baselines are prorated to your billing period.

As an example, consider a billing period from March 9 to April 6.

To prorate the baselines, we first calculate the daily baseline amount for March and April.

- If the March baseline is 24,800 kWh, the daily baseline amount for March would be calculated as $24,800 \text{ kWh} / 31 \text{ days of March} = 800 \text{ kWh/day}$.
- If the April baseline is 21,000 kWh, the daily baseline amount for April would be $21,000 \text{ kWh} / 30 \text{ days} = 700 \text{ kWh/day}$.

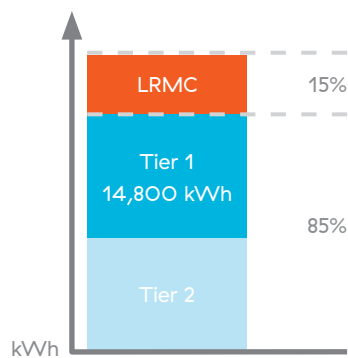
We then multiply these daily baseline amounts by the number of days of each month that are in the billing period. For this billing period of March 9 to April 6, there are 23 days of March and 6 of April.

- For the 23 days of March, the baseline amount is $800 \text{ kWh/day} * 23 \text{ days} = 18,400 \text{ kWh}$.
- For the 6 days of April, the baseline amount is $700 \text{ kWh/day} * 6 \text{ days} = 4,200 \text{ kWh}$.
- The prorated baseline for the billing period (the baseline that appears on the bill) would then be equal to $18,400 + 4,200 = 22,600 \text{ kWh}$.

Special Considerations

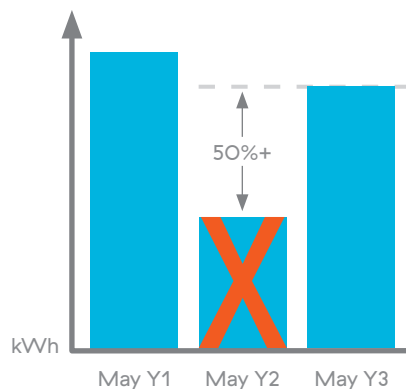
The MGS Conservation Rate has special considerations for new accounts, accounts experiencing significant energy usage growth and accounts with unusually low months of usage.

New accounts



Until your account has a year of energy usage history to calculate baselines, you'll be billed differently. During this time, 15% of your usage in each billing period will be billed at the higher price that more closely reflects BC Hydro's cost of new electricity supply (LRMC). The remaining 85% of your usage will be billed at one price (Tier 1) up to 14,800 kWh and a second, lower price (Tier 2) for any additional usage. Once you have 12 full months of energy usage history, you will pay for electricity as described on page 5 (The MGS Conservation Rate section).

Unusually low usage



Baseline calculations automatically exclude months with unusually low usage. When calculating each month's baseline, your usage in the same month for up to three years since moving to the MGS Conservation Rate is considered. The lowest month of usage is excluded from the baseline calculation if it is less than half of the second-lowest month of usage. This adjustment keeps your baselines higher—putting you in a better position to receive credits for conservation. This adjustment is permitted up to four times per BC Hydro's fiscal year (April to March of the following year).

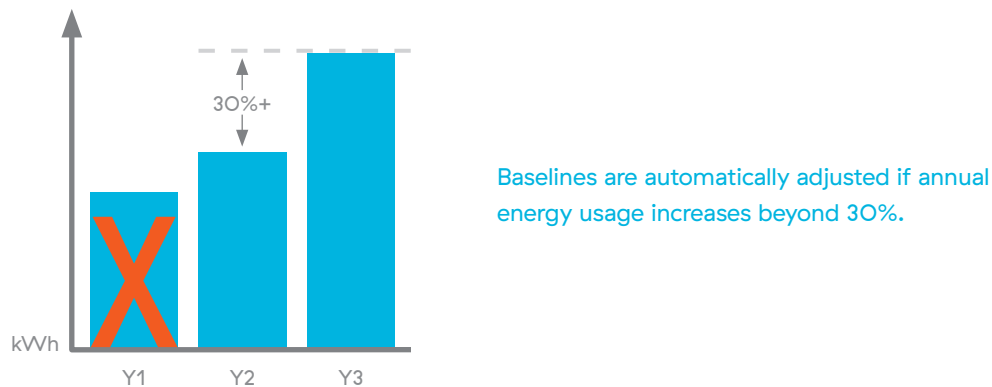
Significant usage growth

The MGS Conservation Rate has special considerations for organizations using more electricity.

The higher price that more closely reflects BC Hydro's cost of new electricity supply only applies to additional usage up to 20% above your baseline. Usage beyond 20% above your baseline will be priced at Part 1 prices (Tier 1 and 2).

As a rolling three-year average of your usage, baselines will follow your changes in energy usage—growing with increases in your energy usage and declining with decreases. If your usage changes and then stays at a new higher level, the Part 2 charges on your bill will decrease as your baselines catch up with your usage. If your usage equals your baseline, there will be no Part 2 charges on your bill.

If your electricity usage increases more than 30% annually, your baselines will automatically be calculated using the last two years of usage (rather than three). By removing the oldest year of energy usage, your baselines will reflect your increased usage more quickly—minimizing your Part 2 charges. BC Hydro will compare annual usage on a calendar basis, starting with a comparison between your third and second year on the MGS Conservation Rate.



Minimum energy charge

When energy usage is significantly below the baseline, the total bill could be zero or even result in a credit balance, despite electricity being used. To ensure that all customers pay for the electricity they use, a Minimum Energy Charge would replace Part 1 and Part 2 of your Energy Charge when the average price per kWh in a billing period (Energy Charge divided by total energy usage) is less than the Minimum Energy Charge price per kWh. The Minimum Energy Charge would equal the product of the Minimum Energy Charge price per kWh and the total kWh used during the billing period.

Other discounts and minimum charges may also apply.

For more details, see the online pricing table at bchydro.com/rates.

Moving between rate categories

Business accounts can move between rate categories based on changes in annual peak demand and total annual energy usage.

Accounts move to different rate categories if certain thresholds for annual peak demand or total annual energy usage are met.

Moving from MGS to LGS

MGS accounts that meet either of the following criteria move to the LGS rate category:

- Peak demand exceeds 150 kW more than six times in 12 consecutive billing periods
- Total energy usage exceeds 550,000 kWh in any 12-month period

Moving from MGS to SGS

An MGS account will move to the SGS rate category if the organization records 12 consecutive months in which peak demand is under 35 kW.

Moving to MGS from LGS

LGS accounts that meet both of the following criteria move to the MGS rate category:

- Peak demand drops below 100 kW for 12 consecutive billing periods
- Total energy usage in that same 12 month period drops below 400,000 kWh

Moving to MGS from SGS

SGS accounts that meet one of the following criteria move to the MGS rate category:

- Total energy usage in half of the last six bi-monthly billing periods was 35kW or more
- Total energy usage in the last 12 monthly billing periods was 35kW or more

Baselines

If an account moves to the MGS rate category from LGS or SGS, baselines will be calculated using the last 12 months of historic usage – reflecting the most recent usage that prompted the move.

Glossary

Below are some of the basic terms used to describe electricity usage and other concepts in this document.

Kilowatt (kW)

A kilowatt is equal to 1,000 watts and, is a unit of measure for the rate of electricity usage (also called demand). On each bill, MGS accounts are billed for their peak demand defined as their highest rate of electricity usage during the billing period.

Kilowatt hour (kWh)

A kilowatt hour is a unit of measure for the total amount of electricity used. As an example, a 100-watt light bulb left on for 10 hours would use one kWh of energy. On each bill, MGS accounts are billed for their total electricity usage during the billing period, measured in kWh.

Large General Service (LGS)

Large General Service is one of three general service rate categories for BC Hydro's business customers. Accounts that use more than 550,000 kWh of electricity per year or have an annual peak demand above 150 kW are billed as an LGS account. If you have an LGS account, your rate schedule (the code that appears on your bill) is 1600, 1601, 1610 or 1611.

Long Run Marginal Cost (LRMC)

This is a price that more closely reflects BC Hydro's higher cost of new electricity supply. It is used in the LGS and MGS Conservation Rates to increase the financial incentive to conserve electricity. It applies to each additional kWh you use up to 20% above your baseline and to each kWh saved down to 20% below your baseline.

Medium General Service (MGS)

Medium General Service is one of three general service rate categories for BC Hydro's business customers. Accounts that use less than 550,000 kWh of electricity per year and have an annual peak demand between 35 and 150 kW are billed as an MGS account. If you have an MGS account, your rate schedule (the code that appears on your bill) is 1500, 1501, 1510 or 1511.

Rate category

Rate categories determine what rate structure your account is on. MGS is one of three rate categories for BC Hydro's business customers. Typically, each electricity meter you have is a separate account and is assigned to a rate category based on total annual energy usage or annual peak demand (a measure of your highest rate of usage).

Rate structure

Rate structures define the way you pay for your electricity usage. For instance, an MGS account is billed for its electricity usage according to the MGS Conservation Rate.

Small General Service (SGS)

Small General Service is one of three general service rate categories for BC Hydro's business customers. Accounts that have an annual peak demand below 35 kW are billed as an SGS account. If you have an SGS account, your rate schedule (the code that appears on your bill) is 1300, 1301, 1310 or 1311.