
2015 Rate Design Application

**April 28, 2015/May 21, 2015
Workshop Nos. 9a and 9b**

**Electric Tariff Terms and Conditions/
Residential Inclining Block (RIB) Rate
and Other Residential Rate Issues**

**BC Hydro Summary
and Consideration of Participant Feedback**

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- Attachment 1 Workshop Nos. 9a and 9b Summary Notes
- Attachment 2 Workshop Nos. 9a and 9b Feedback Forms and Written Comments
- Attachment 3 BC Hydro to BCOAPO Draft Comparison of OEB's Electricity Low Income Customer Rules to Electric Tariff Terms and Conditions
- Attachment 4 BC Hydro Draft Low Income Rate Jurisdictional Review
- Attachment 5 BC Hydro Letter to Commission dated October 27, 2014 Report on Control Group Re-establishment
- Attachment 6 BC Hydro Responses to BCSEA's E-Plus Questions
- Attachment 7 BC Hydro Residential E-Plus-related Engagement to Date Documents
- Attachment 8 Estimated Number of General Service Customers in Zone II Non-Integrated Areas, by Site Type, Region and Rate Schedule

This memo documents stakeholder feedback concerning BC Hydro's April 28, 2015 Workshop 9a and May 21, 2015 Workshop 9b addressing: proposed Electric Tariff terms and conditions changes and cost updates; BC Hydro's preferred alternative for the default Residential rate and other Residential rate issues such as Rate Schedule (**RS**) 1105, the Dual Fuel Interruptible Service (**E-Plus**) rate; and BC Hydro's consideration of this input. Workshops 9a and 9b were held in Vancouver, B.C. with customers also being provided an opportunity to listen into the discussions remotely through a webinar. Copies of Workshop 9a/9b presentation slides can be found on the BC Hydro website at

bchydro.com/about/planning_regulatory/2015-rate-design.html.

Customer input was received at Workshops 9a/9b as well as through feedback forms and written comments submitted during a subsequent 30-day comment period, which began with the posting of draft Workshop 9b summary notes on June 3, 2015.

Prior to Workshops 9a/9b, on May 4, 2015 BC Hydro met with British Columbia Old Age Pensioners' Organization *et al* (**BCOAPO**) to discuss BC Hydro undertaking a low income rate jurisdictional review, and examining potential low income terms and conditions modelled on the Ontario Energy Board's (**OEB**) Electricity Low Income Customer Rules.¹ BC Hydro provided BCOAPO with a draft low income rate jurisdictional review on June 26, 2015. BC Hydro is planning to meet with BCOAPO in August 2015 to further discuss these topics after the 2015 Rate Design Application (**RDA**) wrap-up workshop held on July 30, 2015.

After Workshops 9a/9b, on June 29, 2015 BC Hydro met with Canadian Office and Professional Employees Union Local 378 (**COPE 378**) to discuss the F2009-F2013 Evaluation of the Residential Inclining Block Rate (**2013 RIB Evaluation Report**),²

¹ The OEB's summary of these terms and conditions is found at <http://www.ontarioenergyboard.ca/OEB/Consumers/Electricity/Customer+Service+Rules>.

² Revision 2 dated June 2014; copy available at <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/revenue-requirements/10-RIB-Evaluation-report.pdf>.

the Residential Inclining Block (**RIB**) rate, and COPE 378's proposal of a Residential flat rate alternative combined with a credit system granting access to low cost Heritage Resources on a basis such as efficiency ratings and/or low income. A summary of the June 29, 2015 meeting with COPE 378 was posted to the BC Hydro 2015 RDA website on July 29, 2015. In addition, the results of that discussion are reflected in this memo.

In addition, on May 8, 2015 BC Hydro received a number of questions from British Columbia Sustainable Energy Association and B.C. Sierra Club (**BCSEA**) concerning the Residential E-Plus rate. BC Hydro responds to those questions in this memo in Attachment 6.

The memo is structured as follows:

- Section [1](#) addresses BC Hydro's proposed Electric Tariff terms and conditions changes and cost updates, including a summary of comments received on this topic as part of Workshop 3 held on June 25, 2014;
- Section [2](#) reviews comments concerning two aspects of BC Hydro's Residential rate design assessment methodology: the 10 per cent bill impact test and the proposed Residential rate jurisdictional review;
- Section [3](#) sets out BC Hydro's preferred alternative for the default Residential rate, which is the RIB rate, together with the two alternatives BC Hydro will bring forward in the 2015 RDA – a three-step rate and flat rate;
- Section [4](#) describes two alternative means of carrying out the RIB rate issues: pricing principles for F2017-F2019, and a potential Minimum Charge;
- Section [5](#) identifies BC Hydro's preferred alternative for the Residential E-Plus rate, and includes a summary of comments received from E-Plus customers to date;

- Section [6](#) canvasses comments on BC Hydro's proposed timing for review of and identification of issues concerning three Residential rate options;
- Section [7](#) concludes this memo with a summary of BC Hydro's proposed timing for review of and identification of issues concerning two other Residential rate issues – Non-Integrated Area (**NIA**) rates and farm service.

Attachment 1 includes the Workshop 9a and 9b summary notes, which provide a more detailed description of issues (including questions and answers);

Attachment 2 consists of the feedback forms received during the written comment period;

Attachment 3 is a copy of a document BC Hydro provided to BCOAPO comparing the OEB's Electricity Low Income Customer Rules to existing Electric Tariff terms and conditions;

Attachment 4 is the latest draft of BC Hydro's low income rate jurisdictional review;

Attachment 5 is copy of BC Hydro's October 27, 2014 letter to the British Columbia Utilities Commission (**Commission** or **BCUC**) regarding using City of New Westminster (**New Westminster**) as a control group for RIB rate evaluation purposes;

Attachment 6 contains BC Hydro's responses to BCSEA's E-Plus questions;

Attachment 7 contains documents relating to BC Hydro's Residential E-Plus-related engagement to date;

Attachment 8 is a summary of the estimated number of NIA Zone II General Service customers by site type, region and RS, which was sent to First Nations Energy & Mining Council (**FNEMC**) on July 8, 2015.

BC Hydro sets out its energy Long-Run Marginal Cost (**LRMC**) range for F2016 to F2019 here as it is referred to in this memo in a number of places:³

Lower End of Energy LRMC Range and Fiscal (F) Year cents per kilowatt hour (/kilowatt hour (kWh))	Upper End of Energy LRMC Range and F Year (cents/kWh)
F2016: 9.36	F2016: 11.01
F2017: 9.54	F2017: 11.23
F2018: 9.73	F2018: 11.45
F2019: 9.93	F2019: 11.68

1 Standard Charges in the Electric Tariff

1.1 Timing Options for Updating Standard Charges

In response to feedback from COPE 378 at Workshop 3 that BC Hydro should identify the overall principle informing its Electric Tariff Standard Charges, at Workshop 9a BC Hydro confirmed the principle is to ensure cost recovery for activities undertaken because of a request or action of a specific customer, whether existing or new. For purposes of fairness and simplicity BC Hydro applies a single, blended cost to all customers.

BC Hydro proposed that cost updates and any changes of an administrative nature to the Standard Charges should occur more frequently than periodic RDAs (which generally occur every eight years or so). BC Hydro sought stakeholder feedback on the following timing options for the updating of Standard Charges:

- Option 1 – Continue to update with RDA filings; or
- Option 2 – Update with other more periodic filings such as: (1) Rate change compliance filings or (2) Revenue Requirement Application (**RRA**) filings; or other stand-alone filings.

³ Section 9.2.12 of BC Hydro's 2013 Integrated Resource Plan (**IRP**) sets out the energy LRMC range of \$85 per megawatt hour (**MWh**) to \$100/MWh (\$F2013); copy available at https://www.bchydro.com/energy-in-bc/meeting_demand_growth/irp/document_centre/reports/november-2013-irp.html. For rate making purposes BC Hydro factors in Distribution losses and uses a 2 per cent inflation assumption for F2016-F2019.

1.1.1 Participant Comments

Participants generally agreed that Standard Charges updates with no major changes to cost structures or calculation methodologies can be filed more frequently with RRAs or other filings, rather than with infrequent RDAs, to reflect BC Hydro's costs in a more timely way.

Commission staff suggest that if the Standard Charge updates are to reflect the inflationary impacts, Option 2 will allow more timely updates. However, if the methodologies used to estimate the charges require a fundamental review, RDA proceedings remain the better forum to review the proposed charge updates.

BCOAPO states that new charge introduction and update/revision of associated terms and conditions should occur during RDA filings. However, pressing matters could be considered as part of a RRA or stand-alone application, provided such updates are transparent and subject to review/testing.

Commercial Energy Consumers Association of British Columbia (**CEC**), BCSEA and FNEMC favour Option 2 to update Standard Charges with other more periodic filings such as RRAs or stand-alone filings. COPE 378 supports updating Standard Charges in RRAs instead of compliance filings for efficiency and cost savings as more potentially interested parties are engaged in the RRA review processes already.

1.1.2 BC Hydro Consideration

BC Hydro agrees with Commission staff and BCOAPO that fundamental changes to Standard Charges, introduction of a new Standard Charge and/or major changes to the terms and conditions related to these charges are preferably filed with and examined through RDAs. However, in special situations where there have been significant cost changes to an existing Standard Charge, an expedited process or other existing public processes such as RRAs will be considered so the cost increase/decrease can be reflected more timely.

BC Hydro will review inflationary updates of existing Standard Charges more frequently with RRAs or stand-alone filings in the future, so the price changes will be more gradual. BC Hydro agrees with COPE 378 that RRAs are the best forum given the subject matter (updating costs) and the participation of interested parties.

BC Hydro will seek Commission endorsement of the review process described above as part of 2015 RDA Module 1 to provide greater certainty for future filings and regulatory review process efficiency. BC Hydro first used the term ‘endorsement’ in the 2008 Long-Term Acquisition Plan (**LTAP**) proceeding;⁴ endorsements are requested to give parties clarity and BC Hydro direction by declaring a treatment will be presumed unless there is a good reason for another treatment.

1.2 Late Payment Charge

As part of the Workshop 3 consideration memo, BC Hydro stated that it was not proposing any changes to the 1.5 per cent Late Payment Charge given that it is in line with other jurisdictions. In response to inquiries by COPE 378 at Workshop 3 and Workshop 9a, in the Workshop 9a summary notes BC Hydro stated that the Late Payment Charge is foremost a cost recovery mechanism to compensate BC Hydro for expenses incurred as a result of the late payment and to take into account the time value of money. The Late Payment Charge is also a means to induce prompt payments on the part of customers.

In its request for feedback on Workshop 9a, BC Hydro sought input on:

1. What, if any, additional analysis should be part of the 2015 RDA; and
2. Is there any basis for changing the 1.5 per cent Late Payment Charge?

⁴ Refer to, for BC Hydro’s response to BCUC Information Request (**IR**) 1.4.1 in the 2008 LTAP proceeding (Exhibit B-3);
http://www.bcuc.com/Documents/Proceedings/2008/DOC_19530_B-3_BCH%20-%20IR%20Rsps.pdf.

1.2.1 Participant Comments

BCOAPO indicates that the Late Payment Charge should be reduced to a maximum of 1 per cent unless it can be fully cost justified, and BC Hydro should waive the Late Payment Charge for low income customers. COPE 378 also believes the 1.5 per cent Late Payment Charge is too high and suggests a more flexible Late Payment Charge scheme which allows a lower charge reflecting current interest rates to be applied in the initial late payment period and a higher charge that includes staff time and other risks of delinquencies to be applied to extended late payments.

FNEMC supports BCOAPO's comment and seeks further analysis and justification from BC Hydro on the cost basis of the 1.5 per cent Late Payment Charge. FNEMC also suggests BC Hydro investigate United States (**U.S.**) utilities with respect to low income energy assistance measures such as those available through the California Public Utilities Commission (**CPUC**).

BCSEA acknowledges that it may be difficult for BC Hydro to perform an accurate cost recovery analysis on the Late Payment Charge as the level of impact of a higher or lower Late Payment Charge to bad debt is not easy to determine. BCSEA is sympathetic to low income customers and would not want low income customers to be charged higher than what can be attributed to cost recovery.

CEC thinks the 1.5 per cent Late Payment Charge is appropriate and supports customer-related costs for specific customers-driven activity be appropriately charged to those customers, unless analysis shows the recovery of these costs are cost ineffective.

1.2.2 BC Hydro Consideration

In the 2015 RDA, BC Hydro will propose continuation of the 1.5 per cent Late Payment Charge.

In response to the request for cost justification from BCOAPO, FNEMC and COPE 378, Table 1 below provides a breakdown of BC Hydro's Late Payment

Charge-related costs (F2015). F2015 revenue from the Late Payment Charge was \$7,843,653.

Table 1 **BC Hydro Late Payment Charge Costs
(F2015)**

Accenture Business Service BC Costs (ABSBC) (Credit & Call Centre)	\$3,881,143
Customer Late Payment Communications	\$1,949,170
BC Hydro Interest	\$1,936,222
BC Hydro Operating & Maintenance	\$250,000
Total	\$8,016,535

Note that BC Hydro uses its Weighted Average Cost of Debt (**WACD**) of 4.21 per cent to calculate BC Hydro interest cost. BC Hydro also applies its WACD for purposes of security deposits and any other credits BC Hydro gives back to customers. The Electric Tariff mandates use of the WACD for security deposit-related interest (section 2.4.4.6) and for back-billing purposes (section 5.8.6). If BC Hydro used a bank short-term interest rate (1.32 per cent), the Late Payment Charge would be around 1.25 per cent. Commission Order No. G-143-06 approving the BC Hydro F2007/F2008 RRA Negotiated Settlement Agreement (**NSA**) approved the commitment by BC Hydro to use its WACD for the most recent fiscal year as the interest rate applicable to customer refunds arising from customer contributions and security deposits where interest applies to those refunds under the Electric Tariff.⁵ However, if a bank short-term interest rate were used for Late Payment Charge costs, BC Hydro would revisit applying WACD for interest payments to customers.

The 1.5 per cent Late Payment Charge is in line with most other Canadian electric utilities BC Hydro surveyed to date (Nova Scotia Power, New Brunswick Power, Hydro One, Toronto Hydro Electric System, Hydro Ottawa, FortisBC). There is no Canadian jurisdictional support for a Late Payment Charge of 1 per cent that BC Hydro is aware of; the two lowest Late Payment Charges are Hydro Quebec's at

⁵ Refer to NSA section 28, Appendix A to Commission Order No. G-143-06, page 11 of 45;
http://www.bcuc.com/Documents/Orders/2006/DOC_13130_G-143-06_BCH-F07-08-RRA-NSP.pdf.

1.2 per cent and Manitoba Hydro's at 1.25 per cent. The revenue impacts of reducing the Late Payment Charge to 1.25 per cent and 1 per cent are set out in Table 2.

Table 2 Late Payment Charge Levels and Revenue Impacts

Late Payment Charge (%)	BC Hydro Revenue (F2015) (\$)
1.5	7,843,653
1.25	6,536,378
1	5,229,102

BC Hydro's consideration regarding waiving the Late Payment Charge for low income customers is included in section [1.6](#) below, which discusses possible Low Income Terms and Conditions. BC Hydro notes that it offers flexible payment arrangements for customers in need. Customers who cannot pay their full overdue amount can request to set up an installment plan. A Late Payment Charge does not apply to the overdue amounts in installment plans if customers fulfill their payment commitments.

1.3 Reconnection Charges

BC Hydro set out its proposals to:

- Update the Minimum Reconnection Charge to reflect current costs; and
- Update Terms and Conditions related to re-application for service and exclusions from when the charge is applied.

BC Hydro identified that its preferred option for a Minimum Reconnection Charge would not include Information Technology (IT) costs, which would result in a large reduction in the Minimum Reconnection Charge from the current Minimum Reconnection Charge of \$125 per meter.

Two stakeholders suggested advancing the timing of this component of the 2015 RDA. BC Hydro indicated that it is prepared to act on this if there are virtually unanimous stakeholder views that the proposed updated Minimum Reconnection Charge adequately identifies costs.

BC Hydro sought stakeholder feedback on the cost basis concerning the proposed Minimum Reconnection Charge and suggestions concerning an expedited review process for the proposed Minimum Reconnection Charge.

1.3.1 Participant Comments

Most participants (BCPOPO, BCSEA, COPE 378 and FNEMC) support BC Hydro's proposal to not include IT costs in the Minimum Reconnection Charge and to update Terms and Conditions related to re-application for service and exclusions from when the charge is applied. BCOAPO notes that there is an overall benefit to all customers when a customer reconnects and once again commences to pay for facilities installed to provide service. These parties also support an expedited review of the Minimum Reconnection Charge. BCOAPO specifically seeks a Commission determination on this matter by November 1, 2015 to allow the updated charge to be fully implemented for winter 2015. BCOAPO reiterated this request in a letter dated July 31, 2015 to BC Hydro.

CEC does not believe that eliminating full IT costs from consideration can be adequately justified and that BC Hydro should have analysis to support it in the 2015 RDA.

1.3.2 BC Hydro Consideration

BC Hydro proposes an updated Minimum Reconnection Charge of about \$30 (to be finalized in the 2015 RDA) to reflect the costs current costs of reconnection, and revising the Terms and Conditions to exclude the application of Reconnection Charge to vacant account and other specific service re-application reconnections such as customer side breaker. The result is that BC Hydro is proposing to significantly reduce the Minimum Reconnection Charge.

In response to CEC, BC Hydro proposes to no include IT costs on the Minimum Reconnection Charge based on stakeholder feedback at both Workshop 3 and Workshop 9a. BC Hydro notes that most stakeholders support BC Hydro's preferred

Minimum Reconnection Charge, and agrees with BCOAPO that there is an overall benefit to all customers when a customer reconnects.

As requested by CEC, detailed cost breakdown of the new Minimum Reconnection Charge will be included in the 2015 RDA in an appendix that will provide the cost derivation for all requested changes to Standard Charges. Refer to Table 3 which serves as an example of how the 2015 RDA appendix will provide the cost derivation; in this case, Table 3 is for the regular hour portion of BC Hydro's preferred Minimum Reconnection Charge:

Table 3 Cost Derivation of Minimum Reconnection Charge

Costs	Regular Hours
ABSBC (Call Center and Credit Review)	\$5.37
Manual Disconnections (5% are done manually)	\$9.48
Manual Reconnections (7% are done manually, this cost is for regular hours)	\$14.95
Total Costs	\$29.80
Rounded Minimum Reconnection Charge	\$30

BC Hydro notes that it set out all the cost categories for the Minimum Reconnection Charge at Workshop 3 (slide 10).⁶

BC Hydro will also consider advancing the review process of the Minimum Reconnection Charge to allow more adequate recovery of the current reconnection costs. BC Hydro understands it is beneficial to customers to have the proposed Minimum Reconnection Charge in place for the upcoming winter season. However, there will be an impact to net income of up to about \$950,000 for F2016 if BC Hydro's preferred Minimum Reconnection Charge were implemented on December 1, 2015. This is an issue BC Hydro will consider internally in August and keep BCOAPO informed. An expedited review process could consist of one round of IRs with BCH responses due in November 2015 and then either: (i) parties submitting argument on

⁶ <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-rate-design-application-electric-tariff-terms-and-conditions.pdf>.

this topic shortly after; (ii) or a SRP as follow up to the responses in November 2015 so that the proposed Minimum Reconnection Charge could be in place by December 1, 2015.

1.4 Proposed Meter Test Charge

BC Hydro reviewed that currently, if a customer requests an independent meter test, the customer is charged the Minimum Reconnection Charge if the meter is found to be accurate. This approach provides partial recovery of costs incurred to exchange the meter and to send it to Measurement Canada. BC Hydro sought feedback on the appropriate level of cost recovery for meters that are tested by Measurement Canada at the customer's request but are found to be accurate. The Meter Test Charge options are:

- Option 1 – Minimum Reconnection Charge equal to approximately \$26, a lower charge that is far below BC Hydro's costs and which is expected to not deter frivolous requests for meter tests;
- Option 2 – First Subsequent Meter Connection Charge equal to \$181 to more closely reflect cost recovery (as the connection activities are similar); and
- Option 3 – Prior Minimum Reconnection Charge equal to \$125 (to be defined going forward as the "Meter Test Charge") and possibly balancing customer needs and cost recovery.

1.4.1 Participant Comments

Commission staff would like to know whether "frivolous" meter tests are a significant problem and request BC Hydro to provide historical meter tests data.

COPE 378 thinks that Options 2 and 3 pose barriers and would unfairly limit legitimate requests for tests. COPE 378 suggests an escalating fee structure where the first meter test is charged at a low fee and subsequent ones requested on the same meter within a certain period of time be charged at a higher rate.

BCSEA is inclined to support Option 3 on the basis that it is a compromise between full cost recovery and a charge that would be too low to discourage frivolous meter test requests. BCOAPO and FNEMC suggest Option 2 for full cost recovery when the tested meter is found to be accurate. CEC suggests BC Hydro advance both Options 2 and 3 in the 2015 RDA.

1.4.2 BC Hydro Consideration

BC Hydro proposes Option 2 (\$181) as the appropriate Meter Test Charge to fully recover costs. Customers would not be charged if the meter failed Measurement Canada's testing. Option 2 reflects full cost recovery for the first meter connection charge, and so is a good proxy for the costs incurred to send a meter to Measurement Canada for testing.

No stakeholder submitting comments on this topic support Option 1. Option 3, a \$125 charge based on the current Minimum Connection Charge, is not sufficient to recover costs.

In response to comments from COPE 378, a graduated scale would not provide cost recovery for the first meter test, nor would it likely be a deterrent to frivolous requests for testing. It would also add administrative complexity.

In response to Commission staff, from 2012 to 2014, 647 meters (86 legacy, 561 smart) were tested and only three failed (all legacy). BC Hydro does not wish to discourage customers' legitimate concern over meter accuracy. However, historical data indicates that over 99.5 per cent of meters tested were found to be accurate, and 100 per cent of the smart meters tested were accurate. BC Hydro is concerned that if the Meter Test Charge is too low, frivolous requests will increase, and ratepayers will have to bear the costs.

1.5 Security Deposits

BC Hydro reviewed the issues with the current requirements and administration of security deposits and sought feedback on its proposal to require security deposits up to two times or /three times the average monthly bill (depending on billing frequency), with no change to the maximum deposit required. BC Hydro stated that its proposal would be a practical and administratively simple for securing low consumption accounts, and allow flexibility to charge a lesser amount. BC Hydro also sought feedback on a wording change that would allow a security deposit to be assessed or increased if actual consumption is significantly greater than what was initially assumed.

1.5.1 Participant Comments

Participants generally support revising the security deposit Electric Tariff wording to include “up to” two times/three times the average monthly bill, with no change to the maximum deposit required. Participants also agree that BC Hydro should be able to increase the security deposit amount if actual consumption is significantly higher than initially assumed.

BCOAPO and FNEMC request BC Hydro to waive security deposit for low income customers under Low income Terms and Conditions. COPE 378 supports flexibility and believes it can address issues for low income customers. BCSEA thinks such a change would allow BC Hydro to require a smaller (or no) security deposit in the first place.

CEC states that BC Hydro should have security deposits and disconnect terms for all customers, especially for customers with low dollar amounts and/or apartment and history of bad debts.

Commission staff have no comment on the security deposit level at this time, but would like BC Hydro to further elaborate on whether the problems it faces are the same from different customer groups.

1.5.2 BC Hydro Consideration

Participants generally support BC Hydro's proposal, and accordingly in 2015 RDA Module 1 BC Hydro will propose the following changes to section 2.4 of the Electric Tariff:

- Change the security deposit amount to be “up to” two or three times the average monthly bill; and
- Allow a security deposit to be assessed or increased if actual consumption is significantly greater than the initial assessment.

In response to Commission staff, BC Hydro focuses its security deposit analysis on Residential customers because this customer group has the most number of customers, higher total bad debt than commercial customers and is more behavioural driven in terms of payments. BC Hydro found different behavioural patterns and different risks between renters and owners, apartments and houses, and low consumption and high consumption accounts. Thus BC Hydro is seeking more flexibility in assessing security deposits to properly secure residential accounts with different level of risks.

BC Hydro's consideration regarding waiving security deposits for low income customers is included in section [1.6](#) below.

1.6 Possible Low Income Terms and Conditions

1.6.1 Engagement with BCOAPO

As part of Workshop 9a consideration, BC Hydro met with BCOAPO on May 4, 2015 to discuss the possibility of a set of terms and conditions for BC Hydro's low income residential customers. At that meeting, BCOAPO advised BC Hydro of evidence submitted in the Manitoba Hydro 2015/2016 and 2016/2017 General Rate Application (**Manitoba Hydro 2015-2017 Rate Application**) proceeding raising the issue of low income terms and conditions, and a 'targeted bill affordability program' with agreed to

monthly payments based on gross income and household size. The evidence asserts that these approaches benefit all ratepayers because low income terms and conditions/targeted bill affordability program is more cost-effective than disconnect/reconnect for service, imposing late payment charges and requiring cash deposits, all of which the evidence states do not reduce residential bad debt.⁷

On June 3, 2015, BC Hydro provided BCOAPO with a document comparing the OEB Electricity Low Income Customer Rules with BC Hydro's current Electric Tariff terms and conditions. A copy of this document is found at Attachment 3 to this memo. BCOAPO advised that it will be providing comments on this information.

BC Hydro sought input from BCOAPO on which jurisdictions to survey for purposes of developing the low income rate jurisdictional review. BCOAPO suggested including Pennsylvania, Ohio, New Jersey, New Hampshire, Colorado, Illinois and Maine in addition to using BC Hydro's existing Residential rate jurisdictional review discussed in section [2.2](#) below. On June 26, 2015 BC Hydro provided BCOAPO with the results of its low income rate jurisdictional review to date, which includes review of whether the selected utilities offer low income terms and conditions. A draft copy of the low income rate jurisdictional review is found at Attachment 4 to this memo. The review is draft; refer to section [2.2.2](#) below for additional detail.

1.6.2 BC Hydro Consideration

At the May 4, 2015 meeting, BC Hydro communicated its view to BCOAPO that if BC Hydro were able to demonstrate lower utility costs such as reductions in bad debt and/or collection costs, low income terms and conditions would not be unduly preferential/unduly discriminatory.⁸ BC Hydro commenced exploration of potential low

⁷ Refer to Green Action Centre intervenor evidence (Direct Evidence of Roger D. Colton) at http://www.pub.gov.mb.ca/pdf/15hydro/gac_colton_direct.pdf.

⁸ The Commission's rate setting function is governed by sections 59 to 61 of the *Utilities Commission Act (UCA)*. For ease of reference BC Hydro refers to the legal test that its proposed rates, and rates set by the Commission, must be 'fair, just and not unduly discriminatory'.

income terms and conditions by scrutinizing the only two Canadian jurisdictions with specific terms and conditions for low income customers:

1. Arguably Nova Scotia Power. Section 6.6 of Nova Scotia Power's Regulations⁹ (the Regulations set out the terms and conditions of service), does not require a deposit from customers receiving social assistance or similar types of income security payments unless there is a history of bad credit; and
2. As referenced above, the OEB's Electricity Low Income Customer Rules, which include waivers of security deposits and more time allowed to pay outstanding balances.

BC Hydro is planning on meeting with BCOAPO in August 2015 to review the results of BC Hydro's business case concerning potential low income terms and conditions, and to provide BCOAPO with an opportunity to comment on the business case prior to any BC Hydro decision on this issue.

2 Residential Rate Design: Two Methodology Issues for Assessing RIB and Alternatives

2.1 Customer Bill Impact Test

As part of Bonbright's customer understanding and acceptance/practical and cost-effective to implement criterion (**customer understanding and acceptance criterion**), BC Hydro proposed at Workshop 3 and Workshop 9a maintaining the 2013 RIB Re-pricing Application approach of using a maximum of 10 per cent bill impact test representing 'all in costs', consisting of Revenue Requirement Application-related Direction No. 7 rate caps + deferral account rate rider + rate changes due to rate design,¹⁰ to the single most adversely impacted customer.

⁹ <https://www.nspower.ca/site/media/Parent/Regulations%20January%201%202014.pdf>.

¹⁰ Rate rebalancing is not included given Order in Council 405 dated July 14, 2015 (B.C. Reg. 140/2015) which amends section 9 of Direction No. 7 by directing the Commission that in setting BC Hydro's rates for F2017-F2019, the Commission must not set rates for BC Hydro for the purpose of changing the revenue-cost ratio for a class of customers.

BC Hydro set out its view that the purpose and level of the customer bill impact test remains appropriate to evaluate trade-offs between rate designs, emphasizing that the 10 per cent level is an ‘amber signal’ rather than a stop or go constraint.

2.1.1 Participant Comments

Participants generally agree that the customer bill impact test remains appropriate to evaluate trade-offs between rate designs, and that the 10 per cent level is properly regarded as an ‘amber signal’ rather than a stop or go constraint.

Commission staff agree that the customer bill impact test is appropriate to evaluate trade-offs among various rate designs. Commission staff comment that it is not only the level of bill impact that should be considered, but also the distribution of the bill impact among customers and the sensitivity of the bill impact to consumption level.

BCSEA states that the concept of a 10 per cent maximum bill increase (all-in), as an amber light, not a red light, is one that has stood the test of time and that from a conservation perspective, the strength of the 10 per cent bill impact test is that conservation rate designs within this limit are intrinsically defensible on bill impact grounds and can be properly considered on their merits regarding other rate design criteria.

BCOAPO agrees with the BC Hydro’s approach on this matter. BCOAPO indicates that exceedance of the 10 per cent bill impact test to the most adversely impacted customer should signal the need for more detailed analyses of the impacts, including: the overall range of bill impacts; the number of customers within various percentiles of the range; and the types/nature of the customers impacted, which would then serve as inputs into any decision regarding the relative merits of the rate design. BCOAPO states that BC Hydro should also consider other factors as part of its residential rate design, such as the ultimate purpose of introducing the RIB rate. BCOAPO advances that the RIB rate has resulted in little conservation from very large consumers, and

thus it would not concern BCOAPO unduly if such large residential users were to see an increase of more than 10 per cent.

COPE 378 states that the issue with the ‘all-in’ 10 percent bill impact test is that during a period of high general rate increases, even an amber signal may be too constraining for rate design and rebalancing changes, which could raise intergenerational equity issues. COPE 378 also raises that a percentage cap without regard to the absolute amount of the impact (for low use, low bill accounts) could be unduly constraining. COPE 378 considers that the distribution and magnitude of rate impacts as presented at the 2015 RDA workshops is most important. CEC makes substantially the same points, namely that the bill impact analysis should not be a rigid mechanical determination and in particular BC Hydro should consider the absolute impacts in addition to percentage impacts.

2.1.2 BC Hydro Consideration

BC Hydro will use its proposed bill impact test in the 2015 RDA as part of evaluating trade-offs between alternative rate designs. BC Hydro agrees with the comments of BCOAPO concerning the need for more detailed analyses, particularly in instances of exceedances of the 10 per cent bill impact test, and in the 2015 RDA will endeavour to assess and report on the absolute level and distribution of impacts and relevant customer characteristics where such information would assist the evaluation of trade-offs between rate alternatives. BC Hydro notes the comments of COPE 378 and CEC; it may be acceptable for bill impacts to exceed 10 per cent per year where the absolute dollar value of the increases is very small.

2.2 Jurisdictional Review

Another aspect of Bonbright’s customer understanding and acceptance criterion is jurisdictional comparison, taking into account the different legal and regulatory regimes, and customer characteristics. On March 12, 2015 BC Hydro circulated its proposed jurisdictional selection for 2015 RDA Residential rate analysis, which

includes Canadian utilities based on geographical diversity and vertically integrated utility market structure (which excluded Alberta and Ontario only), and U.S. utilities as guided by the B.C. Rate Comparison Regulation and regional representation through the Western Electricity Coordinating Council for utilities of a comparatively larger size.

BC Hydro sought confirmation that its proposed jurisdictional selection for RIB/residential rate assessment purposes is reasonable for the 2015 RDA. BC Hydro commented that there had been a fair degree of consensus from stakeholders that the selected jurisdictions are appropriate for review. Commission staff had recommended that BC Hydro also survey Ontario with the qualifier that Ontario has a different market structure. Commission staff also suggested that it would be helpful to describe each surveyed Canadian and U.S. electric utility's peaking months.

BC Hydro received stakeholder requests for a survey of low income-related rates and underlying legislation. BC Hydro set out its preliminary survey of low income related rates in the Discussion Guide included with the RDA Workshop 9b materials. BC Hydro noted that it planned to engage with BCOAPO to develop a Canadian and selected U.S. low income jurisdictional assessment, and sought suggestions for this assessment.

2.2.1 Participant Comments

BCOAPO, COPE 378 and FNEMC remark that the jurisdictional selection is appropriate for purposes of 2015 RDA Module 1.

BCOAPO suggests that for issues such as security deposit policies, disconnection/reconnection policies and charges, and low income assistance matters, there is no need to limit the review to vertically integrated utilities and that inclusion of jurisdictions such as Alberta and Ontario would be appropriate. FNEMC recommends that the low income jurisdictional review include individual utility programs as well as other government programs which provide energy rate relief to low income consumers.

CEC states that BC Hydro should broaden its jurisdictional review to include Ontario and Alberta. With respect to low income matters, CEC suggests that the assessment include: the appropriate legal foundation for low income rates; the low income support context to assist with determining need; and the low income economic context as part of assessing its potential policy foundation. CEC comments that BC Hydro should consider working with the B.C. Government to determine whether BC Hydro should contribute to low income support, and use B.C. Government infrastructure for delivering low income support as the means of providing such support as opposed to adopting the 2015 RDA as the appropriate mechanism.

2.2.2 BC Hydro Consideration

BC Hydro will use its current jurisdictional selection for the purposes of Residential rate design issues in 2015 RDA Module 1 with the following amendments:

- In light of Commission staff, BCOAPO and CEC comments, BC Hydro will include in the 2015 RDA a description of Ontario's Regulated Price Plan (as advocated by Commission staff), and of the OEB's Electricity Low Income Customer Rules (as suggested by BCOAPO). However, BC Hydro is of the view that the Ontario Regulated Price Plan is of little relevance for purposes of assessing default Residential rate options as the vast majority of Ontario electric utility residential customers pay Time of Use (**ToU**) rates under the Regulated Price Plan developed by the OEB in 2005, and the B.C. Government has ruled out a mandatory Residential ToU rate as a rate design BC Hydro can pursue;
- While BC Hydro does not see Alberta as relevant for purposes of assessing default Residential rate designs, BC Hydro accepts BCOAPO's observation that Alberta may be relevant for purposes of Electric Tariff terms and conditions review. BC Hydro also accepts that Alberta may be relevant for 2015 RDA Module 2 purposes, and in particular for Transmission and Distribution extension policies;

- In light of Commission staff comments, BC Hydro will also summarize the peaking months of the utilities in its survey, but notes that all Canadian utilities are winter peaking.

BC Hydro appreciates the suggestions of participants on what other additional information could be surveyed in respect of a low income jurisdictional review. In response to FNEMC, BC Hydro plans to include information on low income Demand Side Management (**DSM**) programs. BC Hydro agrees with CEC's suggestion that the low income rate jurisdictional review should include each jurisdiction's legal foundation, if any, for low income rates. BC Hydro will to the extent practicable also include the low income support context.

BC Hydro will continue to engage with BCOAPO with respect to the low income jurisdictional review. As noted above, BC Hydro provided BCOAPO with a draft of its low income rate jurisdictional review for comment. BC Hydro needs to factor in the June 24, 2015 Manitoba Public Utilities Board's (**MPUB**) decision concerning the Manitoba Hydro 2015-2017 Rate Application, which among other things ordered Manitoba Hydro to initiate a collaborative process to develop a 'bill affordability program'. The MPUB noted that there are a number of different bill affordability program models, including capping a customer's bill, providing a fixed credit on the bill or a fixed credit percentage on the bill, all based on household income; and an inclining block rate. The MPUB stated that it had jurisdiction to make the order through section 26(4) of the *Manitoba Crown Corporations Public Review and Accountability Act*,¹¹ which specifically authorizes the MPUB to consider "any compelling policy considerations that [MPUB] considers relevant to the matter". The MPUB reasoned that its jurisdiction is similarly broad as that of the OEB under the *Ontario Energy Board Act*,¹² which is the basis for the OEB's low income rate

¹¹ C.C.S.M. c. C336; <https://www.canlii.org/en/mb/laws/stat/ccsm-c-c336/latest/ccsm-c-c336.html>.

¹² S.O. 1998, c.15, Sch. B; <https://www.canlii.org/en/on/laws/stat/so-1998-c-15-sch-b/latest/so-1998-c-15-sch-b.html>.

initiatives.¹³ BC Hydro is reviewing the MPUB decision and will update the low income rate jurisdictional review in due course.

3 Residential Rate Design: Identification of RIB Rate as BC Hydro Preferred Alternative and Two Alternatives to the RIB Rate

BC Hydro sought participant comment on:

- Its identification of the RIB rate as its preferred default Residential rate structure;
- Three different options for a three step rate, and their strengths and weaknesses using the Bonbright criteria. BC Hydro proposed no further modeling of three step rates and sought participant feedback, including what additional analysis might be sought; and
- Whether there are any other alternatives BC Hydro should advance for the 2015 RDA. BC Hydro described COPE 378's idea of a Residential default flat rate sending an energy LPMC price signal to all energy consumed for all residential customers, combined with an un-defined credit system granting access to low cost Heritage Resources on a basis such as efficiency ratings and/or low income qualification. BC Hydro stated at Workshop 9b that it would meet with COPE 378 sometime in June 2015 after Workshops 9a/9b summary notes are posted to discuss the COPE 378 idea and to exchange views on the 2013 RIB Evaluation Report. BC Hydro noted that a threshold issue with the flat rate is revenue neutrality and BC Hydro does not see any fair and efficient way to re-distribute costs through a credit system and to collect BC Hydro's revenue requirement. As noted above, this meeting has occurred and is factored into both the COPE 378 comments and BC Hydro's consideration of this alternative.¹⁴

¹³ MPUB Order No. 73/15, pages 25 and 29 of 108; <http://www.pub.gov.mb.ca/pdf/15hydro/73-15.pdf>.

¹⁴ A copy of the summary notes for the 29 June 2015 meeting with COPE 378 is found at <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-06-29-bch-cope-mtng-smr.pdf>.

3.1.1 Participant Comments

RIB Rate

Commission staff suggest that BC Hydro include in the 2015 RDA the basis for its LRMC estimates and the extent to which the pricing of the Step 2 rate is guided by LRMC, conservation, and rate stability, respectively.

Other participants are divided on whether the RIB rate is the preferred default residential rate.

BCSEA supports the RIB rate as the preferred rate structure. While BCSEA remains open to consideration of other residential rate design proposals, or variations of the existing RIB rate, it continues to be of the view that the existing RIB rate structure is the best option at the present time in terms of both conservation and general ratepayer interests. BCSEA concludes that the RIB rate meets the Bonbright criteria and has enormous practical benefit of being relatively well known and understood. BCSEA remarks that there will be natural conservation through general rate increases even for customers who see only the Step 1 rate.

CEC identifies that the RIB rate is its preferred rate design for the residential sector, but notes that the fairness impacts of the rate design remain a significant trade-off issue that BC Hydro should continue to address. FNEMC acknowledges that the RIB rate is a “rate structure that encourages energy efficiency and conservation” according to the B.C. Government’s 2007 Energy Plan, highlighting that the RIB rate sends a clear price signal to the consumer and results in delivering conservation, as documented in the 2013 RIB Evaluation Report. FNEMC continues to support alternative means to provide some type of “rate relief” to low income consumers.

BC Non-Profit Housing Association (**BCNPHA**) states that the RIB rate is the best way to encourage conservation, but that the downfall of this rate type is that there are limited opportunities to save energy in a condo or apartment building.

BCOAPO indicates that the current RIB rate is not its preferred alternative, but agrees that it should be modelled and included for consideration in the 2015 RDA. BCOAPO is interested in pursuing a lifeline rate for low income customers as its preferred alternative.

COPE 378 is of the view that the extent of the efficiency benefits of the RIB rate structure are still in question, questioning in particular certain assumptions of the econometric analysis in the 2013 RIB Evaluation Report. At the June 29, 2015 meeting, COPE 378 stated that while it saw the 2013 RIB Evaluation Report as providing stronger evidence on Step 2 large user elasticity as compared to Step 1 elasticity, COPE 378 is not convinced the RIB rate is delivering as much rate structure conservation as BC Hydro says it is given that for Step 1 to date, BC Hydro can't see a change in consumption, and there have been general rate increases since F2013 which may change the picture. COPE 378 questioned whether BC Hydro had sought out control groups as opposed to relying solely on recorded data from BC Hydro's own customers. COPE 378 adds in its written comments that the RIB rate structure raises significant equity issues because 30 per cent of BC Hydro ratepayers are receiving no conservation price signals simply due to their dwelling type (apartments). COPE 378 supports consideration of alternatives to the current RIB structure that are potentially more efficient and fair.

Three Step Rate

Most participants agree that no further modeling of three-step rates is required at this time. CEC remarks that directionally a three-step rate would complicate rate design, especially considering that BC Hydro has evidence that simplifying base or default rate design is preferable at this time. FNEMC acknowledges that the modeling results of the three-step rate performed worse than the status quo RIB rate when compared against the Bonbright criteria.

While COPE 378 agrees that there need not be further modelling of the three step options, it sees potential merit in a three-tiered rate as part of a strategy to mitigate rate impacts or to lower bills for low income customers; for example, through a surcharge on very high consumption. BCOAPO continues to support the introduction of a third tier (or surcharge) for high (“heavy”) residential consumption that could fund a low income lifeline rate in the form of a monthly credit, such as that being introduced in Ontario. BCOAPO comments that the fairness concerns expressed by BC Hydro about a three-step rate could be equally applied to the RIB two-step rate in terms of impact on high use customers and the step choice being somewhat arbitrary. BCOAPO states there is both scope and rationale for supporting a cost-based rate design with both a Tier 2 rate and higher Tier 3 rate, given the range of values for LRMC, and including capacity value.

Commission staff observe that one of the modeled three-step designs does not appear to have extreme sensitivity of bill impacts to consumption levels and provides slightly more conservation than the RIB rate. Commission staff request that BC Hydro explain why a less sensitive three-step rate is no more advantageous than a two-step rate.

Flat Rate

COPE 378 advances that a flat rate within the range of LRMC is an appropriate alternative worth careful consideration as it is arguably more consistent with the Bonbright criteria than the RIB rate. COPE 378 takes the position that a flat rate should be combined with measures and strategies to encourage efficient conservation (in the same way that conservation strategies would be needed in the General Service sector with a flat rate) and also with a revenue neutral discounted low income rate or rebate for low income customers.

BCOAPO notes that at a conceptual level it sees COPE 378’s suggested flat rate alternative and credit system as recognition (and support) for the need for additional

rate assistance for low income customers and an alternative to BCOAPO's proposed three-step rate approach. BCOAPO has since advised BC Hydro (at Workshop 12) that it is leaning toward opposing a flat rate at this time on the basis of the bill impacts to low electricity users including low income customers, and the likely loss of conservation.

CEC states that BC Hydro could consider residential rates that have a flat energy rate, particularly if fairer conservation and efficiency approaches are developed. FNEMC supports measures to provide rate relief and assistance to low income consumers and therefore is interested in further analysis and modeling with respect to COPE 378's concept as a means to achieve these objectives.

BCNPHA considers that a flat rate is not appropriate, which it states would benefit high consumers that should be paying more.

3.1.2 BC Hydro Consideration

BC Hydro's preferred default Residential rate is the status quo RIB rate.

BC Hydro will include analysis on and discussion of both a flat rate and a three step rate as viable alternatives to the RIB rate in the 2015 RDA. As part of Workshop 3 feedback in which all participants except CEC commenting on the topic of a flat rate agreed it should not be advanced for further consideration, BC Hydro proposed to not advance a flat rate for further consideration. However, based on Workshop 9a/9b comments received from COPE 378 and CEC, and the June 29, 2015 meeting with COPE 378, BC Hydro will include a flat rate as one of the two viable alternatives to the RIB rate.

RIB Rate as Preferred Alternative

In BC Hydro's view, FNEMC is correct that the purpose of the RIB rate is to encourage conservation. In particular, the RIB rate encourages relatively higher energy consumers to consume less. BC Hydro acknowledges that the data used in

the 2013 RIB Evaluation Report did not include sufficient price variation to assess whether lower use electricity customers would have paid higher electricity rates under a flat rate than they paid under the Step 1 RIB rate. Presumably the elasticity of low use customers is not zero, and such customers may have consumed less under a flat rate as compared to the RIB rate. BC Hydro maintained the initial assumption of -0.05 for the price elasticity of low use customers, which is consistent with the 'natural conservation' elasticity assumption it used for the entire Residential rate class when BC Hydro forecasts Residential class sales. All conservation from low use customers is classified as natural conservation.

However, BC Hydro is of the view that there will be an overall reduction in conservation under a flat rate. The 2013 RIB Evaluation Report found that large consumers have higher elasticities than smaller consumers. Refer to the following 2013 RIB Evaluation Report findings: (1) large residential users consuming more than 2,400 kWh bi-monthly show a substantially higher than average response to higher prices. Table 3.9 of the 2013 RIB Evaluation Report indicates that the customer segment above 2,400 kWh has an estimated price elasticity of -0.16 to -0.18 and the price elasticity of the customer segment between 1,350 kWh and 2,400 kWh ranges from -0.07 to -0.13 (pages vi, 20); (2) price elasticity is generally larger for customer segments with higher consumption. Customers living in single family detached houses demonstrate higher price responsiveness than customers living in town houses, apartments or mobile homes. Price elasticity is also higher among households with electric heat than those with non-electric heat; (3) higher consumption is correlated with both higher awareness of the RIB rate and higher price elasticity; however, no firm conclusions can be drawn about how RIB awareness is related to customer price response (pages vii, 28). These results are all consistent with the RIB design assumptions that customers with a higher level of consumption tend to have a higher responsiveness to price.

BC Hydro addresses the Commission staff suggestion that BC Hydro include in the 2015 RDA the basis for its LRMC estimates and the extent to which the pricing of the Step 2 rate is guided by LRMC, conservation and rate stability as part of BC Hydro's consideration of the two RIB rate pricing principle options in section [4.1.2](#) below.

2013 RIB Evaluation Report and Meeting with COPE 378

COPE 378 raised two issues with the 2013 RIB Evaluation Report. First, there are no estimates of the elasticity with respect to Step 1 because there was too little Step 1 price variation during the study period. COPE 378 states that this does not mean there is no significant price elasticity with respect to the Step 1 rate, especially for those customers only facing that rate. BC Hydro notes that the lack of Step 1 variation during the period of time examined as part of the 2013 RIB Evaluation Report made estimating the price elasticity of smaller customers challenging, and agrees with COPE 378 that this does not mean that small customers are price-insensitive. All it means is that the limited data variations did not allow for precise detection of these customers' price responsiveness.¹⁵ However, in BC Hydro's view it's unlikely that the actual elasticity of Step 1 can be as high as the elasticity for Step 2. Refer to BC Hydro's consideration above. The 2013 RIB Evaluation Report and other studies¹⁶ show that households with energy-intensive electric space heating systems have greater electricity price sensitivity.

The second issue concerns methodology. COPE 378 asked whether BC Hydro had sought a control group. BC Hydro advised COPE 378 at the June 29, 2015 meeting that it had examined whether New Westminster, with a flat residential rate, could be an effective control group. However, New Westminster's climate and residential dwelling mix are different than those of many other regions in BC Hydro's service

¹⁵ As noted in the article of Michael Li, Ren Orans, Jenya Kahn-Lang and C.K Woo, "Are Residential Customers Price-Responsive to an Inclining Block Rate? Evidence from, British Columbia", *Electricity Journal*, January/February 2014, Vol. 27, issue 1, pages 87 and 92 (footnote 17).

¹⁶ See P.C. Reiss and M.W. White, "Household Electricity Demand, Revisited", *Review of Economic Studies* 72(3) (2005) cited in the 2013 RIB Evaluation Report, page B-8, which found a highly skewed distribution of price elasticity in California, with a small fraction of households accounting for most aggregate response.

area (e.g., about 60 per cent of BC Hydro's residential accounts are single family dwellings versus 25 per cent in New Westminster). Also there are limitations in the New Westminster electricity billing data (e.g., limited tracking of housing type, no tracking of primary heating fuel type). BC Hydro was unable to obtain a reliable estimate of price elasticity of demand for New Westminster's flat rate. BC Hydro reported out on these findings to the Commission; a copy of BC Hydro's October 2014 letter in this regard is found as Attachment 5 to this memo. BC Hydro provided COPE 378 with a copy of this letter on June 29, 2015.

Flat Rate

The flat rate modelled at Workshop 3 is revenue neutral and the energy charge of 9.63 cents/kWh (F2016) is within the energy LRMC range for that year [lower end - 9.36 cents/kWh; upper end – 11.01 cents/kWh, F2016]. However, this is coincidental; the flat rate energy charge was not deliberately set to be within the 2013 IRP energy LRMC range. This flat rate likely differs from COPE 378's proposal for flat rate that is deliberately set at LRMC. COPE 378 suggested at the June 29, 2015 meeting that the flat energy rate could be set to the upper end of the energy LRMC range so that there would be over-collection of revenue which could be used to fund a credit system or a low income rate. BC Hydro provided COPE 378 with a high-level estimate of over-collection of revenue for F2017 that would result, which would be about \$220 million.

There remains the issue of how this over-collection of revenue would be redistributed to low income customers. First, there is the legal issue BC Hydro identified at Workshops 1 and 3. In the context of the Commission's rate setting function governed by sections 58 to 61 of the *UCA*, BC Hydro's view is that lifeline rates may be seen as unduly preferential to low-income customers or unduly discriminatory to the remaining customers who subsidize those rates because the lifeline rate would be based on the personal characteristics of the customer, divorced from the cost to deliver electricity from the premises.

Second, BC Hydro sees a credit system as akin to a form of Residential customer-baseline rate which is not viable for 1.9 million residential customers. BC Hydro also sees cash flow problems for low income customers who pay the upper end of LRMC energy rate and then wait for a credit back. BC Hydro raised these issues with COPE 378 at the meeting of June 29, 2015. COPE 378 rejects the characterization that a credit system is essentially a residential customer-baseline rate, stating that the credit system is simply like targeting income or dwelling type or, when data is available, efficient energy requirements by dwelling type and/or region. BC Hydro continues to see such a credit system as complicated, and to the extent it relies on efficiency rating type requirements, the credit system raises the issues discussed at Workshop 11b, which identified a number of building blocks to be established before developing a credit potentially linked to efficiency ratings or measures. The timeline for developing such building blocks is between 10 to 15 years.¹⁷ Refer also to section 6.3.2 of BC Hydro's consideration memo for Workshops 8a/8b.¹⁸

COPE 378 advances that a flat rate is “arguably more consistent with Bonbright than the RIB rate”. The essential trade-off between the RIB rate and a flat rate is:

1. The flat rate as modelled by BC Hydro, which would be within the energy LRMC range, is arguably more economically efficient given all residential customers would see this a LRMC price signal, although there is likely to be a loss of conservation as compared to the RIB rate for the reasons set out above; and
2. Bill impacts, which is part of the Bonbright customer understanding and acceptance criterion. BC Hydro's primary concern with a flat rate is bill impacts, particularly in the absence of a lifeline component. As discussed at

¹⁷

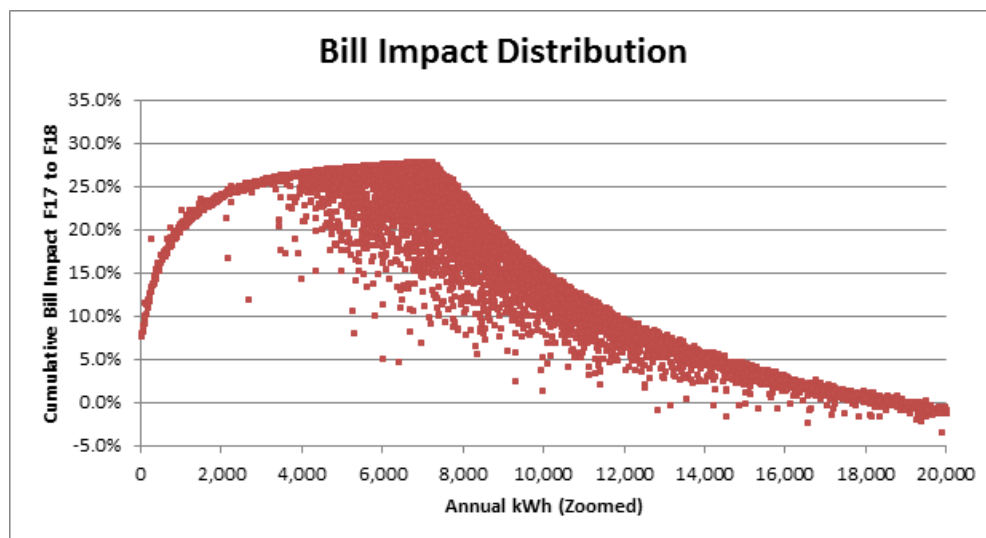
<http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-06-26-wksp-pres.pdf>.

¹⁸

<http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-06-19-bch-rda-wksp-8a-8b-gsrs.pdf>.

Workshop 9b, under a flat rate bills would go up for lower consuming customers such as those in apartments and some low income customers, while bills would go down for larger consuming residential customers. Figure 1 below illustrates the bill impact distribution for complete flattening of the RIB rate in F2017 (based on preliminary data). The bill impacts are large and would be imposed upon all ‘typical’ customers, regardless of income level. It is only the highest consuming 20 per cent of customers that would appear to benefit.

Figure 1 **Bill Impact Distribution for Complete
Flattening of the RIB Rate in F2017**



COPE 378 stated at the June 29, 2015 meeting that a possible transition strategy which may mitigate bill impacts is to adopt pricing principle Option 2 for the RIB rate for the period F2017-F2019. Refer to BC Hydro's comments concerning the bill impacts associated with RIB rate pricing principle Option 2 in section [4.2](#) of this memo.

Three Step Rate/Surcharge

As a possible three step rate variation, BCOAPO and COPE 378 reference a possible surcharge, perhaps on very large energy consumers, as a means of funding a low

income lifeline rate. This raises the legal issue described above. In addition, BC Hydro notes:

- BCOAPO references the Ontario Electricity Support Program as one possible surcharge option. The Ontario Electricity Support Program is to start January 2016 and entails monthly bill credits for low income customers.¹⁹ It is to be ratepayer funded (residential, commercial and industrial). The Ontario Minister of Energy made the decision to implement Ontario Electricity Support Program, and the decision was based on a report of the OEB. The OEB was responding to a specific request from the Ontario Minister of Energy in April 2014 that the OEB prepare a report regarding the development of a program designed to protect low-income residential electricity consumers. To this end, the Ontario Minister of Energy invoked his power under section 35 of the *Ontario Energy Board Act*, which states that “[t]he Minister may require the Board to examine, report and advise on any question respecting energy”. The result of this request was the OEB report published in December 2014.²⁰ BC Hydro notes that the OEB report indicated that the OEB believes a legislative change would be necessary as the OEB indicated that it did not have the authority to set a provincial charge for this type of program and also establish the rules for the funds to be disbursed to the electric utility distributors;
- One element of the CPUC’s recent decision concerning residential rate reform for Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company²¹ (**2015 CPUC Residential Rate Reform Decision**) is a ‘super-user electric surcharge’ (**SUE Surcharge**) that would charge residential customers of the three named investor-owned electric utilities

¹⁹ <http://www.energy.gov.on.ca/en/ontario-electricity-support-program/>.

²⁰ Entitled *Report of the Board: Developing an Ontario Electricity Support Program*, December 22, 2014; copy at http://www.ontarioenergyboard.ca/oeb/Documents/EB-2014-0227/Report_of_the_Board_Developing_an_OE_SP_20141222.pdf.

²¹ Refer to <http://www.utilitydive.com/news/california-regulators-mandate-major-residential-electric-rate-reform/401793/>.

if they use more than 400 per cent of the average California resident's monthly electricity consumption. Additional revenues are to be applied to reduce Tier 1 and Tier 2 rates of the three electric utilities' residential customers (the CPUC decision also directs that the investor-owned utilities referenced above are to collapse their multi-tiered rates into a two-tiered, inclining block rate structure). The CPUC states that the intent of the SUE Surcharge is to send a message to customers that their usage is not simply moving into another tier, but that their usage is significantly above typical household use. The three electric utilities have been directed to develop a system to notify customers when their usage is over 400 per cent. In BC Hydro's view, the SUE Surcharge is different from a three-step rate in one important aspect; it is designed to target a narrow subset of customers in contrast to a three step rate which captures a larger portion of customers. The CPUC also reasons that using the term SUE Surcharge is more likely to lead to customer understanding as opposed to a third tier. Note that the CPUC by statute is tasked with not only ensuring utility rates are just and reasonable. The California Public Utilities Code also states that "electricity is a basic necessity" and that "all residents of the state should be able to afford essential electricity" and directs the CPUC to ensure that low income ratepayers are not "[j]eopardized or overburdened by monthly energy expenditures" and addresses the lifeline program²² established by the 1976 *Miller-Warren Energy Act*²³ referenced in section 2.1.2 of the Workshop 3 consideration memo.

In response to Commission staff, BC Hydro echoes the comments of BCSEA that the status quo RIB rate has the enormous practical advantage of being relatively well known and understood. BC Hydro questions the practical benefit of pursuing a new three-step rate with a predicted minor increase in conservation and minor rate relief for low income customers, even if the bill impacts appear relatively reasonable

²² California Public Utilities Code, sections 382(b) and 739;
<http://www.leginfo.ca.gov/cgi-bin/calawquery?codesection=puc>.

²³ California Stats 1975, Ch. 1010, section 1(a).

overall. BC Hydro's residential focus groups highlighted customer concerns with the additional complexity of a three-step rate.²⁴ BC Hydro also questions the principles that would inform the basis on which a three-step rate would be priced and/or its thresholds determined, e.g., is the third step designed to punish what COPE 378 has referred to as 'gluttonous users'?

4 Residential Rate Design: Alternative Means of Delivering the RIB Rate

4.1 Pricing Principles for F2017-F2019

BC Hydro reviewed and sought feedback on two pricing options for applying general rate increases to the RIB rate:

- Option 1 would continue the 2013 RIB Re-Pricing Application approach of applying general rate increases equally to all three RIB rate components. The effect of Option 1 would be to maintain the current differential in percentage terms between the Step 1 and Step 2 rates, and by extension, a Step 2 rate that currently exceeds the upper range of BC Hydro's LRMC; and
- Option 2 would apply the rate increases to the Step 1 rate and Basic Charge only. The effect of Option 2 would be to hold the Step 2 rate at its current level and to narrow the differential between the Step 1 and Step 2 rates over time. Under Option 2, the Step 2 rate would be approximately equal to the energy LRMC upper limit by F2019, with a forecast loss of conservation in comparison to Option 1. Higher bill impacts for most customers, including low income customers, would also be expected under Option 2.

²⁴ Refer to the report entitled *Rate Design Exercise, Part 2: Focus Groups, Final Report*, February 16, 2015, pages 14 to 20; Copy available at the 2015 RDA website, <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-02-16-rda-fg-frpt.pdf>.

4.1.1 Participant Comments

Commission staff suggest that BC Hydro, in choosing not to perform further modelling on Option 2, could include in the 2015 RDA the basis for its LRMC estimates and the extent to which the Step 2 rate is guided by the amount and precision of the LRMC.

Other participants are divided on which option should be the preferred option, with more participants favouring Option 1 as compared to Option 2. BCSEA supports Option 1; it is simple, easily understood and easily communicated. However, BCSEA states that with the Step 2 rate exceeding LRMC there is no basis in principle for a substantial increase in the Step 2 rate. FNEMC also supports Option 1 since Option 2 results in higher bill impacts for most customers, including low income customers. BCOAPO confirmed with BC Hydro on July 24, 2015 that Option 1 is BCOAPO's preferred RIB rate pricing principle option.

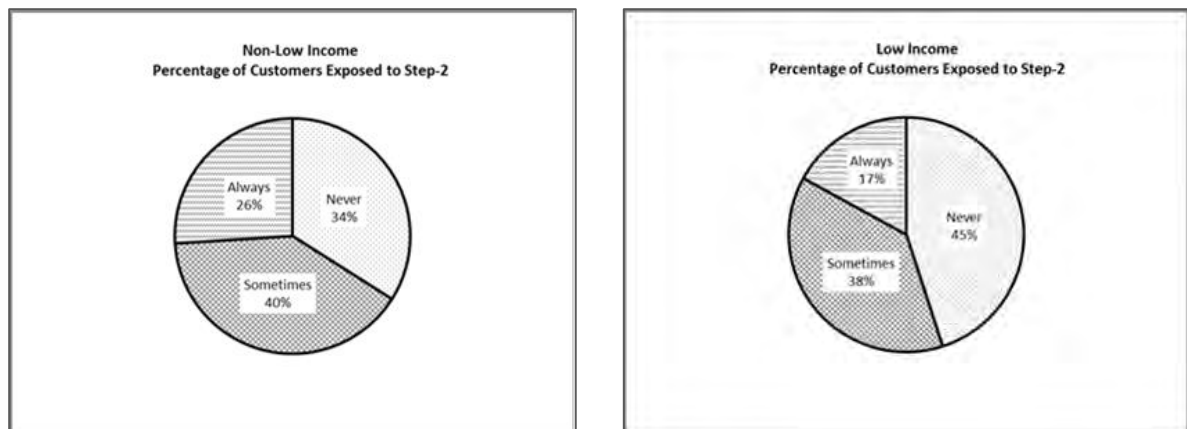
CEC considers that Option 2 has potential merit as it may simplify any transition to a flat rate, which may need to occur over time in light of BC Hydro's LRMC forecast. CEC states that an efficient Step 1 price signal and associated potential conservation should not be discounted. COPE 378 believes that the principle of the RIB rate structure is that the Step 2 price should be set at the upper end of LRMC and then the Step 1 price should be set to achieve the appropriate revenue recovery. COPE 378 also believes that the greatest price distortion is with the Step 1 rate, not the Step 2 rate. It therefore does not support BC Hydro's preferred Option 1. COPE 378 goes on to make the same point as CEC, which is that Option 2 would provide BC Hydro with an effective transition strategy to move to a flat rate structure.

4.1.2 BC Hydro Consideration

BC Hydro's preferred RIB rate pricing principle is Option 1 for the reasons set out by both FNEMC and BCSEA. However, BC Hydro will include an analysis of and discussion on both Option 1 and Option 2 in the 2015 RDA. The choice is between:

- Ascribing greater weight to incremental bill impacts, which favours Option 1. BC Hydro's primary consideration for the pricing principles is limiting customer bill impacts. Option 1 is the only pricing option that does not create a bill impact that is greater or lesser than the class average rate change (**CARC**) for a portion of the RIB class such as smaller accounts. BC Hydro is concerned with the distribution of the bill impacts under Option 2. Smaller accounts experience a greater bill impact than CARC due to the proportionately greater increase in the Step 1 rate. While low income customers have a bill impact distribution that is similar to the distribution of the total RIB class, a greater portion of accounts in the low income sub-segment would have more adverse bill impacts (i.e., above CARC) under Option 2 than for the class as a whole. This is because low income customers, on average, have a slightly greater portion of their usage in Step 1 than the RIB class, and Option 2 has the price increase allocated to Step 1. In BC Hydro's 2013 RIB Re-Pricing Application, BC Hydro provided Figure 3-1 reproduced below as Figure 2²⁵ to answer a BCOAPO inquiry regarding Step 2 energy rate usage for low income customers.

Figure 2 Customers Exposure to Step-2 Non-Low Income vs. Low Income



Never = Account was never into the Step-2 energy rate in the year.

²⁵ Figure 3-1 is from the 2013 RIB Evaluation Report, page 155 of 257; *supra*, note 2.

Always = Account was into Step-2 energy rates every month in the year.

Sometimes = Account was into Step-2 energy rates between one to 11 months in the year.

- Achieving better economic efficiency quickly as possible, which favours Option 2 as the Step 2 rate would be approximately equal to the energy LRMCM upper limit by F2019.

Regarding the Commission staff comment that BC Hydro should set out the extent to which the pricing of Step 2 is guided by the energy LRMCM, conservation and rate stability, as set out above, BC Hydro's primary RIB rate pricing principle consideration is customer understanding and acceptance, and in particular bill impacts. BC Hydro defines the Bonbright rate stability criterion as the degree of rate structure changes relative to the status quo rate structure being assessed, and as such its main application is with respect to alternatives to the RIB, and not alternative means of delivering the RIB rate such as pricing principles. Nonetheless, it is the case that Option 1 is a continuation of the pricing principle from the F2015-F2016.²⁶ Consistent with three prior Commission decisions, Step 2 pricing is guided by the energy LRMCM.²⁷ As BC Hydro set out in section 3.1.2 of the Workshop 3 consideration memo, BC Hydro agrees with BCSEA that the pricing of the Step 2 rate in reference to the energy LRMCM should not be regarded as a hard and fast rule. BC Hydro accepts the BCSEA idea that prior Commission decisions on LRMCM as the appropriate reference for signaling economically efficient use should not be strictly interpreted as a pricing principle that might, for example, ultimately support a declining block residential rate.

²⁶ Pursuant to Commission Order No. G-13-14;

http://www.bcuc.com/Documents/Orders/2014/DOC_40515_G-13-14-BCH-RIB-Rate-Re-Pricing-Reasons.pdf.

²⁷ *In the Matter of British Columbia Hydro and Power Authority: Residential Inclining Block Rate Application*, Reasons for Decision to Order No. G-124-08, dated September 24, 2008, pages 107 to 108 (copy available at http://www.bcuc.com/Documents/Proceedings/2008/DOC_19754_BCH-RIB-Decision-WEB.pdf); Commission Order No. G-45-11, Reasons for Decision, Appendix A, page 3 of 19 (http://www.bcuc.com/Documents/Proceedings/2011/DOC_27176_G-45-11_BCH-RIB-Re-Pricing-Reasons.pdf); and *In the Matter of FortisBC Inc. Residential Inclining Block Rate*, Decision, January 13, 2012, page 40 (http://www.bcuc.com/Documents/Proceedings/2012/DOC_29557_FBC%20Inc-RIB_Decision-WEB.pdf).

BC Hydro accepts the Commission staff recommendation that BC Hydro should include in 2015 RDA Module 1 the basis for its energy LRMC estimates. As noted in footnote 3 above, the basis of the energy LRMC is the 2013 IRP, adjusted for inflation and distribution losses, and is based on DSM and renewal of existing contracts with independent power producers (**IPPs**) as the resources to be acquired to meet future demand for energy for the next ten years. BC Hydro will provide details in the 2015 RDA.

4.2 Minimum Charge

The Residential Basic Charge was introduced in 1977 and is intended to recover a portion of BC Hydro's fixed distribution and customer care costs, which do not vary with usage. Minimum charges are intended to recover a minimum contribution toward customer-related fixed costs. Currently, BC Hydro's Basic Charge is the minimum charge for Residential service.

BC Hydro sought stakeholder comment on whether a Minimum Charge should be implemented, separate from the Basic Charge, to reflect the cost of remaining attached to the system during periods of very low consumption or dormancy. In follow-up analysis to Workshop 9b, BC Hydro determined that it would be unable to precisely target a Minimum Charge to materially improve cost recovery from dormant or low use accounts. BC Hydro reported in the Workshop 9b summary notes found at Attachment 1 to this consideration memo that it is leaning toward not pursuing a Minimum Charge, concluding that it would yield minimal benefit to customers through a small reduction in the Step 1 rate with the risk that some low income customers will be adversely affected, but asked for feedback.

4.2.1 Participant Comments

Commission staff asked BC Hydro to discuss whether the concept of a Minimum Charge has been presented to customer focus groups, what the level of customer understanding is, and whether a Minimum Charge would be applicable only to the

Residential class. Commission staff asked if the overriding objective of a Minimum Charge is to further recover fixed cost if there is no change in conservation and no substantive changes to rates. Further, Commission staff question that if the objective of BC Hydro is to increase revenue collection through fixed charges to improve revenue stability, why does it not just propose to increase Basic Charge instead of introducing a separate charge?

BCSEA supports BC Hydro's intention not to pursue a Minimum Charge at this time. BCSEA highlights that a Minimum Charge would disproportionately impact low income customers, and potential benefits of a Minimum Charge are uncertain at best. Similarly, FNEMC would not support BC Hydro implementing a Minimum Charge since only about 1.5 per cent of residential customers would be affected, of which 50 per cent are low income customers that would be adversely impacted. Nor does BCOAPO support the introduction of a Minimum Charge for Residential Customers, unless there is an exemption for low-income customers. BCOAPO states that the fact a Minimum Charge would cover more fixed costs is not sufficient, as many customers currently believe that the Basic Charge over-recovers when there is minimal use.

BCNHPA states that a Minimum Charge would be beneficial to pay for the system and be priced based on delivering the infrastructure to the specific type of housing asset.

4.2.2 BC Hydro Consideration

For the reasons set out in the Workshop 9b summary notes and based on stakeholder feedback, BC Hydro has decided to not pursue a Minimum Charge, concluding that it would yield minimal benefit to customers through a small reduction in the Step 1 rate with the risk that some low income customers will be adversely affected.

In response to Commission staff, BC Hydro's design consideration, modeling and engagement in respect of a separate Minimum Charge for Residential service

responds in part to Commission Order No. G-13-14, which set out the issue of whether the Minimum Charge should be decoupled from the Basic Charge to reflect the cost of remaining attached to the system during periods of very low consumption or dormancy.

The objective of the review of a Minimum Charge was not to consider increases to revenue collection through fixed charges to improve revenue stability. BC Hydro assessed and ultimately rejected an increase to Basic Charge fixed cost recovery based on expected adverse customer bill impacts, including to low income customers. BC Hydro considered that a separate Minimum Charge may be warranted to reflect the cost of customers remaining connected to the system during periods of very low consumption or dormancy. BC Hydro pursued the idea that additional cost recovery through a separate Minimum Charge may benefit lower consuming customers, including some low income customers, given that the charge would allow for a consequent lowering of the Step 1 rate. BC Hydro modeled a \$15 per month Minimum Charge, roughly equivalent to the average fixed Distribution and Customer-related cost per month per residential customer.

5 E-Plus Residential and General Service Rates

E-Plus service is an interruptible service (closed to new customers) under which customers pay a discounted rate on condition of having an alternative fuel back up heating system. There are approximately 8,000 residential and 250 commercial E-Plus customers. Residential E-Plus customers take service under RS 1105, while commercial E-Plus customers take service under RS 1205/1206/1207. E-Plus rates were introduced in 1987 to residential and commercial customers. The purpose of the rates was to market surplus energy that would have been spilled because at the time consistent access to the spot market was not available. The rates were closed to new

customers in 1990. As part of the 2007 RDA Decision,²⁸ the Commission approved restricting the ability to transfer the E-Plus rate to a new customer by amending the RS 1105 Availability clause to state that the E-Plus rate is available “only in Premises where there has been no change in customer since April 1, 2008”.

BC Hydro reviewed key issues associated with E-Plus rate design (for further detail, refer to the Discussion Guide that accompanied the Workshop 9b presentation materials), including:

- The period of time that BC Hydro would expect Residential E-Plus service to end through attrition (excepting certain commercial customers on the rate that would likely never close account);
- RS 1105 interruption Special Condition constraints;
- Cost of Service methodology for E-Plus customers, the resulting revenue-cost (**R/C**) ratios and the estimate of foregone revenue based on the discount; and
- Indicative customer bill impacts of closing Residential E-Plus accounts and transitioning the accounts to the RIB rate.

At Workshop 9b, BC Hydro set out three design options for Residential E-Plus rates:

1. Status Quo;
2. Phase out the E-Plus rate and transition accounts to the RIB rate the RIB rate;
3. Amend RS 1105 Special Condition interruption and notice provisions to provide a practical interruptible option.

BC Hydro sought input as to:

- Whether there are any other rate design options in addition to the three rate design options described above;

²⁸ Commission Order No. G-130-07;
http://www.bcuc.com/Documents/Orders/2007/DOC_17039_G-130-07_BCH_2007RD%20Phase%201%20Decision.pdf.

- Which option is preferred, and why; and
- If Option 2 is preferred, what the proposed transition period should be.

5.1 Participant Comments

Commission staff believe that rate design changes to the E-Plus rate are worth exploring if certain aspects of the E-Plus rate have created new problems or technological improvements have rendered obsolete certain concerns (e.g., notice on interruptions) since the 2007 RDA decision.

BCOAPO and FNEMC are neutral on the E-Plus issues. BCNPHA indicates that the interruptible rate should be terminated, unless BC Hydro is actually planning on interrupting the rate. BCSEA has no other options to suggest for E-Plus but note that one issue if a phase-out is considered is the fair treatment of the costs incurred by E-Plus customers for maintaining interruptibility service. As noted above, on May 8, 2015 BCSEA submitted written questions to BC Hydro on the E-Plus rate. BC Hydro's responses to these questions are provided in Attachment 6 to this consideration memo.

CEC remarks that providing an interruptible heating rate for residential and commercial (Option 3) could provide benefits to BC Hydro over the next 20-year long-term planning horizon. CEC suggests that BC Hydro should consider this in RDA Module 2 if treated as an option development or in RDA Module 1 if treated as a basic default rate option. CEC states that interruptible loads should be removed from firm planning.

COPE 378 suggests that BC Hydro consider an option whereby customers are given a choice between truly interruptible service, if a service can be developed and implemented to provide an appreciable benefit to BC Hydro and the system that justifies the lower rate, and phase-out RS 1105 over a reasonable period instead of the attrition program currently in place.

On June 9, 2015 BC Hydro received feedback in the form of a letter from the E-Plus Homeowners Group (**EPHG**), copy included in Attachment 7 to this memo. EPHG sets out its reasons for why E-Plus service should be maintained under existing terms and conditions, which are:

- BC Hydro should respect its agreements with E-Plus customers;
- Homeowners have made considerable investments to qualify and remain on E-Plus;
- Ending the E-Plus program would impose considerable financial hardship on users, almost all of whom are seniors;
- E-Plus rates are associated with energy conservation; and
- The small group of households on the E-Plus program do not measurably impact power supply or costs in the province.

EPHG note also that E-Plus customers were not notified of the additional Option 3 now under consideration. Despite that fact, in its letter EPHG opposes Option 3 and states that it presumes BC Hydro's purpose for Option 3 is to create inconvenience, cost and personal suffering for E-Plus customers. EPHG considers that the E-Plus rate has been serving a useful function since it was first introduced.

5.2 BC Hydro Consideration

BC Hydro's preferred E-Plus Residential rate option is Option 3. BC Hydro agrees with COPE 378 that one of the major factors in selecting an option is whether there is an "appreciable benefit to BC Hydro and the system that justifies the lower rate". BC Hydro agrees with CEC that Option 3 could provide benefits BC Hydro over the next 20-year long-term planning horizon:

1. Energy: Some E-Plus Residential customers assert that BC Hydro has a surplus of energy and therefore the current Residential E-Plus rate is beneficial given that it is priced above spot market forecasts. BC Hydro agrees with the

observation that in the short-term, when it has an energy surplus, the RS 1105 energy rate is likely to be above spot market forecasts. The RS 1105 energy charge for F2016 is 5.22 cents/kWh, which is above the mid spot market forecast contained in the 2013 IRP at 3.3 cents/kWh in 2020. However, the 2013 IRP forecasts a need for energy in F2017 without the acquisition of future resources such as DSM, and the duration of the estimated natural termination of the E-Plus rate for residential customers is about 20 to 25 years;²⁹

2. Capacity: BC Hydro places more weight on the potential value of capacity. The 2013 IRP identifies a need for capacity in F2019 assuming BC Hydro continues with its current DSM initiatives and renews IPP contracts as recommended in the 2013 IRP. The system capacity value is based on the next avoided capacity generation resource which is either Revelstoke Unit 6 at \$55 per kilowatt-year (/kW-year) or if forecasted liquefied natural gas demand materializes, a natural gas-fired Simple Cycle Gas Turbine generating facility at about \$88/kW-year. As part of 2013 IRP Recommended Action 2, BC Hydro is investigating the viability of residential demand response initiatives through a pilot program in Sidney and North Saanich, Vancouver Island aimed at shaving and shifting peak load by focusing on hot water heating and storage. Option 3 dovetails with these initiatives. Refer to BC Hydro's response to BCSEA Question 11.2 found at Attachment 6 to this memo for further details.

However, as noted below, RS 1105 Special Condition 1 must be modified to make the Residential E-Plus rate practically interruptible. In response to CEC, BC Hydro would remove Residential E-Plus load from its peak demand forecast if Option 3 is accepted by the Commission. BC Hydro has already removed Residential E-Plus load from its energy load forecast; while there is no definition of the phrase "lack of surplus hydro

²⁹ Refer to section 2.3 of the Workshop 9b Discussion Guide, page 11;
<https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-05-21-bch-2015-rda-wksp-9b-disc-gd.pdf>.

energy” in RS 1105 Special Condition 1, it would be circular to include Residential E-Plus load for purposes of determining whether there is such a surplus.

Engagement with Residential E-Plus Customers

In a letter dated February 24, 2015 (included in Attachment 7 to this memo), BC Hydro asked for feedback on the E-Plus rate as part of the 2015 RDA customer engagement. In this letter to E Plus customers, two options for the E Plus rate were put forward:

- Option 1 – maintain the E Plus rate under the same terms and conditions; and
- Option 2 - phase out E Plus rate over a period of time (e.g., five to 10 years) after which customers would pay the default rate for their rate class for all consumption.

E-Plus customers were requested to provide feedback in a mail-in form, an online form and/or at two open houses held in Nanaimo and Victoria on April 1 and April 2, 2015. BC Hydro informed E Plus customers that it would make formulate its preferred 2015 RDA E Plus proposal after June 30, 2015.

Approximately 3,700 Residential E-Plus customers responded to the February 24, 2015 letter (about 45 per cent of the total number of Residential E-Plus customers). The vast majority of respondents support Option 1 (98 per cent support), and about 85 per cent of those respondents providing additional comments to explain their support for Option 1. In addition, as noted above EPHG wrote separately to BC Hydro, as summarized above and included in Attachment 7 to this memo. Finally, BC Hydro responded to a number of Residential E-Plus questions in writing; a copy of the questions and responses is also found at Attachment 7.

The majority of concerns expressed by Residential E-Plus customers in the comments provided in support of Option 1 center on:

1. The E-Plus rate is a contract between BC Hydro and the customer (37 per cent of comments);
2. Investments in back-up systems were made in good faith (36 per cent of comments);
3. Electricity affordability (36 per cent);
4. The rate will end under attrition given the generally older age of E-Plus customers (21 per cent).

Other issues raised by E-Plus customers concern the avoided greenhouse gas emissions under E-Plus service as compared to if alternative heating sources were employed, lack of access to natural gas supply and concern that BC Hydro would end or interrupt E-Plus service to export power for profit.

Development of Option 3 and Response to E-Plus Customer Feedback

BC Hydro will be sending a letter to Residential E-Plus customers in early August 2015 advising customers of BC Hydro's selection of Options 3 as its preferred rate design for the Residential E-Plus rate.

BC Hydro developed Option 3 after considering all the feedback received, and in particular, to the issue that the E-Plus rate should serve a useful function. BC Hydro's preference is to maintain the Residential E-Plus rate discount for electric heating and to update the Special Conditions of the RS 1105 so that the rate can be interrupted with appropriate notice.

Under Option 3, Special Condition 1 of RS 1105 would be aligned with the language found in BC Hydro's other interruptible rates. Currently, Special Condition 1 of RS 1105 severely restricts BC Hydro right to interrupt the supply of electricity; there must be a "surplus hydro energy" and "the service cannot be provided economically from other energy sources". This is very different language than the typical interruptible rate provisions providing that BC Hydro will only provide service when it

has available energy and capacity to do so. As a result of Special Condition 1 BC Hydro has never interrupted E Plus load.

The following Option 3 language is similar to that used in a recent Commission approved BC Hydro interruptible rate for Shore Power³⁰ with appropriate modifications and will likely be proposed language for Special Condition 1 of RS 1105:

BC Hydro agrees to provide electricity under this Rate Schedule to the extent that it has energy and capacity to do so. BC Hydro may, at any time and from time to time, interrupt the supply of electricity under this Rate Schedule in its sole discretion.

BC Hydro notes that this language is generally consistent with Commission Order No. G-37-90, which approved interruption criteria for E-Plus service as follows (for further context, please refer to BC Hydro Response to BCSEA Question 1.6 in Attachment 6 to this memo):

“BC Hydro may, at any time and from time to time, interrupt the supply of energy under this Rate Schedule”.

Option 3 ensures that customers who use the E-Plus rate would continue to receive the current discount, while also ensuring that the rate is truly interruptible and serves a useful function as was intended when the discount was offered.

BC Hydro plans to review commercial E-Plus rates during RDA Module 2 to allow for engagement with commercial E-Plus customers and consideration of default General Service standard rates to be determined through RDA Module 1.

³⁰ Refer to Exhibit B-1 in the Approval for Shore Power Rate proceeding, Appendix C-1, Special Condition 1 of RS 1280;
http://www.bccuc.com/Documents/Proceedings/2015/DOC_43469_B-1-BCH-Application-ShorePowerRate.pdf.
The Commission approved the Shore Power Rate pursuant to Commission Order No. G-111-15;
http://www.bccuc.com/Documents/Proceedings/2015/DOC_43962_06-25-2015_BCH-Shore-Power-Decision_G-111-15.pdf.

6 Voluntary Residential Rate Options

6.1 Prepayment Option

BC Hydro is exploring a voluntary prepayment option where residential customers buy a set value of electricity upfront rather than paying bi-monthly after electricity has been used. At BCOAPO's request, BC Hydro provided information concerning a prepayment option in a letter dated February 13, 2015, a copy of which is found at the 2015 RDA website under Workshop 9a.³¹ BC Hydro proposed to not pursue a prepayment option at this time, noting that from an information technology perspective it is two to three years away from being able to implement such an option. BC Hydro sought feedback on whether it should consider a prepayment option pilot after the 2015 RDA Module 1 decision.

6.1.1 Participant Comments

Generally, participants support development of a voluntary prepayment option after the 2015 RDA Module 1 decision.

Commission staff comment that BC Hydro's proposed timing is reasonable as pursuing this option is constrained by technology. Commission staff also ask a series of questions: Could the costs of administering this option outweigh the benefits? Could the introduction of this option create new customer risks (e.g., automatic disconnection when the account balance reaches zero)?

BCOAPO and FNEMC favour a prepayment option so long as it is optional for all Residential customers and not an alternative to potential low income terms and conditions such as security deposit waivers. COPE 378 and BCSEA also favour exploration of a prepayment option. CEC asks BC Hydro to distinguish between a potential prepayment option and BC Hydro's existing Equal Payment Plan, and whether in effect a prepayment option is already provided by BC Hydro.

³¹

<https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-02-13-bch-ires-bcoapo.pdf>.

6.1.2 BC Hydro Consideration

BC Hydro will continue to analyze the merits of a voluntary prepayment option, and engage stakeholders prior to making any proposal as part of 2015 RDA Module 2. There may be conservation benefits because residential customers who use payment options are more cognizant of their electricity use; the prepayment option may be attractive to low income customers because it does not typically require a deposit, credit check or cancellation fee; and there may be utility benefits (reduction in bad debt and write-offs because arrearages do not build up; perhaps reduced costs associated with billings, notification of disconnection, disconnection and reconnection).

BC Hydro agrees with CEC that review of a potential prepayment option must take into account existing options such as the section 2.4 Electric Tariff Pay As You Go Billing Plan and the Equal Payment Plan whereby customers can make equal payments each month, with the last 12 months of electricity use determining the customer's monthly payment amount.

In response to Commission staff, BC Hydro is of the view that the prepayment option can increase customer risk. As noted in BC Hydro's February 13, 2015 letter to BCOAPO,³² one of the concerns raised with prepayment options is the increased risk of disconnection for participating residential customers, resulting in costs.

Prepayment options typically provide for automatic disconnection when customer account balances reach zero. This has prompted opposition from consumer groups in the U.S. BC Hydro understands that utilities make disconnection exceptions for inclement weather and/or certain periods of time such as nighttime/weekends/holidays.

³²

<https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-02-13-bch-ires-bcoapo.pdf>.

6.2 Electric Vehicle (EV) Rate Design

BC Hydro set out its preference to use Module 1 of 2015 RDA to set the Residential default rate and to consider the development of an EV rate after the 2015 RDA Module 1 decision. BC Hydro sought participant feedback on the design considerations for an EV rate and the timing of any future EV rate proposal.

6.2.1 Participant Comments

Participants generally agree that consideration of an EV rate could follow a Commission decision on Module 1 of the 2015 RDA.

Commission staff would find it helpful for BC Hydro to explain how the load forecast on plug-in EV is derived. Commission staff also note that further technical background information will be required to assist with the discussion, such as the length of time to charge an EV, the pace of technology change and the implications of technological advancement on rate design issues such as ToU.

BCSEA accepts that rate design considerations for EVs are not sufficiently developed to be included in Module 1 of the 2015 RDA, and welcomes BC Hydro's willingness to explore EV rates beyond Module 1. BCSEA supports a broad-based societal shift to EVs as a means to reduce the use of fossil fuels and GHG emissions, and recognizes that this engages many issues besides rates. BCSEA believes that BC Hydro is well positioned to convene discussions among parties about EV charging issues and solutions, and urges BC Hydro to expand its work in this area.

BCOAPO suggests that there are two fundamentally different ways that rates for EVs could be approached: 1) through the use of a separate meter and the provision of what would essentially be a separate "service"; and 2) through the introduction of ToU rates. BCOAPO is of the view that the associated issues of each would be best dealt with after the 2015 RDA Module 1 decision. CEC considers that interaction of EV rate design with the RIB rate may be a non-issue with separate metering.

6.2.2 BC Hydro Consideration

BC Hydro will review EV rate design options in RDA Module 2; no participant opposes BC Hydro deferring consideration of EV rate design to Module 2, to be filed with the Commission sometime after receipt of the Commission's 2015 RDA Module 1 decision.

Regarding BCOAPO's and CEC's observations, based on BC Hydro's jurisdictional assessment to date, most U.S. EV rates require that EVs be metered separately from all other loads. In addition, most E rates are ToU rates. There are a number of EV rate considerations, including: Are there differences in the costs of serving EVs relative to other electricity uses? Is the time pattern of electricity consumption by EVs likely to be different from that of most other electricity uses? Will EV charging by households in particular neighbourhoods or other areas require upgrades to the distribution system? Should EV customers be required to remain on an EV rate for a minimum term? Should any ToU rate for EVs have a 'super off-peak' to strongly encourage customers to charge their EVs between late night and early morning hours? BC Hydro will engage with BCSEA and other interested parties prior to submitting its EV rate proposal as part of 2015 RDA Module 2.

In response to Commission staff, the methodology for BC Hydro's EV load forecast is captured in BC Hydro's F2013-F2033 Electric Load Forecast found in the November 2013 IRP as Appendix 2A.³³ The methodology has not changed. In summary, BC Hydro uses an in-house stock turnover model to derive the EV forecast. This model has the following features:

- An inventory of the existing provincial stock of vehicles (EVs or conventional);
- Calculation of the rate of turnover based on survivorship statistics;

³³ *Supra*, note 3;
<https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/integrated-resource-plans/current-plan/0200a-nov-2013-irp-appx-2a.pdf>.

- Determination of the type of new vehicles purchased based on the relative economics of tariff-based electricity prices vs. gasoline prices. This is a lifecycle cost determination that includes capital, maintenance and fuel costs;
- Application of constraints to EV purchases based on expected availability and range constraints;
- Application of subjective assessments of customer vehicle preference. That is, BC Hydro assumes some customers will adopt EVs regardless of economics, and some will not adopt EVs despite favorable economics.

BC Hydro's Load Forecasting group undertake the high-level forecast of vehicles, distances driven, and resulting electricity consumption, while the Distribution Planning group allocates the provincial EV numbers down to the regional level to determine local effects on the distribution system.

6.3 Clean and Renewable Energy Charge Option

BC Hydro proposed to not pursue this option at this time given the level of clean or renewable generation in its service area, and sought participant comment.

6.3.1 Participant Comments

Most participants agree with BC Hydro's position, highlighting that:

- Marginal acquisition of energy will already be clean or renewable per the *Clean Energy Act* 93 per cent clean or renewable subsection 2(c) energy objective;
- The cost benefit of such an option would be remote, given that BC Hydro's generating system is about 95 per cent clean or renewable;
- This kind of premium only makes sense when the majority of energy comes from non-clean or non-renewable sources.

BCSEA believes the priority should be on keeping the BC Hydro system clean and renewable as a whole. FNEMC supports a Clean and Renewable Energy Charge

Option to encourage the development of renewable energy projects in BC; such as solar, geothermal, wind, etc. and potentially reduce/eliminate the use of diesel generation in the NIA and off-grid communities in B.C.

6.3.2 BC Hydro Consideration

BC Hydro will not be pursuing a broadly-based Clean and Renewable Energy Charge option at this time for the reasons cited by the majority of stakeholders. However, and in response to FNEMC, BC Hydro is undertaking review of a rate option available in the NIA to incent customers to install customer-owned clean generation alternatives behind the customer meter similar to BC Hydro's Net Metering tariff.

7 Other Rate Design Issues

7.1 NIA Rates

BC Hydro reviewed some of the issues associated with rate design in the NIAs, setting set out three broad design options for residential rates in Zone II of the NIA:

- Option 1: Status Quo - Maintain current rate structures in Zone II as a means to signal costs of diesel generation in NIAs;
- Option 2: Full Cost Recovery - Increase rates by roughly a factor of four under current rate Zone II rate structures (Residential);
- Option 3: Equalize Zone II and Zone I Rates - Equalize electricity rates on a postage stamp basis across the entire BC Hydro service area, likely maintaining Zone II designation in the tariff terms and conditions for other purposes.

BC Hydro proposed to address NIA related rates as part of 2015 RDA Module 2.

BC Hydro sought participant feedback on whether there are any other high level Zone II rate options in addition to the three options identified above, as well as other suggestions for analysis, including relevant jurisdictional assessment and bill impact analysis.

7.1.1 Participant Comments

FNEMC notes some of the information BC Hydro should provide to inform development of further options and analysis:

- NIA customer characteristics (for example type, consumption, dwelling, location/territory, low income, etc.) and their associated loads;
- Jurisdictional assessment of regions that are served by diesel or higher cost generation as well as regions that have low system densities (such as Bonneville Power Authority's Low Density Discount Rate, which is intended to afford greater equity to those consumers);
- Future plans or strategy for further electrification in B.C.

FNEMC and COPE 378 reject Option 2 on the basis that it would impose significant adverse bill impacts for NIA customers and depart from postage stamp pricing principles. FNEMC welcomes further dialogue with BC Hydro as it develops options and analysis for addressing NIA-related rates.

BCOAPO also seeks information as FNEMC has noted. BCOAPO is interested in understanding if service to Zone II was initially offered on the basis that customers would pay the higher cost (i.e., the cost of diesel), and whether there were or now are any cost sharing arrangements with other governments. BCOAPO comments that it is hard to see how B.C. citizens who live in Zone II are receiving the benefit of postage stamp rates or Heritage hydro, both of which are long standing B.C. Government policies. However, BCOAPO is concerned about the number of communities that are currently not being served by BC Hydro but that could be, and that if stakeholders agree to a postage stamp-based NIA rate, it could be an open-ended commitment with a substantial cost to ratepayers.

BCSEA does not have a position on or suggestions for NIA rate design options at this point in time. BCSEA does not object to the NIA issues being addressed in Module 2.

CEC states that BC Hydro needs to integrate its NIA rate concepts with its extension policy concepts.

7.1.2 BC Hydro Consideration

BC Hydro will review NIA rate design options in RDA Module 2; no participant opposes BC Hydro deferring consideration of NIA rates to Module 2. BC Hydro will include Zone IB (Bella Bella) as part of this review.

BC Hydro acknowledges FNEMC's and COPE 378's opposition to Option 2, and BCOAPO's concern that if stakeholders agree to a postage stamp-based NIA rate, it could be an open-ended commitment with substantial cost to ratepayers. A *Globe and Mail* article³⁴ dated January 22, 2014 states that at the time of the cancellation of the Remote Community Electrification (**RCE**) program, there were 21 community applicants. As noted in the Workshop 9b summary notes (Attachment 1), prior to closing the RCE program, BC Hydro extended service to eight communities. BC Hydro will undertake further work to assess the number of remote communities BC Hydro may extend service to as part of BC Hydro's on-going analysis of NIA rate options.

BC Hydro prepared a summary of General Service customer characteristics and consumption, which was sent to FNEMC and is found at Attachment 8 to this memo. BC Hydro will review more detailed background information for NIA Residential and General Service customers and a jurisdictional assessment of NIA rate design as part of RDA Module 2. Module 2 will also include a review of BC Hydro's extensions policies.

7.2 Rates for Farm and Irrigation Services

BC Hydro highlighted a number of the issues for customer and stakeholder engagement on the rates for Farm and Irrigation services, including: how to simplify

³⁴ <http://www.theglobeandmail.com/news/british-columbia/residents-still-waiting-for-electricity-as-bc-hydro-postpones-expansion/article16443083/>.

rate choice for farm customers; what should BC Hydro's metering policy be in the case where there is commercial activity on a residential farm; and should golf courses and municipal pumping continue to qualify for the irrigation rate? BC Hydro sought stakeholder feedback on the key engagement issues and its plan to consider farm and irrigation rate designs as part of 2015 RDA Module 2.

7.2.1 Participant Comments

Commission staff would like to see detailed analyses of the consumption profile, load profile, features, characteristics, and R/C ratios of farm and irrigation customers. Commission staff suggest that it would be helpful for BC Hydro to explain whether farm customers have to meet certain criteria or definition to be put on a farm services rate, and the criteria these customers have to meet to migrate (if permitted at all) from one rate to another.

BCSEA will seek to ensure that the review of farm and irrigation rate design consider the opportunity to achieve conservation savings. BCSEA supports inclining block rates for farm customers.

BCOAPO states that the objective of farm rates should be to give that portion of the farm load that serves the farmer's house and family the benefits of the RIB rate. BCOAPO is of the view that exemptions from the RIB rate should cease, and that consideration of rate choices for farm customers should also include whether some farms should be moved to General Service rates. It is not clear to BCOAPO how municipal pumping qualifies for a seasonal rate, if service is taken both in and out of the season. BCOAPO cannot justify the seasonal rate being offered to golf courses.

CEC suggests that BC Hydro may be well-served to consider a range of eligibility criteria for residential farms; commenting that residential farms may appropriately be considered apart from the RIB rate and possibly better integrated with general service rate options. CEC suggests that golf course and municipal pumping could be considered within General Service rate options.

FNEMC seeks more information on the segmentation of farm and irrigation services customers and their associated loads, which will help inform development of further options and analysis. BCNPHA comments that farms should be given the same inclining rate structure as other groups to encourage conservation. BCNPHA is also of the view that golf courses and municipal pumping should not qualify for the irrigation rate.

7.2.2 BC Hydro Consideration

Participants do not oppose BC Hydro's proposal to consider farm and irrigation rate designs as part of 2015 RDA Module 2. BC Hydro will address the feedback and requests for information during Module 2.

BC Hydro appreciates the advance input from participants as it develops its engagement plan for the review of rates for farm and irrigation services during RDA Module 2. BC Hydro will continue to engage with stakeholders for purposes of informing the review of rates for farm and irrigation services during RDA Module 2; in this regard, BC Hydro met with the BC Cranberry Marketing Commission on June 15, 2015.³⁵

³⁵ Copies of the presentation and summary notes for this meeting are found at <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-06-22-bccmc.pdf>.

2015 Rate Design Application

April 28, 2015/May 21, 2015

Workshop Nos. 9a and 9b

**Electric Tariff Terms and Conditions/
Residential Inclining Block (RIB) Rate
and Other Residential Rates Issues**

**BC Hydro Summary and
Consideration of Participant Feedback**

Attachment 1

Workshop Nos. 9a and 9b Summary Notes

BC Hydro Rate Design Workshop

SUMMARY

28 APRIL 2015

9 AM TO 2:30 P.M.

BCUC Hearing Room
Vancouver

TYPE OF MEETING	RDA Workshop 9a – Residential Rates Workshop – Default Residential Rate design, Electric Tariff Terms and Conditions - Update and Issues
FACILITATOR	Anne Wilson, BCH
PARTICIPANTS	Association of Major Power Consumers of British Columbia (AMPC), B.C. Ministry of Energy and Mines, British Columbia Old Age Pensioners Organization (BCOAP), British Columbia Sustainable Energy Association and B.C. Sierra Club (BCSEA), BCUC staff, Canadian Office and Professional Employees Union Local 378 (COPE 378), City of Vancouver, Clean Energy BC, CLEAResult, Commercial Energy Consumers Association of British Columbia (CEC), FortisBC Inc. (FortisBC), Koho Power Corporation, First Nations Energy & Mining Council/Linda Dong Associates (FNEMC), EnCana, Spectra Energy, Weisberg Law Corporation, Vancouver Airport Authority
BC HYDRO ATTENDEES	Gordon Doyle, Paulus Mau, Daren Sanders, Rob Gorter, Craig Godsoe, Bryan Hobkirk, Anne Wilson
AGENDA	<ol style="list-style-type: none"> 1. Introduction including review of the agenda 2. Electric Tariff Terms and Conditions update 3. Default Residential Rate Design – Residential Inclining Block (RIB) Rate and Alternatives to the RIB Rate 4. Next steps

MEETING MINUTES

ABBREVIATIONS	BCH BC Hydro BCUC.....BC Utilities Commission COS.....Cost of Service CRP.....Conservation Potential Review DARR.....Deferred Account Rate Rider DSM Demand Side Management EPA.....Electricity Purchase Agreement GS.....General Service GWh..... Gigawatt hour IPP.....Independent Power Producers IRP.....Integrated Resource Plan IRs.....Information Requests IT.....Information Technology	kW.....Kilowatt kWh.....Kilowatt hour LRMC.....Long-Run Marginal Cost LNG.....Liquefied Natural Gas NIA.....Non Integrated Areas NSP.....Negotiated Settlement Process OEB.....Ontario Energy Board RDA.....Rate Design Application REUS.....Residential End Use Survey RIB.....Residential Inclining Block rate RRA.....Revenue Requirement Application SFD.....Single Family Dwelling SMI.....Smart Meter Infrastructure SRP.....Streamlined Review Process TRC.....Total Resource Cost
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BC Hydro Rate Design Workshop

SUMMARY

28 APRIL 2015

9 AM TO 2:30 P.M.

BCUC Hearing Room
Vancouver

1. Introduction	
<p>Anne Wilson opened the meeting by providing an overview of the stakeholder engagement streams to date (this is the second Residential rate workshop; the first was held June 25, 2014 and is referred to as Workshop 3) and reviewing the agenda set out at slide 2 of the Workshop 9a presentation slide deck. Daren Sanders then led the Workshop participants in a moment of silence in remembrance of workers injured in the workplace.</p>	
FEEDBACK	RESPONSE
<p>BCOAPO asked what BCH envisioned in terms of scope and process for the 2015 RDA.</p>	<p>Module 1 of the RDA would be filed on or about September 17, 2015 and Module 2 would follow the BCUC decision on Module 1. Mr. Doyle outlined what BCH sees as issues to be addressed in Module 1: COS; Default rates for Residential, GS and Transmission Service classes; and rate options for Transmission Service customers.</p> <p>Module 2 would address: Default rates for the remaining two existing rate classes (Irrigation and Street Lighting); farm service issues; NIA rate structures; Transmission and Distribution extension policy; and rate options for Residential and GS customers.</p> <p>BCH anticipates proposing one round of IRs for Module 1 and then a Procedural Conference at which the parties could examine whether parts of 2015 RDA Module 1 move to NSP and/or SRP. The remainder of Module 1 would be subject to a second round of IRs; followed by intervenor evidence and IRs with respect to intervenor evidence; and an oral hearing. Currently, BCH contemplates that the oral hearing would include default Residential and GS rates.</p>
<p>BCOAPO</p> <p>Would BCH consider dealing with the COS in advance of the RDA Module 1 process?</p>	<p>BCH's current plan is to file the COS model results with Module 1 of the 2015 RDA. BCH does not anticipate filing the COS prior to Module 1 of the RDA given that review of the COS would overlap with review of Module 1. BCH is open to addressing COS issues after one round of IRs in either a NSP or SRP.</p>
2. Presentation: Electric Tariff Terms and Conditions	
<p>Daren Sanders provided an update on Electric Tariff standard charge-related issues discussed at Workshop 3 for which there appeared to be a fair degree of stakeholder consensus.</p> <p>Darren also set out options for the updating of standard charges between RDAs, and proposals regarding: reconnection charge (BCH's preferred alternative is Scenario 4 on slide 4 with no IT), re-application for service, meter test charge and security deposits.</p>	
FEEDBACK	RESPONSE
<p>1. COPE 378</p> <p>Standard charges are normally updated as part of RDAs but updates could be provided more frequently in advance of RDAs if needed.</p>	<p>Agreed. Standard charges would be reviewed as part of RDAs. To ensure the Standard Charges are more reflective of BCH's current costs, BCH is seeking input on what mechanism could be used to update the standard charges in between RDAs.</p>

BC Hydro Rate Design Workshop

SUMMARY

28 APRIL 2015

9 AM TO 2:30 P.M.

BCUC Hearing Room
Vancouver

2.	COPE 378 Slide 4 sets out that BCH's principle for standard charges is cost recovery for activities undertaken. BCH's current late payment charge of 1.5 per cent per month (19.6 per cent per annum) appears not be based on cost recovery. What is the basis for the BCH late payment charge?	Revised Response The late payment charge is foremost a cost recovery mechanism to compensate BCH for expenses incurred as a result of the late payment and to take into account the time value of money. A customer's delinquent payment of her utility bill can result in two types of expenses to BCH: BCH may first experience out-of-pocket expenses; and a second expense involves the carrying charge associated with delinquent payments. The late payment charge is also a means to induce prompt payments on the part of customers. BCH undertook a jurisdictional assessment which indicated that many Canadian utilities, such as FortisBC, New Brunswick Power, Nova Scotia Power and Ontario utilities like Hydro One, charge customers a late payment of 1.5 per cent per month. In the case of Ontario utilities, the OEB determined that 1.5 per cent per month is the maximum a utility could charge for late payments. ¹ Refer to section 1.2.2 of the Workshop 3 Consideration Memo. ²
3.	CEC The late payment charge has some cost component as there are costs associated with late payment borne by other customers.	Agreed.
4.	BCUC staff Is the late payment charge considered a penalty to incent behavior?	No. The charges set out in section 11 of the Electric Tariff are not penalties. Refer to BCH's response to Q.2 above in this Part 2 with respect to the late payment charge.
5.	CEC Are collection-related costs recovered from the general rate base?	Costs related to collection are recovered from the general rate base. BCH estimates these costs to be approximately \$4 million.

¹ Refer to the OEB's Customer Service Rules for Electricity, summarized at <http://www.ontarioenergyboard.ca/OEB/Consumers/Electricity/Customer+Service+Rules>. The OEB website provides: "Late payment penalties benefit consumers by encouraging prompt payment of bills. That, in turn, reduces additional costs to utilities ... and lowers delivery rates for *all* consumers".

² Copy available at BCH 2015 RDA website: http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2014_10_30_bch_rda_wkshp3_et_rib.pdf.

BC Hydro Rate Design Workshop

SUMMARY

28 APRIL 2015

9 AM TO 2:30 P.M.

BCUC Hearing Room
Vancouver

5.	<p>BCSEA</p> <p>Has the implementation of SMI changed the number of disconnection/reconnections?</p>	<p>Revised Response</p> <p>Number of disconnections for non-payment by Fiscal Year:</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th><th>Disconnects Ordered</th><th>Disconnects Completed</th></tr> </thead> <tbody> <tr> <td>F2010</td><td>18,368</td><td>7,894</td></tr> <tr> <td>F2011</td><td>18,530</td><td>7,188</td></tr> <tr> <td>F2012</td><td>18,381</td><td>6,376</td></tr> <tr> <td>F2013</td><td>11,987</td><td>4,995</td></tr> <tr> <td>F2014</td><td>25,362</td><td>20,940</td></tr> <tr> <td>F2015</td><td>38,781</td><td>32,564</td></tr> </tbody> </table> <p>Credit policies have not significantly changed with the introduction of SMI. However, remote disconnect/reconnect significantly increases BCHs ability to follow-through with a disconnection order once issued.</p> <p>F2013 was a reduction from the prior three years because that was the main smart meter roll-out period and a backlog was created. F2014 was a catch-up year as remote disconnect/reconnect became stable. The number of disconnections further increased in F2015 because aged receivables continued to grow in F2014. As a result, additional effort was made to reduce the backlog of aged accounts. When efforts to obtain payment fail, the result is disconnection.</p> <p>In F2015, the number of accounts disconnected for non-payment was 1.7 per cent of all accounts.</p> <p>BCH understands from other utilities implementing remote disconnect/reconnect that they have seen similar trends. It takes a couple of years to shift customer behavior as they learn the utility will disconnect service.</p> <p>Note that 95 per cent of disconnections were remote and the other 5 per cent manual.</p>	Fiscal Year	Disconnects Ordered	Disconnects Completed	F2010	18,368	7,894	F2011	18,530	7,188	F2012	18,381	6,376	F2013	11,987	4,995	F2014	25,362	20,940	F2015	38,781	32,564
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6.	<p>BCSEA</p> <p>Please provide the number of and length of time between disconnects and reconnects.</p>	<p>The following statistics reflect customers disconnected for non-payment on or after April 1, 2014, and reconnected by March 31, 2015:</p> <p>54.5 per cent of accounts disconnected for non-payment were reconnected the same day; 71.7 per cent were reconnected the same day or the next day; 80.4 per cent were reconnected within 4 days; 84.7 per cent were reconnected within 7 days; 89.2 per cent were reconnected within 14 days; 91.6 per cent were reconnected within 21 days; 93.5 per cent were reconnected within 30 days; 96.6 per cent were reconnected within 60 days; 99.0 per cent were reconnected within 133 days.</p> <p>These were customers disconnected for non-payment on or after April 1, 2014, and reconnected by March 31, 2015. There may have been some additional customers disconnected in F2015 that were not reconnected until after April 1, 2015; however, given that over 96 per cent of accounts were reconnected within 60 days this wouldn't affect the statistics significantly.</p>																					

BC Hydro Rate Design Workshop

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BCUC Hearing Room
Vancouver

7.	COPE 378 Is it fair to say there are two customer groups that require manual disconnect/reconnect: 1) those customers opting out of SMI, and 2) those customers who live in remote areas where there is no Wi-Fi signal? Should those customers who have chosen not to have a smart meter pay the costs associated with manual disconnect/reconnect?	There are a number of customer groups that require manual disconnect/reconnect: 1. Those opting out of SMI; 2. Those that have smart meters but have not been enabled for remote disconnect/reconnect because of poor network connectivity (not just in remote areas); 3. Those that have enabled smart meters but for some reason the attempt at a manual disconnection or reconnection failed; 4. Commercial customers with poly-phase meters; and 5. Unmetered accounts. Revised Response The Meter Choices Program customers are about 1 per cent of BCH residential customers, and this number is dropping over time. Of the 32,564 disconnections in F2015, 376 were Meter Choices Program customers. This is 1.2 per cent of total non-pay disconnects. The smart meter program, including Meter Choices, is still in transition. BCH will revisit this issue when it updates the Meter Choices Charges. As discussed at Workshop 1, BCH takes the position that Meter Choices Charges are not in scope for the 2015 RDA given that the BCUC reviewed Meter Choices Charges in 2014. ³
8.	BCOAPO Please provide the percentage of customers reconnected within a week.	Refer to BCH's response to Q.6 in this Part 2.
9.	BCOAPO Please provide the percentage of reconnection fees that are paid for by the B.C. Ministry of Social Development and Social Innovation (Ministry) through 'crisis payments'?	The Ministry made 1,598 reconnection payments in F2015. This is approximately 5 per cent of reconnection charges applied.
10.	BCUC staff Is the disconnection/reconnection charged when there is a disconnection request to perform work on the premises?	The disconnect/reconnect charge is not charged when there is a request to disconnect while work is being done at a customer's premises as a benefit to public safety.
11.	BCOAPO and BCSEA both asked if an updated disconnect/reconnect charge be filed soon with the BCUC, so it could be dealt with and in place before the winter of 2015/2016.	This has been identified by BCOAPO as one of its priorities in meetings with BCH. If there is general stakeholder consensus on BCH's proposed disconnection/reconnection charge, BCH will explore ways to seek approval of the charge prior to the 2015 winter period either (1) as part of the 2015 RDA by requesting an order from the BCUC for mid-December 2015 with the review process being that the disconnection/reconnection charge be subject to one round of IRs with parties then making argument submissions; or (2) less likely, by filing a stand-alone filing prior to the 2015 RDA with the same sort of review process (one round of IRs followed by argument). BCH seeks stakeholder feedback on this topic.

³ In the Matter of British Columbia Hydro and Power Authority: Application for Approval of Charges Related to the Meter Choices Program, Decision, April 24, 2014; copy available at: http://www.bcuc.com/Documents/Proceedings/2014/DOC_41266_04-25-2014_BCH%20Meter%20Choices_Decision_G-59-14.pdf.

BC Hydro Rate Design Workshop

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BCUC Hearing Room
Vancouver

12.	CEC Are there IT costs that are specific to handling the disconnect/reconnect activity?	As indicated in Scenario 1, slide 8 there were IT investments made to enable smart meters with remote disconnect/reconnect capabilities. Disconnection for non-payment is the primary use of this feature but is not the only one. In particular, remote disconnect/reconnect helps management of consumption at unsigned (vacant) accounts and in the future could also enable interruptible rates.
13.	COPE 378 agrees with Scenario 4 excluding IT costs as there are no marginal costs as customers are added. Once installed the IT cost is fixed. COPE 378 suggested that IT costs should be included in customer care in a marginal COS model, similar to how costs are treated in California.	There may be incremental labour and material costs associated with providing the service to specific customers, though this would be averaged for a single charge within BCH's service area. BCH rejects a marginal COS approach as set out in the consideration memos for Workshop 2 and Workshop 4. BCH understands that there has been debate in California with how to consider customer care treatment in a marginal COS. For example, there have been controversies over treatment of "sunk" costs when customers leave and the services remain in the marginal COS context.
14.	BCSEA Do reconnection fees apply to seasonal properties?	Reconnection charges apply to seasonal customers as described on slide 11.
15.	Koho Power Is the \$90 IT cost for reconnection in scenarios 1-3 on slide 8 a combined cost or mainly disconnect/reconnect costs? Koho Power commented that the rules for determining the proposed disconnect/reconnect charges are too complex to understand and also questioned what the impact to low income customers would be.	The \$90 IT cost was a rough approximation of the total remote disconnect/reconnect IT cost being allocated to those customers being disconnected for non-payment, and was used for illustrative purposes in Workshop 3. Feedback from Workshop 3 indicated there was general consensus that IT costs should not be included in the reconnection charge. This is one of the reasons why BCH selected Scenario 4 as its preferred alternative for the reconnection charge. The proposed reconnection charge includes the direct staffing costs incurred to disconnect a customer because of non-payment and then reconnect them once payment is made. This includes the credit agent's time and the costs of dispatching a Field Metering Analyst or Powerline Technician crew for the proportion of disconnects and reconnects that must be done manually. There are benefits to all customers, including low income customers, with the Scenario 4 preferred reconnection charge, as indicated in slides 10 and 11. In particular, if a customer is disconnected, BCH's proposed reconnection charge would have them pay approximately \$100 less to be reconnected than then current reconnection charge set out in section 11.2 of the BCH Electric Tariff.
16.	COPE 378 expressed concern that a meter test charge for customer requested tests might be a barrier to customers asking for meter test for valid reasons. COPE 378 indicated that the preferred option would be somewhere between option 1 and 3 on slide 12.	BCH will explore in its Consideration Memo for Workshops 9A/9B whether there is a cost basis for a meter test charge that falls between options 1 and 3.
17.	BCOAPO What happens when a meter is removed for testing?	A new meter is put in place, and this is why the meter test charge is close to the connection charge for new meters.
18.	BCUC staff What percentage of meters tested as a result of a customer request are faulty?	In calendar 2014, 165 requests were made by customers for meter tests. Five were cancelled; of the 162 tested, all but three passed. Regarding the three meters that did not pass, the incorrect manual meter reading related to the three meters was not detected until the testing.

BC Hydro Rate Design Workshop

SUMMARY

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9 AM TO 2:30 P.M.

BCUC Hearing Room
Vancouver

19.	BCUC staff Regarding the three meters that were found to have billing errors, were there any charges to the customer?	There were no charges to the customers.
20.	Koho Power asked what BCH's responsibility is with respect to meter calibration.	Meters have expiry dates, and BCH undertakes sampling programs to test the meters.
21.	BCUC staff How many meter tests are initiated by BCH as compared to customer-initiated?	BCH indicated it did not keep statistics on this topic; however, BCH believes it is mainly customers who initiate meter tests. BCH does not typically initiate meter tests.
22.	FNEMC If the meter is found to be faulty, is there no charge to the customer?	There is no charge to the customer if it is determined that the meter was faulty.
23.	BCOAPO Has BCH has looked at other jurisdictions to inform security deposit policy?	<p>Yes, to date BCH has looked at other Canadian jurisdictions, including Newfoundland Labrador Hydro, Nova Scotia Power, New Brunswick Power, Hydro Quebec, Hydro One, SaskPower and FortisBC.</p> <p>The 2x/3x the average monthly bill requirement in section 2.4.2 of the Electric Tariff is among the most prescriptive of reviewed tariffs. Most surveyed Canadian utilities have some flexibility, with tariff language regarding the deposit amount such as "up to" a certain amount, graduated steps to reflect history or risk, and some also specify a minimum amount such as \$50.</p> <p>The jurisdictional review is not yet complete, and will consist of a review of not only security deposit policy but also the charges of other Canadian utilities. BCH will summarize the results of the jurisdictional review as part of the Workshop 9A/9B Consideration Memo.</p>
24.	BCOAPO Who ultimately makes the decision on the security deposit amount required by a customer?	<p>For a new customer, the customer service agent determines the amount of the security deposit based on prior consumption history in the premises. This sometimes requires judgment from the agent because prior consumption is not always representative of what could be expected from the new resident.</p> <p>For a customer assessed a security deposit because of deteriorated credit, the amount is calculated by the billing system based on the actual consumption history of the customer.</p>

BC Hydro Rate Design Workshop

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Vancouver

25.	<p>BCOAPO</p> <p>Does BCH offer payment plans outside of the Equal Payment Plan?⁴ If so, could BCH provide some examples?</p>	<p>BCH offers instalment plans to customers who are having difficulty making their payments.</p> <p>Customers are typically requested to pay a portion of the outstanding balance immediately (typically starting at 50 per cent) and then pay the remainder over a period of up to three months. Longer terms may be offered in the event of large, unexpected charges (e.g., the annual true-up of the Equal Payment Plan). Instalment plans for up to 6 months may be created for balances requested as security deposits.</p> <p>The instalment plan automatically cancels if the customer does not pay both the instalment amount and the full amount of any new charges. BCH typically will allow a customer to re-establish an instalment plan because of a missed payment; however, if there becomes a pattern of failed instalment plans then the customer may be asked to pay all or a portion of the outstanding balance.</p> <p>In April 2015, BCH had instalment plans in place with 1,387 residential customers, with receivables totaling \$4.816 million. (Note that the average amount per instalment plan is high because of plans offered to customers affected by estimated billing issues during the SMI transition. Accordingly, the total outstanding does not reflect the typical value of arrears under instalment plans).</p> <p>Instalment plans are also offered for customers in back-billing situations. Section 5.8 of the Electric Tariff requires that a payment plan equal to the period of back-billing be offered.</p> <p>In addition to instalment plans, customers can ask to defer a payment so no further credit action is taken provided they pay the amount with their next invoice.</p> <p>BCH also has a Pay As You Go Billing Plan. Under section 2.4 of the BCH Electric Tariff, the Pay As You Go Billing Plan allows monthly payments based on an estimate to be paid one month in advance. Payment is required within 21 days following the billing date. Applicants may select this plan as an alternative to providing a security deposit, based on credit approval. BCH collects one month of security in advance.</p>
26.	<p>ClearResult/New Westminster</p> <p>Is it the case that the source of bad debts and security deposit requirements has generally been accounts in the downtown Vancouver area, and that it is a different issue than disconnect/reconnect issues?</p>	<p>In F2015, apartments comprised 54 per cent of accounts in arrears despite being only 27 per cent of total residential accounts, though on a dollar basis they comprised 23 per cent of bad debt expense because consumption tends to be lower. Due to the higher concentration of apartments, the concern of bad debts from apartments is largely focused in the Lower Mainland, though not exclusively in the downtown Vancouver area.</p> <p>In the past there was a business rule implemented whereby new accounts with average monthly consumption less than \$55 would not be assessed a security deposit. In practice this resulted in security deposits not being assessed for apartments.</p> <p>Yes, security deposits and disconnect/reconnect issues are separate issues.</p> <p>BCH would like some flexibility in dealing with security deposits. In cases where customers are new to a residence, without any payment history BCH has limited options. In addition, the unpaid amounts are generally quite small, so it is not possible to send the amounts to a collection agency.</p>

⁴ Under the BCH Equal Payment Plan a customer can make equal payments each month. The last 12 months of electricity use determines the monthly payment amount. Each year, BCH compares the amount the customer would have been billed with the customer's actual use. The difference may result in a credit (if the customer used less electricity than paid for) or additional charges (if the customer has been using more electricity than paid for). Customers can see how they are comparing on each bill.

BC Hydro Rate Design Workshop

SUMMARY

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Vancouver

27.	CEC Is BCH able to implement advance pay approach to avoid problem accounts not paying	A Pay As You Go plan exists where equal payments one month in advance are made. Refer to BCH's response to Q.25 in this Part 2. In addition BCH is exploring a voluntary prepayment option. [Note to readers: this is addressed as part of Workshop 9B].
28.	BCOAP0 How many residential customers are billed monthly, and is it fairer to bill monthly as opposed to bi-monthly?	Most residential customers are billed bi-monthly, and 65 per cent receive a paper bill, while 35 per cent receive on-line billing, which is top quartile. Residential customers have the option of monthly billing by subscribing to the Equal Payment Plan. Currently, 414,000 customers (21.7 per cent) are on the Equal Payment Plan. High postage costs would make monthly billing for paper bill customers expensive. However, BCH will revisit this when more residential customers are on on-line billing; both the customer and utility can potentially benefit from monthly billing.
29.	COPE 378 How BCH would ensure consistency in application of the new security deposit policy proposed on slide 15?	BCH would develop a business practice which would consider factors such as size of account, other options regarding financial risk, verifying customer identification, etc.
30.	BCSEA Is the removal of the security deposit is automatic?	In accordance with section 2.4 of the Electric Tariff, the requirement for security deposit can be removed after one year of good credit history. In the past it was returned automatically but in response to BCH's bad debt analysis and realization that security deposits were not being held long enough, BCH has recently changed the process so that it will be automatically returned after two years instead. However, the customer may still make a request to have his or her file reviewed after one year and BCH may return the security deposit if the customer has exhibited a perfect payment history and there are no additional credit concerns.
31.	BSCEA What are the steps between non-payment and disconnection? Would the proposed change to security deposits on slides 15/17 impact certain customers?	Depending on the customer's payment history, he or she may receive up to five notices of arrears before being disconnected. A high level summary of the dunning process is provided as Appendix 1 to these Workshop Summary Notes. BCH has bad debt problems, even with security deposits, particularly with new customers. Allowing more flexibility in the amount of the security deposit required would provide options to charge, for example, a flat security deposit for apartments. Low income and other customers could benefit from the added flexibility because it would permit a graduated security deposit, such that the first time a customer is assessed, the security deposit could be for a smaller amount than permitted currently.
32.	Koho Power indicated it supported BCH's security deposit proposal. First Nations living on reserves have issues with the current security deposit policy which can prevent them from getting service (i.e., NIA communities). BCH should consider additional ways to address the security deposit issue particularly in the context of First Nations.	BCH's proposal of having up to 2x/3x the average monthly bill would allow BCH the flexibility collect less or a graduated security deposit where appropriate.
33.	BCUC staff suggested an option to examine could be for some monthly billing for apartment's downtown accounts, while customers in other areas remain bi-monthly.	BCH notes that some downtown accounts were moved to bi-monthly billing to manage resources during the smart meter transition. The need for monthly billing of downtown accounts is no longer relevant with smart meters. However, this is something BCH will consider as it could reduce the revenue at risk from non-payment.

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<p>34. BCSEA</p> <p>This is a complex issue and will require more time to fully explore the issue. There may be unintended consequences on residential customers already disadvantaged. There is a need for more formal attention to the security deposit issue.</p> <p>Is there an unintended consequence with BCH's security deposit proposal? What about the situation where there is a significant increase in consumption with sustained levels exceeding that reasonably expected for any residential customer?</p>	<p>BCH has an exposure to significant bad debts from new residential accounts that have very high levels of consumption. BCH has evidence that with improved theft detection from smart meters some customers choose to sign-up for service rather than steal power outright, but then later fail to pay their final outstanding balances.</p> <p>Consider a situation in which a new account was created and a security deposit of \$300 was requested on the basis of an average monthly bill of \$100 (roughly 30 kWh/d, which is typical of a gas-heated home). If actual consumption is \$1,000 per month, the security deposit is insufficient to mitigate BCH and its customers from the risk that the customer will not pay its final balance. Moreover, the security deposit amount was initially determined using information that was inaccurate.</p> <p>The concern is that BCH only has two opportunities at which to require a security deposit – when the account is first set-up or if triggered as a result of a poor payment history. The proposal is to allow the application of a new or increased security deposit in a third situation: if actual consumption is found to be significantly higher than what was assumed or declared at the time the account was created or a security deposit was last assessed.</p> <p>It is noted that BCH has few reasons to withhold service for a new customer, even if it is suspected that the customer poses a significant risk of non-collection. Service for high consumption accounts can be disconnected on the basis of public safety concerns but must be restored once the customer has made whatever service upgrades are considered necessary. Therefore, there is very little BCH can do to prevent bad debts from customers that intentionally avoid paying their final balances – a security deposit is the primary means to mitigate this risk.</p> <p>While this proposal targets customers that intentionally mislead BCH and pose a significant risk of not paying their final bills, it is a legitimate concern that there could be unintended consequences to other customers. BCH's assessment is that there are few situations where this would happen:</p> <ul style="list-style-type: none"> • The minimum consumption threshold would be 93 kWh/d, which is above the normal range of consumption for residential premises and corresponds to the level at which a report must be made to public safety agencies; • If the new account was created at a premises with high consumption (e.g., a residential farm or older, inefficient homes with electric space heating), the agent would be aware of it at the time of account set-up and so would have already considered that when assessing the need for a security deposit. Therefore, this option would only become relevant if consumption dramatically increased; • Other factors would be considered in determining whether or not a security deposit would be issued following a large increase in consumption. For example, an increase due to a renovation can be substantiated by the owner and the level of 'flight risk' probably does not increase. However, a significant and unexplained increase in consumption at a rental property would raise concerns and be a candidate for application of a security deposit. <p>Accordingly, low income or other disadvantaged customers should not be negatively impacted.</p>
<p>35. BCOAO</p> <p>Is it acceptable for new customers who have good credit with another other utilities to not pay a security deposit with BCH?</p>	<p>Good credit with other utilities is a consideration as to whether there is "established credit satisfactory" to BCH.</p>

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3. Presentation: Default Residential Rate - RIB Rate and Alternatives to RIB Rate

Rob Gorter gave a summary of alternative default residential rate designs carried forward for additional consideration (three versions of a three step rate) and a review of stakeholder feedback concerning and BCH's consideration of alternative designs not carried forward (at this time: Customer Specific Baseline; flat rate; and seasonal rates – higher effective price during the winter period and lower effective price during the winter period).

Rob provided a summary of the role of the RIB in comparison to other BCH DSM tools, such as codes and standards and programs. Rob reviewed Canadian jurisdictional approaches to low income rates and programs. **Brenda Willington** provided information on BCH's two DSM low income programs. Paulus Mau discussed modeling assumptions used for comparison of the RIB to the three step rate alternatives.

FEEDBACK	RESPONSE
<p>1. BCUC staff asked if the current RIB rate is working, then what the problem with it is.</p>	<p>In accordance with BCUC Order No. G-13-14, BCH reviewed the RIB rate, including the setting of the Step 1/Step 2 threshold and the pricing of the Step 1 and Step 2 rates, as well as consideration of alternatives to the RIB rate. BCH also reviewed the existing RIB rate as a result of stakeholder comments at Workshop 1.</p> <p>BCH has identified the status quo RIB rate as its preferred alternative at this workshop. BCH is of the view that there is no significant problem with the RIB rate when assessed against the eight Bonbright criteria. BCH believes the RIB rate is achieving its intended goal of delivering energy conservation through the simple two step rate structure. As described on slide 57, the RIB is expected to have delivered 463 GWh in cumulative conservation over its first 10 years of implementation (October 2008 implementation through F2017).</p>
<p>2. COPE 378</p> <p>The fundamental problem with the RIB is that its impact is driven by circumstances of the customer, not behavior; under the rate apartment dwellers are winners, while SFDs are losers.</p>	<p>Revised Response</p> <p>The RIB design sends both a general easy to understand signal to all residential customers and a more specific targeted signal to higher usage customers:</p> <ul style="list-style-type: none"> • The general signal is that higher usage will lead to higher rates and bills. When surveyed, about half of BCH's residential customers claim to understand this message. Refer to BCH's 2013 RIB Evaluation Report⁵ page vi; • The second more targeted message is conservation, whether it is induced through short term behavioral changes or investments, whenever usage exceeds the Step 1/Step 2 threshold. Approximately 65 per cent of customers have some consumption billed on the higher Step 2 rate. To the extent that customers are responding to a Step 2 rate that is based on BCH's energy LRMC, this encourages overall improvements in dynamic efficiency for BCH. Finally, apartment dwellers, who are exposed to the Step 2 rate less frequently than larger users, demonstrate limited efficiency potential, as discussed in BCH's response to Q18 below in this Part 3. <p>One consequence of the RIB rate design is that larger users now pay higher average rates than smaller users. SFD users tend to have higher usage than apartment dwellers.</p> <p>A flat rate would create new winners and losers. As demonstrated at Workshop 3, under a flat rate bills would go up for lower consuming customers such as those in apartments and some low income customers while bills would go down for larger consuming residential customers. Refer to slide 33 of the Workshop 3 slide deck presentation. Average rates for large users would decrease under a flat rate.</p>

⁵ Copy found at BCH 2015 RDA website:
<http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/revenue-reguirements/10-RIB-Evaluation-report.pdf>.

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<p>3. BCUC staff</p> <p>Perhaps there is a different way to look at the pricing of RIB Step 2. It's not clear to BCUC staff that LRMC is the correct reference. Is there an appropriate differential between Step 1 and Step 2?</p> <p>Has the policy context changed since 2008 when the RIB was implemented, as there are winners and losers based on the current pricing?</p>	<p>Revised Response</p> <p>The BCUC has found on at least three occasions that LRMC is the appropriate reference for Step 2 (2008 RIB Decision;⁶ the 2011 RIB Re-Pricing Decision;⁷ and FortisBC 2011 Residential Conservation Rate Application Decision⁸) as it sends a signal to customers as to the price of acquiring marginal energy. Any lower price would incentivize inefficient electricity usage, and any higher price would discourage or unfairly penalize efficient usage. BCH does not see a principled basis for setting the RIB Step 2 price without using LRMC as a referent.</p> <p>BCH does not see how one could determine what the 'appropriate' Step 1/Step 2 differential should be unless it is considered in the full context of the entire rate design that attempts to satisfy a number of competing design goals: The RIB design promotes dynamic efficiency in its exposure of more than 65 per cent of customers to a LRMC-based Step 2 rate; and the collection of rate components are designed to produce stable revenues under a relatively simple to implement and easy to understand structure that would produce acceptable billing impacts.</p> <p>To assure that the proposed RIB design was also consistent with best practices in the industry, BCH examined the differentials of a number of utilities with residential inclining block rates as part of its 2013 RIB Re-Pricing Application and found that at that time, the RIB Step 1/Step 2 differential of about 50 per cent was within the range of differentials for two steps (from about 6 per cent to about 190 per cent).⁹ As part of Workshop 3, BCH modelled different Step 1/Step 2 thresholds, with no real impact to conservation.¹⁰ BCH is also testing two pricing principle options – Option 1 entails applying RRA increase equally across Step 1 and Step 2 and therefore maintains the differential, as opposed to pricing principle Option 2, which would put RRA increase only on Step 1, thereby narrowing the differential and resulting in a loss of conservation. Pricing principles are part of the alternatives means of delivering the RIB topic. [Note to readers: RIB pricing principles are addressed as part of Workshop 9B].</p> <p>The B.C. Government policy context has not changed since the 2008 RIB Application; it remains Policy Action No. 4 of the 2007 Energy Plan: "Explore with B.C. utilities rate structures that encourage energy efficiency and conservation".</p>
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⁶ In the Matter of British Columbia Hydro and Power Authority: Residential Inclining Block Rate Application, Reasons for Decision to Order No. G-124-08, pages 107 to 108;

http://www.bcuc.com/Documents/Proceedings/2008/DOC_19754_BCH-RIB-Decision-WEB.pdf.

⁷ Appendix A to BCUC Order No. G-45-11, page 3 of 19;

http://www.bcuc.com/Documents/Proceedings/2011/DOC_27176_G-45-11_BCH-RIB-Re-Pricing-Reasons.pdf.

⁸ In the Matter of FortisBC Inc. Residential Inclining Block Rate, Decision, page 40;

http://www.bcuc.com/Documents/Proceedings/2012/DOC_29557_FBC%20Inc-RIB_Decision-WEB.pdf.

⁹ Appendix E to BCH's 2013 RIB Re-Pricing Application; copy available at

http://www.bcuc.com/Documents/Proceedings/2013/DOC_37359_B-1_BCH%20RIB_Re-pricing%20Application.pdf.

¹⁰ Refer to the Workshop 3 Consideration Memo, section 3.2.2 at the BCH 2015 RDA website;

http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2014_10_30_bch_rda_wkshp3_et_rib.pdf.

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<p>4. BCUC staff suggested BCH consider two 2014 BCUC decisions: FortisBC's stepped and standby rates for industrial customers¹¹ and RS 3808,¹² as a basis for assessing whether the RIB rate is supporting 'appropriate' efficiency (LRMC vs broader perspective, such as whether the RIB rate gives rise to fuel switching).</p>	<p>The basis for the step 2 ("tranche 2") price in RS 3808 is BCH's LRMC and the BCUC approved RS 3808 on this basis. BCH maintains that LRMC should be a referent for Step 2 of the RIB rate.</p> <p>Revised Response</p> <p>The RS 3808 Decision also provides: "Consider effect (from a BC perspective) on (i) efficient customer consumption and investment decisions; (ii) efficient utility investment and operational decisions; and (iii) innovation".¹³ During the 2013 RIB Re-Pricing Application SRP, BCH agreed with BCUC staff that how the Bonbright efficiency criterion is applied to the RIB and other rate structures was in scope. In BCH's view, considering the effects of a particular rate is a different issue than using LRMC as a basis for designing a rate.</p> <p>BCH offers the following on the RIB rate and possible impacts to fuel switching from electricity to natural gas. BCH's load forecast evidences a trend towards greater electric heating within each housing type (SFDs, row/townhouse, apartment, etc.). For dwellings with multiple heating sources, DSM initiatives may have a small side effect on fuel switching e.g., replacing incandescent bulbs with LED may lead to more gas furnace use to replace lost heat. This is a risk, but this is in BCH's view eclipsed by the efficiency gains induced by the RIB rate (and DSM programs/codes and standards) that encourages customers to only consume electricity when its value to the customer is greater than BCH's incremental costs and to install electric end uses that are efficient given this cost. The fact that prices for larger heating customers are reflective of LRMC means that customers make efficient electricity consumption decisions.</p> <p>Overall, on the topic of fuel switching, BCH is guided by the definition of "demand-side measure" in section 1 of the <i>Clean Energy Act</i>—which singles out initiatives whose main purpose is to encourage fuel switching from electricity to natural gas are not DSM. BCH will not engage in these kinds of fuel switching initiatives.</p>
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¹¹ FortisBC – Application for Approval of Stepped and Stand-by Rates for Transmission Voltage Customers, Decision, section 2.4.1; http://www.bcuc.com/Documents/Proceedings/2014/DOC_41435_G-67-14_FBC-Stepped_Standby-Rates_WEB.pdf.

¹² In the Matter of British Columbia Hydro and Power Authority: Application for Approval of Rates between BC Hydro and FortisBC Inc. with regards to Rate Schedule 3808, Tariff Supplement No. 3 – Power Purchase and Associated Agreements, and Tariff Supplement No. 2 to Rate Schedule 3817, Decision (**RS 3808 Decision**), section 7.2.3; http://www.bcuc.com/Documents/Proceedings/2014/DOC_41321_05-06-2014_BCH_PPA-RS%203808-TS-No-2-and-3_Decision.pdf.

¹³ *Ibid*, page 31.

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5. COPE 378

The nature of dwelling impacts conservation. How many apartment accounts and how many SFDs with and without electric space heat face the Step 2 rate, and what is the average consumption of customers consuming at Step 2?

COPE 378 is investigating whether the allocation of low cost Heritage Resource energy should be based on dwelling type.

Revised Response

Refer to BCH's response to Q.12 below in this Part 3 regarding BCH concerns with segmenting the residential class on the basis of electric space heating and/or dwelling type.

Dwelling Type	Space Heating	Estimated Residential Accounts See Step 2 at least Once	Proportion of total Residential Accounts Seeing Step 2 at least Once per Year (%)
Apartment	Electric	134,534	45.7
	Non-electric	12,830	8.4
SFD	Electric	253,552	97.3
	Non-electric	482,762	76.1

Dwelling Type	Space Heating	Median Consumption of Customers who See Step 2 at least Once (kWh)	Mean Consumption of Customers who See Step 2 at Least Once (kWh)
Apartment	Electric	8,079	9,028
	Non-electric	7,788	7,553
SFD	Electric	17,147	18,377
	Non-electric	10,726	12,248

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6.	<p>BCSEA asked whether BCH would get more conservation from the RIB rate as compared to a flat rate.</p>	<p>BCH found in the 2013 RIB Evaluation Report that the RIB rate has resulted in conservation savings as compared to the pre-2008 flat energy rate then in place for residential customers.</p> <p>BCH modelled a flat rate design for F2016 at Workshop 3 with an energy charge of 9.63 c/kWh which is within the range of BCH's energy LRMC. The question is whether the increased Step 2 price of 11.95 c/kWh (F2016) with an estimated elasticity of -0.1 induced a sufficient amount of conservation to more than offset the anticipated increase in consumption from the decrease in the Step 1 price of 7.97 c/kWh (F2016) with an assumed elasticity of -0.05:</p> <ul style="list-style-type: none"> The 2013 RIB Evaluation Report found no statistically significant Step 1 price elasticity. Price elasticity for BCH's small residential customers with only Step 1 consumption was not able to be measured due to limited variation in the flat rate prior to the October 2008 RIB implementation and the Step 1 price after RIB implementation for the time period analyzed (F2009-F2013). However, in forecasting total conservation¹⁴ attributable to the status quo RIB design (natural conservation and rate structure conservation), BCH made the conservative assumption that these lower usage customers would have an elasticity of -0.05. It may be that lower usage customers have moderately increased their consumption in response to a Step 1 price decrease relative to a flat rate; such increased consumption would be rate design induced and could be netted off the overall rate structure conservation attributed to the RIB. BCH would expect any increased consumption to be very small and would use the -0.05 elasticity for purposes of comparing any increase in consumption under Step 1 with a flat rate. What is not clear is what the elasticity would be for the flat rate modelled as part for Workshop 3 with a F2016 energy charge of 9.63 cents/kWh. The -0.05 elasticity assumption is consistent with what is found in the literature from other jurisdictions for lower usage customers and what BCH has used in previous conservation forecasts to estimate the impact of general rate increases on the entire residential class for load forecasting purposes; Three different econometric models estimated a range of Step 2 price elasticities between -0.08 and -0.13. These findings confirm that customer Step 2 price responsiveness assumption of -0.1 assumed in BCH's conservation forecast is a reasonable estimate for these larger consumption customers. <p>BCH concludes that its own empirically based econometric price elasticity estimates confirm previous findings from other jurisdictions that elasticities are higher for residential customer segments with higher consumption, and that replacing the flat energy rate with the RIB has resulted in reduced residential consumption overall.</p>
7.	<p>COPE 378</p> <p>A significant issue is the BCUC in its 2008 RIB Decision avoided ruling on its jurisdiction with respect to lifeline rates, but COPE 378 recognizes this is a legal argument.</p>	

¹⁴ Natural conservation is conservation induced by general rate increases applied to the Residential class through RRAs, absent any rate structure changes, and is not considered by BCH to be DSM. Rate structure conservation is the incremental conservation induced by changing the elements of the rate structure. These two together comprise total conservation.

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8.	<p>Clean Energy BC</p> <p>Should the current 675 kWh per month Step 1/Step 2 threshold be varied for seasonality because customers with electric space heating exceed the threshold in winter months but do not receive credits for being below in the summer months?</p> <p>An alternative option would be to provide space heating customers with a refund in summer months during periods of low consumption, to average threshold over whole year, as opposed to bi-monthly.</p>	<p>As part of Workshop 3 (as shown on slides 37-42 of the Workshop 3 slide deck), BCH presented a seasonal arte with a higher Step 1/Step 2 threshold in winter. The outcomes show limited benefits for electric space heating customers. In addition, effectively reducing the price for electric space heating customers during the winter months does not align with the Bonbright fairness criterion, as there is no cost of service basis for this. BCH is a winter peaking utility, so, if anything, the effective price should be higher in the winter.</p> <p>While electric space heating causes some increase in consumption in the winter months, it is not the major driver in causing substantial differences in energy consumption in the Residential class. As shown on slides 27 and 28 on the Workshop 3 presentation slide deck, energy consumption is mostly driven by dwelling type. Electric heat customers are present at all consumption levels, and the 675 kWh monthly Step 1/Step 2 threshold is not a basis one can use to differentiate electric vs. non-electrically heated customers.</p> <p>Note that any default Residential rate must be revenue neutral for the class, so any discounts for customers with electric space heating would be paid by other Residential customers. In any event, if customers with electric space heating consume less in the summer they will pay less under the RIB rate.</p>
9.	<p>BCUC staff questioned what the problem is with the RIB, and noted that BCH is in short term surplus.</p> <p>Does BCH consider the surplus when reviewing the RIB rate?</p> <p>When considering rate design, does BCH consider behavior vs stock turnover?</p>	<p>As set out in BCH's response to Q1 in this Part 3, BCH is of the view that there is no significant problem with the RIB rate when assessed against the eight Bonbright criteria.</p> <p>BCH considers its load-resource balances (surplus or deficit) when deciding on the overall level of DSM. Without any DSM going forward, the 2013 IRP forecasts an energy deficit in F2017. With DSM, the 2013 IRP indicates there is a need for new energy resources in F2023 without taking into account expected LNG load.</p> <p>There has been some effort by utilities to develop real time rates that reflect surplus or deficits from hour to hour and from year to year. However, to the best of BCH's knowledge, no vertically integrated utility has developed rate structures that vary to reflect resource conditions for Residential electricity consumers.</p> <p>It is difficult to accurately disaggregate behavioral rate design induced conservation from conservation caused by stock turnover or investments in efficiency. However, to assure that there is no double counting in the aggregate conservation forecast BCH assumes: that the RIB rate leads to behavioural changes (e.g., turning off light bulbs) and not investment decisions (e.g., purchasing energy efficient appliances); and that the other two DSM tools (codes and standards, programs) lead to stock turn over/investment decisions.</p>
10.	<p>FortisBC</p> <p>Has BCH considered further segmentation for the Residential class depending on dwelling type, when considering the efficiency of the RIB rate?</p>	<p>Refer to BCH's response to Q.12 below in this Part 3.</p>
11.	<p>CEC asked about use of a Minimum Charge versus the Basic Charge in terms of principles used to set rates.</p>	<p>BCH is exploring the design of a Minimum Charge as a means to improve the recovery of costs from dormant or very low consumption accounts. This is consistent with Order No. G-13-14 for BCH to consider whether a minimum bill should more accurately reflect the costs of remaining attached to the system during periods of very low consumption or dormancy.</p> <p>BCH noted that a \$15 per month Minimum Charge was about equivalent to the fully allocated fixed cost to residential customers on a per customer, per month basis. This topic is addressed as part of the alternative means of delivering the RIB. [Note to readers: RIB pricing principles are addressed as part of Workshop 9B].</p>

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12.	<p>COPE 378 suggested that segmenting by type of dwelling and/or end use (space heating) may make sense, and asked why it wouldn't be appropriate to have thresholds for fairly distinct types of uses or dwellings.</p> <p>COPE 378 understands there are problems with segmenting along the suggested lines, but sees this as one way to ensure all residential customers see a LRMC price signal and potentially re-distribute the benefits of the low cost Heritage Resources.</p>	<p>Revised Response</p> <p>BCH sees problems with using electric space heating as a basis for segmentation. First, there is no cost based way to draw this distinction. Second, the space heating indicator in the BCH billing database has not been tested for accuracy and BCH has reason to believe it could be inaccurate. Finally, there is a continuum of electric space heat within residential homes in BCH's service area. This is the result of many different heating end-uses within a home that are not homogeneous across the BCH Residential customer population. There is not a clean bi-modal distribution where electric space heating customers consume and non-electric space heating customers consume. The assorted end-use mix creates a single distribution of consumption where separating customers legitimately is extremely difficult (if not impossible). BCH regularly sees instances where homes are primarily heated by gas in a central forced air system but have secondary baseboards to external rooms. They would deem themselves to be non-electrically space heated but they consume more energy annually than a home who has an electric heat pump as its primary heat source.</p> <p>Based on BCH's jurisdictional review, segmentation of the Residential class based on dwelling type would be very unusual. Although dwelling type may drive differences in energy consumption in the Residential class (see BCH's response to Q.8 above in this Part 3), heating type drives differences in the demand-related costs of serving residential customers (measured as a variation in cents/kWh cost). Differences in BCH's cost of serving Residential customers are driven by the coincidence of customer load profiles with the system peak. The coincidence of load, in turn, is much more driven by heating type than dwelling type. There would also be definitional problems (i.e., apartments, row houses, townhouses, secondary suites and seasonal cottages would need to be classified).</p> <p>BCH will meet with COPE 378 on this issue in June 2015, and provide its views on segmenting by dwelling type in the Workshop 9A/9B Consideration Memo and at the 2015 RDA wrap-up Workshop planned for July 30, 2015.</p>
13.	<p>BCUC staff</p> <p>It would be useful to have some discussion of the definitional problem, whether efficiency or fairness, and expressed concern that the RIB rate may cause fuel switching to gas, rather than real conservation.</p>	<p>See BCH's response to Q.1 and Q.4 above in this Part 3.</p>
14.	<p>BCOAPO asked about the 10 per cent customer bill impact test, and whether the most adversely impacted customers remains part of the test.</p>	<p>Yes, the 10 per cent bill impact test is applied to the single most adversely impacted customer for modelling purposes. The customer with the most adverse bill impact is the customer with the largest percentage increase in the customer's annual bill from one year to the next if consumption stays the same. Use of the customer with the most adverse impact as part of the bill impact test is consistent with BCH's 2013 RIB Re-Pricing Application.</p> <p>Some stakeholders at Workshop 3 suggested using the 95 percentile or 90 percentile. After calculating the bill impacts of all customers and then sorting from the highest percentage increase to the lowest percentage increase, the customer that is 95 per cent of the way up the ranking would be the 95th percentile customer on bill impact. In BCH's view, applying the 10 per cent test to any threshold level other than the most adversely impacted customer will lead to definitional problems or will have unintended consequences.</p>

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15.	CEC How is the 10 per cent bill impact test applied? Once the 10 per cent is exceeded, how does BCH prioritize between rebalancing and rate design, and increases?	Since the 2008 RIB Decision, BCH has used a 10 per cent maximum impact test inclusive of 'all-in' costs consisting of: RRA increases (the Direction No. 7 rate caps of 4 per cent in F2017, 3.5 per cent in F2018 and 3 per cent in F2019 on average); the DARR; rate-rebalancing; and rate changes due to rate design. For modelling purposes, the RRA increases are the first element considered in the 10 per cent bill impact test as BCH is assuming for purposes of the 2015 RDA that it recover its revenue requirement. Note that the 10 per cent bill test is not go/no go decision but rather a yellow light warning.
16.	COPE 378 How many residential low income customers live in rental accommodation and suites not metered?	This is a difficult question to answer because BCH does not know what is served beyond the BCH meter. Therefore, even if BCH suspects the building contains unmetered suites, BCH wouldn't know the number of suites served. However, BCH knows there are approximately 150 buildings managed by BC Housing that have only one meter. These buildings include nursing homes, apartments, row houses and shelters.
17.	BCUC Staff asked, in the context of considering options for changing the RIB rate, whether additional conservation should be achieved more effectively through targeted DSM programs rather than rate design, i.e. DSM programs targeted to particular sectors, which may be better for low income customers than rate design, and also asked if BCH could look at the impact of the RIB on fuel switching.	Revised Response See BCH's response to Q.1 and Q.4 above in this Part 3 regarding BCH's views on the RIB rate and the Bonbright efficiency criterion and fuel switching. As indicated in section 3.3 of the 2013 IRP, programs work in tandem with rate structures and codes and standards to address the barriers to energy efficiency and conservation and thereby capture additional conservation potential. In general, the DSM tool used to target energy efficiency and conservation depends on the specific barriers needing to be addressed. In BCH's view, programs are more flexible than rate structures in that they can more easily be ramped up or down depending on a change in circumstance. In addition, programs can be tailored to individual customer needs; rate structures are blunt instruments. Programs are higher cost than rate structures from a utility view point.
18.	COPE 378 Customers in apartments are mostly consuming at Step 1, while many single family dwellings are at Step 2. While 70 per cent of all customers are in Step 2 at some time, a very low percent of apartments is at Step 2. If goal is to signal LRMC to all customers, the current RIB structure is not currently doing this for those living in apartments.	BCH has not taken the position that all customers within the Residential rate class should be exposed to LRMC at all times of the year. In the 2013 RIB Re-Pricing Application, BCH reported that about 65 per cent of residential customers taking service under the RIB see the Step 2 price at least once a year. This is based on the 2013 RIB Evaluation Report. ¹⁵ As set out in BCH's response to Q.2 above in this Part 3, the RIB rate shifts cost responsibility to large consuming residential customers. From the experience of Power Smart, which includes studies done for the 2007 CPR, the potential for additional conservation for apartments as a customer segment through behavioral change is small relative to the cumulative potential of the entire residential class.
19.	BCUC staff Does BCH have information on SFDs for by electric and non-electric space heating?	Yes. This information is collected through the REUS. Refer to BCH's response to Q.5 above in this Part 3.
20.	BCSEA Is the 10 per cent bill impact test a constraint in modelling RIB alternatives?	The modelling for the three step rate was constrained in Model A by the 10 per cent bill impact test. Three step rate Models B and C were not so constrained. In addition, there was no bill impact constraint for testing the \$15 Minimum Charge forming part of the RIB alternative means of delivering analysis.

¹⁵ Refer to page 91 of 157 of the 2013 RIB Evaluation Report, *supra*, note 5.

BC Hydro Rate Design Workshop

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9 AM TO 2:30 P.M.

BCUC Hearing Room
Vancouver

21.	BCSEA asked why Transmission losses were not included in modelling options analysis.	When the LRMC for RIB rate purposes was based on power acquisition processes (e.g., 2008 RIB Application), the plant gate prices were grossed up for line losses. The current LRMC from the 2013 IRP and is now based on DSM and IPP EPA renewals adjusted for delivery to the Lower Mainland, so BCH only adjusts for Distribution-related losses. Note that the BCUC in its 2008 RIB Decision decided that estimate of supply at plant gate should not include the incremental cost of transmission or distribution. ¹⁶
22.	BCUC Staff Does the definition of the 10 per cent bill impact test include any RRA increases? It would be helpful if BCH could include in the Application a history of the bill impact test.	Yes. Refer to BCH's response to Q.15 above in this Part 3. BCH will do so. As part of its 1991 RDA, BCH included the policy objective of no customer bills should increase by more than 10 per cent. The 10 per cent bill impact test was a guideline. Reference was also made in the 1991 RDA to a 'two-times rule' which states that if as a result of rate design bills were to increase by more than double the increase received on average by bills within the rate class, this would begin to encroach on the realm of rate shock.
23.	BCUC staff Is conservation from Step 2 due to behavioral response? Is it all good conservation?	Refer to BCH's responses to Q.4 and Q.9 above in this Part 3.
24.	COPE 378 asked if there have been any econometric studies of the RIB. COPE acknowledged the difficulty in separating out the RIB Step 2 rate structure impacts versus the RRA increase impacts.	Yes; the 2013 RIB Evaluation Report, which is posted on the BCH RDA website; refer to BCH response to Q.2 above in this Part 3.

¹⁶ *In the Matter of British Columbia Hydro and Power Authority: Residential Inclining Block Rate Application*, Reasons for Decision to Order No. G-124-08, pages 107 to 108;
http://www.bcuc.com/Documents/Proceedings/2008/DOC_19754_BCH-RIB-Decision-WEB.pdf.

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25.	<p>BCUC staff asked for a definition of good versus bad conservation, in laymen's terms.</p> <p>What kind of conservation is BCH achieving, behavioral or capital turn over?</p> <p>Which customers are captured in Step 2?</p> <p>Assuming no conservation from Step 1 consumption, can BCH offer DSM tools to address this? Should higher TRCs be used for appliances and lighting or are codes and standards addressing this.</p>	<p>BCH has no definition of 'good' and 'bad' conservation. As set out in BCH's response to Q.4 above in this Part 3, from the utility viewpoint of efficient investment and operational decisions, RIB (and DSM programs/codes and standards)-related savings decrease the amount of supply side energy and capacity resources that would be required to meet service obligations.</p> <p>Refer to BCH's responses to Q.9 in this Part 3; RIB conservation is assumed to lead to behavioural changes. Codes and standards, and programs, address conservation on stock turn-over and capital investments.</p> <p>As noted in BCH's response to Q.2 above in this Part 3, about 65 per cent of residential customers taking service under the RIB see the Step 2 price at least once a year.</p> <p>Revised Response</p> <p>BCH is guided by the TRC test described in the California Standard Practice Manual¹⁷ to screen DSM. The BCUC's determination of DSM cost-effectiveness for purposes of DSM expenditure schedules submitted under section 44.2 of the <i>UCA</i> is guided by the Demand-Side Measures Regulation, which among other things contains modifications to the TRC test – the Regulation provides for a deemed value of natural gas savings and a deemed non-energy benefit adder of 15 per cent.</p> <p>Tariff rates do not directly factor into the calculation of TRC cost-effectiveness. To the extent programs are cost-effective, program incentives are set at a level to elicit sufficient participation from the broader base of all residential customers, irrespective of whether the customer's marginal rate is at Step 1 or Step 2.</p> <p>In general, most BCH residential DSM programs target capital decisions, e.g., Retail, Home Energy Rebate Offer, Refrigerator Buy Back, New Home. From a financial investment perspective, being at Step 1 or Step 2 may influence a customer's decision around program participation. However there may also be other factors that influence a customer to participate in DSM program activities – e.g., property value/aesthetics, environmental concerns, social considerations.</p>
26.	<p>BCOAP0</p> <p>Is 675 kWh still the right threshold or has consumption levels changed significantly since the introduction of the RIB</p>	<p>There has been very little change in median consumption since 2008. Slide 59 of the Workshop 3 slide deck presentation shows that the median remains more-or-less stable since 2008.</p> <p>Since the BCUC determined the threshold in 2008 based on approximately 90 per cent of the monthly median, and the median has not substantively changed, BCH feels that the current threshold is still the appropriate threshold.</p>

¹⁷ *California Standard Practice Manual: Economic Analysis of Demand-Side Programs and Projects* (October 2001); available at California Energy Commission's website at www.energy.ca.gov.

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27.	COPE 378 asked in the three step rate Model B option, is the assumption that higher marginal prices under the 675 kWh threshold have no conservation impact?	<p>The conservation referenced in the Workshop 9A slide deck is with respect to rate structure conservation.</p> <p>BCH made the assumption that the rate structure conservation from marginal consumption below the status quo Step 1/Step 2 threshold of 675kWh/month for "three step model B" is identical to status quo, regardless of price. Since BCH uses a -0.05 elasticity to estimate natural conservation under the 675 kWh/month threshold, which is identical to the elasticity used to estimate total conservation for marginal consumption in RIB Step 1. This effectively nets to no rate structure conservation for marginal consumption that falls under 675 kWh/month – which is about 20 per cent of the marginal load of the class.</p> <p>BCH chose this modelling approach as the latest information available from the 2013 RIB Evaluation Report has not shown any statistically significant price response for low-consumption customers with marginal consumption below this threshold, given eight years of pricing history.</p> <p>Note that natural conservation is subtracted from BCH's load forecasts but is not considered DSM-related savings. Refer to footnote 14 for definitions of rate structure conservation and natural conservation.</p>
28.	BCOAPO It appears that the number of customers in the class consuming over 2000 kWh/month has not changed much. Do "glutinous consumers" really react to the RIB structure?	<p>Based on the modelling sample used to compute the three step rates, 18.5 per cent of accounts have consumption over 2000 kWh/month in at least one in twelve months. However, only 5.5 per cent has an average annual consumption of 2000 kWh/month or more (that is, has an annual consumption over 24,000 kWh).</p> <p>The 2013 RIB Evaluation Report found that price elasticity is generally higher for customer segments with higher consumption, with larger residential users consuming more than 2,500 kWh bi-monthly showing a substantially higher than average response to higher prices. Refer also to BCH's response to Q.6 in this Part 3.</p>
29.	COPE 378 What is the assumed elasticity of low income customers?	<p>The 2013 RIB Evaluation Report did not include an assessment of customers by income level.</p> <p>For modelling purposes, BCH does not differentiate between income levels. BCH assumes all marginal consumption above the RIB rate Step 1/Step 2 675kWh/month threshold to have an elasticity of -0.1.</p>
30.	BCUC staff asked about three-step rate structure discussed by COPE 378 versus three-step proposed by BCH in slide 49 in respect of the bill impact test.	<p>The modelling for the three step rate was constrained in Model A to the 10 per cent bill impact test. Three step Models B and C were not constrained. Refer to BCH's response to Q.20 above in this Part 3.</p> <p>BCH did not carry forward the COPE 378 3-step rate for further analysis for the reasons set out in slide 21.</p>
31.	BCOAPO asked what elasticity is assumed in the modeling for Step 2 in the three step rate scenarios.	For any consumption over 675 kWh the assumed elasticity is -0.1 for modelling purposes.
32.	BCUC staff questioned who uses price elasticity in interpreting data. Staff suggested BCH should look at it from the perspective of what customer sector is being targeted. What type of conservation is BCH targeting, for DSM programs versus rate designs? And does behavioral address just thermostat adjustments or lighting usage, not stock turnover.	<p>Refer to BCH's responses to Q.6 and Q.9 of this Part 3 for a discussion of elasticity.</p> <p>Behavioural changes do not include stock turn over. Refer to BCH's responses to Q.9 (behavioural changes vs. stock turn over) and Q.17 (DSM programs vs. rate structures) in this Part 3.</p>

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33.	BCSEA The largest residential customer's consumption is not just electric space heating. BCSE asked what percentage of high consumption customers use gas heating.	Revised Response <table><tr><th colspan="2">Percentage of Customers Using Gas Heating as Main Fuel (%)</th></tr><tr><td>Over 15,000 kWh per year</td><td>28</td></tr><tr><td>Over 20,000 kWh per year</td><td>22</td></tr></table>	Percentage of Customers Using Gas Heating as Main Fuel (%)		Over 15,000 kWh per year	28	Over 20,000 kWh per year	22
Percentage of Customers Using Gas Heating as Main Fuel (%)								
Over 15,000 kWh per year	28							
Over 20,000 kWh per year	22							
34.	BCUC staff asked what the sensitivity of bill impacts is for three-step rate Model B, with the very low step 1 rate, high step 2 rate, and small increase above that to the step 3 rate.	The zone of high sensitivity bill impacts, as seen on slides 53 and 54, is for consumption up to 675 kWh/month, ranging between -27.3 per cent and +11.3 per cent. Relatively small differences in consumption can lead to very different bill impacts. Given that 675 kWh/month is approximately 90 per cent of the median, a large number of customers will be exposed to this sensitivity.						
35.	COPE 378 commented that BCH put forward a three step rate in the 2008 RIB proceeding, where the concept was to add a 3 rd step for the explicit purpose of creating a lifeline rate.	<p>In the 2008 RIB proceeding, three step rates were explored with most attention on the setting of the highest third step to address 'gluttonous' consumption.</p> <p>BCH understands that BCOAPO proposed three-step rate Models B and C on basis that Step 1 is a block with a relatively low price which all customers have access to. Step 1 in these three step models is not a lifeline rate in the sense that all Residential customers have access to Step 1, not just low income customers.</p>						
36.	BCUC staff asked what is the problem with the RIB that requires addressing – is it fairness or efficiency. Is this the right instrument to achieve the objective, or should DSM programs rather than rate design be considered.	Refer to BCH's responses to Q.1 and Q.17 above in this Part 3.						
37.	BCSEA commented that the customer awareness of the RIB is 50 per cent, and asked if this can be increased.	<p>Attached as Appendix 2 to these notes is a summary of the RIB engagement plan that was initially submitted during the 2008 RIB proceeding. All activities were performed with the exception of direct mail letters to high consumption customers. As shown, the communication efforts were substantial.</p> <p>It may be possible to further increase customer awareness but this would come at a cost. Awareness efforts have continued since initial launch by including the RIB messaging in other communications where appropriate. E.g., Power Smart residential DSM program materials, email correspondence with billing notices. However, a broader marketing campaign would be necessary to ensure that RIB-specific messaging was promoted.</p>						

BC Hydro Rate Design Workshop

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4. *Next Steps*

Based on the amount of material remaining to present, it was discussed with the Workshop participants as to whether to continue the Workshop past the established ending time of 2:30 p.m., or to reconvene at a later date to discuss the outstanding topics. Workshop participants were in agreement that the outstanding topics should be discussed at a separate follow-up Workshop session, to be scheduled in the near future. Therefore, the following topics will be discussed at a subsequent workshop:

- Alternative Means of delivering the RIB;
- Voluntary Residential Rate Options;

Other rate design issues, including E-Plus rates, NIA rates and rates for Farm and Irrigation Services.

Anne Wilson thanked everyone for making the time to participate in the Workshop and reviewed the ways that feedback can be submitted to BCH. Workshop 9b (Session 2 of the second Workshop on Residential rates) will be scheduled within the next few weeks [**Note to readers:** subsequently held on 21 May 21, 2015 – refer to Workshop 9b Workshop Summary Notes]. The formal 30-day written comment period will not start until after Workshop 9b and the posting of both the Workshop 9a and 9b Summary Notes [**Note to readers:** posted on May 29, 2015].

BC Hydro Rate Design Workshop

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Appendix 1 – Summary of BC Hydro Dunning Process

- Each active customer is assigned a 'credit worthiness' (**CW**) score based on payment history:
 - Demerit points are assessed for late payments, returned payments, disconnections, bankruptcy, etc., so a low CW is good;
 - Points reflect payment history in the last 12 months. They are weighted such that recent months have a bigger impact on the CW;
 - The CW score is then converted to a Good/Medium/Bad rating that is used to determine treatment in the collections process (aka dunning).
- If a customer misses a payment, the dunning process is based on a combination of the customers rating and the amount outstanding:
 - No action is taken for less than \$30.
- For a customer rated "good" with a typical balance in arrears, the process is:
 - Reminder notice at 21 days overdue;
 - Important Notice at 35 days, with a warning a security deposit may be raised;
 - Final Notice of Disconnection (**FNOD**) at 49 days;
 - Review by a credit agent at 63 days. If the outstanding balance is over \$70 then they will initiate a call (autodialer) to say that payment is due immediately or disconnection will occur. In the winter, there is also a warning provided for the customer to prepare their premises;
 - If payment is not received or reported within a few days of the autodialer then the account will be flagged for the agent to review. Unless there is something about the file that indicates disconnection is not appropriate (e.g., the Ministry is involved) then a disconnection order is issued;
 - For a Remote Disconnect-Reconnect-enabled account, the disconnection order will usually result in an immediate disconnection.
- For customer rated "bad", the process is much shorter. They skip the reminders and important notices and go immediately to FNOD after seven days. The agent review and potential disconnection would happen at day 21.
- Unless the customer has falsely reported payments in the past, BCH reconnects at the reporting of a payment. It takes a few days for payments to post so they are taken at their word.

B-23

Appendix 2 - Summary of the RIB engagement plan**BC Hydro 2008 Residential Inclining Block Rate Hearing****BC HYDRO UNDERTAKING NO. 5**

BC HYDRO RESIDENTIAL INCLINING BLOCK APPLICATION	EXHIBIT
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B-23

HEARING DATE: June 17, 2008

TRANSCRIPT REFERENCE: Volume 3
Page 384, Line 26 – Page 385, Line 16

REQUESTOR: Jim Quail, BCOAPO**QUESTION:** Please file the RIB communication plan.**RESPONSE:**

BC Hydro attaches its working RIB rate communication plan, current to June 11, 2008. To provide additional context for the plan and to provide examples of updated information that has occurred since June 11, 2008, BC Hydro notes the following:

- RIB rate communications will continue beyond F2009 and the attached plan reflects the minimum incremental activities planned for F2009. Customer reaction, feedback and evaluation of initial communication and support activities will be used as inputs to refine the F2009 plan on an ongoing basis and as inputs into the F2010 plan.
- Under the heading 'High consumption customers – Proactive Communications' the numbers and customers stated refer to the incremental bill impacts compared to F2008 and therefore include impacts of both the RRA and RIB rate. When considering incremental RIB rate impacts alone, 47% of customers that have higher bills in the 4-month winter period (Nov-Feb) due only to the RIB rate will see increases of less than \$10.
- Under the heading "ESK Distribution", BC Hydro is working to implement 13 initial pilots based on advice and in partnership with various Low Income Advisory Group (LIAG) members. These activities are aimed at trialing many different methods to distribute the Energy Savings Kits (ESKs) and energy conservation information to low income households to determine the most effective methods for reaching customers in different demographic segments and different locations. Examples of pilots include: face-to-face workshops (Seniors 411 centre and family services), information distribution/displays at high volume locations (food bank, MEIA offices), to newsletter and website information. Numbers included in the communications plan with respect to ESK fulfilment are based upon assumptions with respect to customer take up, and initial discussions with LIAG members. If pilots are successful and customer demand exceeds the numbers in the plan, BC Hydro will endeavour to meet customer demand.

BC Hydro 2008 Residential Inclining Block Rate Hearing

- BC Hydro's plan includes contacting 'typical' customers from various consumption categories or segments and asking if they would like to participate in an audit and other conservation activities with the aim of creating customer 'case studies'. Information from these real customer situations will be used in customer communications and staff training to provide relevant conservation advice to different types of customers.

Residential Inclining Block (RIB) Rate, Summary of BC Hydro Communications. 11 June, 2008

The overarching customer experience objectives of all BC Hydro rates changes of the next three years, which includes the proposed RIB rate implementation, are as follows:

1. Ensure high customer satisfaction levels will continue to be met
2. Accelerate the adoption of conservation behaviours and energy efficient programs by customers
3. Enhance relationships with customers so changes to policy, operations, and rate structures in the future may be readily implemented

The guiding principles that will determine our approach to communicating and implementing rates changes are as follows:

1. Customers are fully aware and educated about rate changes, and understand the rationale
2. Customers understand the conservation behaviours and programs they can adopt to reduce their bill
3. Customer requirements and perspectives are factored into the implementation activities, including targeted and tailored communications and programs
4. Customers are engaged, and their feedback, opinions, point of view and input is considered where possible
5. BC Hydro employees are fully aware and knowledgeable about rate changes
6. Information is consistent across all touch points

For the RIB rate implementation, general information will be communicated to all customers across multiple channels:

Proactive:

- News media
- Bill Inserts – for both paper bill and online versions
- Brochures distributed at outreach events
- Website

Reactive:

- Inbound call centre agents
- ACT agents to provide more in-depth information and Conservation tips
- Employee awareness

In addition, targeted approaches to communicating the rate changes will be introduced:

- Targeted Direct mail or email will be sent to highly impacted customers, including high consumption & electrically heated
- Tracking will take place to measure effectiveness of this targeted communication approach to factor into development of approaches for future rate change implementation plans

Targeted programs for low income customers will be in place and there will continue to be an increased level of programs and targeted communications introduced in the future.

Post-implementation activities will be conducted to ensure customers are supported, engaged, and effectiveness of the implementation activities and approaches are tracked so this information may be factored into future phases of rate changes. There will continue to be an increased level of customer engagement to ensure customer feedback and opinions are factored into rate structure changes and implementation approaches.

All Customers – Reactive Communications		
Channel	Description	Timing
IVR (Interactive Voice Response) – 24/7 phone answering service	BC Hydro is planning to offer pre-recorded information about RIB rate included as option for customers to listen to via IVR	Following BCUC decision
Call centre agents – answer calls when customers choose to speak to a live agent	Agents have been trained regarding the RIB rate filing, and can answer questions regarding the rate structure. Agents transfer to (ACT) specialists for conservation or more in depth or tailored communication about RIB.	Current
	Agents re-trained on RIB rate, and any modifications from filed application. Knowledge base updated.	Following BCUC decision
The Action Conservation Team (ACT) - a team of conservation and rates specialists within the call	Agents offer transfer to ACT for info on conservation and Power Smart programs, and for more in-depth conversations regarding RIB. ACT agent can offer tailored conservation advice based on individual circumstances of customer.	Current

All Customers – Proactive Communications		
Channel	Description	Timing
News media	News Release and backgrounder Bob Elton available for interviews	Following BCUC decision
<i>For Generations</i> (publication inserted with BC Hydro bill, circulation ~1.4 million)	Story reminding customers about RIB rate filing, and possibility of October 1 implementation	July/ August 2008
	Entire publication devoted to RIB rate. Explains RIB rate, the rationale for it, and conservation options available to customers	October/ November 2008
<i>Connected</i> (electronic version of above, circ. ~116,000)	Same information as above, but with hyperlinks through to relevant conservation and rates information where appropriate.	July/ August 2008 October/ November 2008
BC Hydro bill	Modifications to show the new rate structure – new line item(s) show conservation rate. Bill message included for explanation.	October 1, 2008 onwards
Bill insert	Reminder of RIB rate and linking to conservation options and programs	December/January 2009
	Possible additional insert for winter bill – not confirmed, but space being held	February/March 2009
Outreach events	Outreach staff trained on RIB rate. A brochure explaining the RIB rate, and offering conservation tips is being developed for use at outreach events. Information on Power Smart programs will also be available to customers. Examples of October events include numerous home shows throughout BC, sports events, mall events and other community events.	October 2008, ongoing
Website	Explanation of RIB, and links to filing information available on BC Hydro website.	Current
	Updated with news release advising of RIB Implementation, explanation of RIB rate (including visuals) and rates calculator.	Following BCUC decision
	Website redesign – enhanced interface which will make links through to rates information more prominent	Fall, 2008 (Ideally, October 1)
Power Smart	Programs not specifically designed for RIB rate implementation – but a suite of conservation options are available to residential customers - including Fridge Buy Back, Appliance Rebate, and Energy Star Windows – and are promoted through various media.	Current
	Coinciding with the onset of colder weather and shorter days, <i>Power Smart Month</i> concentrates a multi-faceted marketing effort on the entire BC Hydro customer base. This annual event drives Power Smart branding in all customer segments, supports existing Power Smart programs and provides a springboard for the introduction of new programs or initiatives associated with conservation. Trade allies and partners are recruited to support the effort. RIB information and messaging will be integrated with Power Smart Month communications.	October 2008

	Agents re-trained on RIB, and any modifications from filed application, and relevant conservation programs. Knowledge base updated. For further information, agents will refer to website, or arrange for rates information sheet or Power Smart information to be mailed.	Following BCUC decision
Employees - BC Hydro employees are equipped with knowledge about RIB	BC Hydro employees have intranet access to RIB rate explanation, filing information and FAQs.	Current
	RIB rate information communicated through internal e-news, <i>Keeping Current</i> , and possibly a message from Bob Elton. Intranet and FAQs updated with relevant info.	Following BCUC decision

High Consumption Customers – Proactive Communications		
Channel	Description	Timing
Direct Mail Letter, Email	Mailings throughout October advising the most impacted winter-month consumers (the ~36,000 customers who will see a winter bill impact of > \$100, and possibly another ~40,000 who will see a winter bill impact between \$75 and \$100) of the RIB rate introduction, how it is likely to affect them, and what conservation options are available to them.	October 2008
High Consumption Customers – Reactive Communications		
All Channels	As per <i>All Customers</i> on previous page	

Electric Heat Customers – Proactive Communications		
Channel	Description	Timing
Power Smart	With MEMPR (Ministry of Energy, Mines and Petroleum Resources) as the program delivery agency, the Renovation Rebate program will be branded as <i>LiveSmart BC: Efficiency Incentive Program</i> . BC Hydro will focus on targeted marketing of BC Hydro's "building envelope incentives" to electrically-heated single family dwellings and row/townhouses. Promotion will occur through various channels including direct mail, bill inserts, home shows and advertising. Involves a pre-installation audit, followed by a post-installation audit, after which rebates are provided. Targets (for electric heat customers) are 480 first audits and 40 second audits by October, and 1,900 and 460 (first and second audits respectively) by the end of F09. Direct mail communications will be integrated, as much as possible, with the mailings to high kWh customers above.	July 2008, ongoing
Electric Heat Customers – Reactive Communications		
ACT Agents	Trained to answer questions on renovation rebate program, and how customers can join.	July, 2008
Other Channels	As per <i>All Customers</i> on previous page	

Communications to Low Income Customers

The rates communications plan for low income customers reflects the objectives of BC Hydro's overarching *Low Income Strategy* which are to:

Create sustainable initiatives that:

1. Empower low income customers to make informed decisions concerning their electricity use,
2. Make meaningful contributions, as defined by this segment, to the communities they live and work in and,
3. Support their efforts to be self reliant

The rates communications plan for low income customers also reflects the objectives of BC Hydro's *Power Smart Conservation Program for Low Income Customers*, which are to:

1. Make energy efficiency more accessible to low income customers by offering products at no cost to customers.
2. Provide energy savings for BC Hydro through the installation of energy efficiency measures.
3. Provide energy management assistance to residential customers and bill relief associated with reduced consumption.
4. Increase knowledge and awareness about energy conservation among low income customers.

NOTE: ESK distribution by Dec/08 = 9050, expansion opportunities being investigated to have total distribution by Dec/09 = 14740 → TOTAL = 23790

ESK savings of average install = 200 KWh (\$14/yr), full install (electric hot water/heat) = 740 KWh (\$51)

Low Income Customers – Proactive Communications		
Channel	Description	Timing
<i>For Generations</i> (inserted with paper bill)	Story advertising availability of ESKs to low income customers included with this edition. Target: 2,000 ESKs distributed by end of August	July/August, 2008
<i>Connected</i> (electronic version of above)	Story advertising availability of ESKs to low income customers and link through to more info. About 250 kits distributed following May edition.	Current July/August, 2008
<i>ESK distribution</i>	<ul style="list-style-type: none"> ▪ Ordering brochures & posters - 30 smaller non-profit organizations ~500 Kits ▪ Partner media – newsletters, websites, emails ~100 Kits ▪ Bulk distributions and partnerships – examples are BC Housing and BC Non-Profit partnerships in larger programs using different registration channel than call centers (bulk distribution) ~1000 Kits ▪ Aboriginal distribution via KAMs – TBD in progress ▪ Community specialists and outreach – TBD in design ▪ MEIA – phased mail out by MEIA to 10K families ~3200 Kits ▪ Other LIAG Pilots - ~2000 Kits 	To be distributed by Dec/08 – expansion opportunities from pilots will be determined after that. Kits = 9050 by Dec/08
Website	Page explaining ESK, contents, application criteria & process	Current
Power Smart	Extend availability of ESKs to 10,000 in year one (year beginning August, 2008), 15,000 in year two and 20,000 in year three. TO BE ADDED: TIME TO IMPLEMENT ONCE APPROVED [Margo Friday]	From August 2008 Subject to approval
	"Light" retrofit program. Free assessment and installation of basic conservation measures. 750, 1500 and 3,000 retrofits targeted, first 3 years. TO BE ADDED: TIME TO IMPLEMENT ONCE APPROVED [Margo Friday]	From mid-Fall 2008 Subject to approval
	"Extended" retrofit program. Full energy audit, installation of extended conservation measures. 500, 1,000 and 1,500 retrofits targeted 1 st 3 years. TO BE ADDED: TIME TO IMPLEMENT ONCE APPROVED [Margo Friday]	From late-Fall 2008 Subject to approval

Low Income Customers – Reactive Communications		
Call Centre Agents	Agents are trained on options available to help low income customers meet bill payments – including instalment plans and payment deferrals. Agents are also trained to transfer customers who call in regarding ESKs (or are interested in conservation advice) to the Action Conservation Team.	Current
The Action Conservation Team (ACT)	Action Conservation Team are trained to qualify customers for ESK eligibility (based on Stats Canada LICO criteria), and can arrange distribution of ESK kits, as well as offer advice on conservation and other Power Smart programs.	Current
IVR	An option will be placed in the Power Smart IVR menu which will take customer directly to ACT agent if call is ESK-related.	July 2008

BC Hydro Rate Design Workshop

SUMMARY

21 MAY 2015

9 AM TO 11.30 AM.

BCUC Hearing Room
1125 Howe Street, Vancouver

TYPE OF MEETING	RDA Workshop 9B - Alternative Means of Delivering the Residential Inclining Block (RIB) Rate; Voluntary Residential Rate Options; Dual Fuel Interruptible Service (E-Plus) Rates; Non-Integrated Area (NIA) Rates; Farm and Irrigation Service Issue
FACILITATOR	Anne Wilson, BCH
PARTICIPANTS	Association of Major Power Consumers of British Columbia (AMPC), BC Non-Profit Housing Association, British Columbia Old Age Pensioners' Organization (BCOAPO), BC Sustainable Energy Association and Sierra Club of Canada BC Chapter (BCSEA), BCUC staff, Commercial Energy Consumers Association of British Columbia (CEC), City of New Westminster (New Westminster), Canadian Office and Professional Employees Local Union 378 (COPE 378), First Nations Energy & Mining Council/Linda Dong Associates (FNEMC), FortisBC Inc., Weisberg Law Corporation
BC HYDRO ATTENDEES	Gordon Doyle, Craig Godsoe, Rob Gorter, Paulus Mau, Dani Ryan
AGENDA	<ol style="list-style-type: none"> 1. Welcome & Introductions including review of draft agenda 2. Summary of RIB and Additional Alternatives to the RIB from Workshop 9A 3. Alternatives Means of Delivering the RIB Rate 4. Voluntary Residential Rate Options 5. E-Plus Rates 6. NIA Rates 7. Farm and Irrigation Service Issues 8. Next Steps

MEETING MINUTES	
ABBREVIATIONS	<div> BCUC.....BC Utilities Commission BCH BC Hydro COS.....Cost of Service CPI.....Consumer Price Index DARR.....Deferral Account Rate Rider DSM Demand Side Management EV.....Electric Vehicle GS.....General Service GWh.....Gigawatt hour IRP.....BCH's 2013 Integrated Resource Plan LRMC.....Long-Run Marginal Cost kW.....Kilowatt kWh.....Kilowatt hour MWh.....Megawatt hour R/C.....Revenue to Cost RCE.....Remote Community Electrification RDA.....Rate Design Application RRA.....Revenue Requirement Application RS.....Rate Schedule SFD.....Single Family Dwelling SMI.....Smart Meter Infrastructure TS.....Tariff Supplement </div>
1. Welcome and Introductions	
<p>Anne Wilson opened the meeting by reviewing the agenda set out in slide 2 of the presentation slide deck. Anne noted that the Discussion Guide contains details concerning E-Plus rates, NIA rates and Farm/Irrigation service issues.</p>	

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2. <i>Presentation: Summary of RIB and Additional Alternatives to the RIB</i>		
<p>In response to BCUC staff comments at Workshop 9A, Gordon Doyle summarized BCH's reasons for reviewing the RIB rate: BCUC Order No. G-13-14 and stakeholder comments at Workshop 1. Gord summarized that based on its Bonbright assessment, BCH does not see problems with the existing RIB rate.</p> <p>Gord also outlined two new categories of alternatives to the RIB rate which arose at Workshop 9A and in a May 4, 2015 meeting with BCOAPO:</p> <ol style="list-style-type: none"> (1) COPE 378's idea of a flat rate sending LRMC price signal to all residential customers, combined with an un-defined credit system granting access to low cost Heritage Resources on a basis such as efficiency ratings and/or low income. The threshold issue with a flat rate is revenue neutrality. BCH modelled a flat rate at Workshop 3 with an energy charge of 9.63 cents/kWh in F2016, which is within the energy LRMC range. Therefore, BCH does not see any fair and efficient way to re-distribute costs through a credit system and collect BCH's revenue requirement. BCH will meet with COPE 378 sometime in June 2015 after these workshop summary notes are posted to discuss the COPE 378 idea and to exchange views on the 2013 RIB Evaluation Report;¹ (2) BCOAPO's put forward idea of a lifeline rate of about 5 cents/kWh for about 250 kWh block of energy for low income customers; the pricing and energy block size are illustrative at this point. BCOAPO is also interested in two other low income initiatives that are not alternatives to the RIB: (i) a low income customer bill credit; and (ii) low income terms and conditions, perhaps based on the Ontario Energy Board's Electricity Low Income Customer Rules.² BCH will continue to meet with BCOAPO to prepare the low income rate/program jurisdictional assessment and to explore whether a set of low income terms and conditions could result in utility savings through lowering bad debt and collection costs, for example. 		
FEEDBACK	RESPONSE	
1. New Westminster Does BCH have any documentation that the RIB rate is delivering conservation?	Yes, the 2013 RIB Evaluation Report which is available on the BCH 2015 RDA website (link at footnote 1 below).	
2. New Westminster The RIB rate appears to be impacting larger families living in SFDs that cannot live in apartments. The sense is that the RIB rate is giving a benefit to smaller housing units.	<p>As discussed at Workshop 9A, one consequence of the RIB rate design is that larger users now pay higher average rates than smaller users. The 2013 RIB Evaluation Report found that price elasticity was generally higher for SFDs as compared to other dwelling types.</p> <p>Under a flat rate bills would go up for lower consuming customers such as those in apartments and some low income customers, while bills would go down for larger consuming residential customers.</p>	
3. COPE 378 The 2013 RIB Evaluation Report measured the response of different dwelling types to the RIB rate and in particular to Step 2 of the RIB rate, and not surprisingly apartments were found to have a lower elasticity than SFDs because they were not exposed to Step 2 pricing as much. In other words, SFDs were found to be more responsive to the RIB rate because SFDs are more affected by the RIB rate.	Apartment dwellers are exposed to the Step 2 price less frequently than larger users.	

¹ Copy found at the BCH 2015 RDA website: <http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/revenue-requirements/10-RIB-Evaluation-report.pdf>.

² Summarized at <http://www.ontarioenergyboard.ca/OEB/Consumers/Consumer+Protection/Help+for+Low+Income+Energy+Consumers>.

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<p>4. COPE 378</p> <p>In COPE 378's view, the 2013 RIB Evaluation Report has significant limitations, including with respect to disaggregating the effects of the RIB rate structure from general rate increases through RRAs. More work needs to be done in this area if BCH wants to continue with the RIB rate.</p> <p>A California paper recently questioned the effectiveness of California's inclining block rates.</p>	<p>BCH acknowledges the difficulty of disaggregating the effects of the RIB rate structure from general rate increases through RRAs. As discussed at Workshop 9A:</p> <ul style="list-style-type: none"> Three different econometric models estimated a range of Step 2 price elasticities between -0.08 and -0.13. These findings confirm that customer Step 2 price responsiveness assumption of -0.1 assumed in BCH's conservation forecast is a reasonable estimate for larger consumption customers; The 2013 RIB Evaluation Report found no statistically significant Step 1 price elasticity. Price elasticity for BCH's small residential customers with only Step 1 consumption was not able to be measured due to limited variation in the flat rate price prior to the October 2008 RIB implementation and the Step 1 price after RIB implementation for the time period analyzed (F2009-F2013). BCH continues to use -0.05 as an elasticity assumption for Step 1, which is the elasticity assumption used for class average price elasticity to determine the natural conservation baseline.³ <p>As discussed at Workshop 9A, conservation obtained in response to RRA price increases (-0.05 elasticity) is natural conservation and reduces the load forecast, whereas conservation through Step 2 (-0.10) is rate structure conservation and is considered to be DSM.</p> <p>BCH is aware of the referenced paper and notes many papers have found that inclining block rates are effective.</p>
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³ Natural conservation is conservation induced by general rate increases applied to the Residential class through RRAs, absent any rate structure changes, and is no considered by BCH to be DSM. Rate structure conservation is the incremental conservation induced by changing the elements of the rate structure. These two together comprise total conservation.

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3. Alternative Means of Delivering the RIB Rate:	
<p>Rob Gorter and Paulus Mau discussed two alternative means of delivering the RIB rate: (1) pricing principles for F2017-F2019 – Option 1 would continue with the BCUC-approved 2013 RIB Re-Pricing Application approach of applying RRA equally to Step 1 and Step 2⁴ while Option 2 would apply RRA increases to Step 1 with Step 2 being held constant; and (2) whether BCH should pursue a Minimum Charge with indicative pricing of \$15 per month.</p>	
FEEDBACK	RESPONSE
<p>1. COPE 378</p> <p>What elasticity is used for Step 1 for pricing principle Option 2?</p> <p>Why does BCH assume no conservation from Step 1 under Option 2? There are some significant Step 1 price increases under Option 2 shown on slide 11 and it does not seem reasonable to assume no conservation from Step 1.</p>	<p>Revised Response</p> <p>For Option 1 and Option 2, BCH uses -0.05 elasticity for Step 1:</p> <ul style="list-style-type: none"> Total Option 2 Step 1 incremental conservation from F2016 to F2017, -0.05 elasticity: 11 GWh Incremental Step 1 rate structure conservation from F2016 to F2017 under Option 2 due to greater Step 1 price increases as compared to Option 1, -0.05 elasticity: 11 GWh-3 GWh (natural conservation) = 8 GWh. <p>Slide 11 shows only the Step 2 rate structure conservation outcome of pricing principle Options 1 and 2 and thus may overstate total conservation differences between the two options.</p> <p>If BCH assumed that for Option 2, the Step 1 elasticity is -0.1 (which is the elasticity used for Step 2), combined with about 20 per cent of marginal load, the result is rate structure conservation of about 20 GWh in F2017 and smaller amounts for F2018 and F2019. What is clear is that the 2013 RIB Evaluation Report did not find any statistically significant elasticity different than zero for Step 1, so it's unlikely that the actual elasticity of Step 1 can be as high as the elasticity for Step 2.</p> <p>In any event, as set out on slide 13, BCH favours Option 1 on the basis of the overall Bonbright assessment, and in particular with respect to customer understanding and acceptance (bill impacts). Option 2 leads to higher bill impacts for most residential customers, including low income customers, while making larger consuming customers better off as compared to Option 1.</p>
<p>2. COPE 378</p> <p>Could BCH explain why BCH thinks customer understanding would be worse for Option 2 as compared to Option 1 on slide 13?</p>	<p>BCH received feedback at a 2013 RIB Re-Pricing Application workshop that customers generally better understand RRA increases being applied equally to Step 1 and Step 2 compared to applying the RRA only to Step 1 (or only to Step 2). However, this is only a minor component of the overall Bonbright assessment.</p>

⁴ For F2015-F2016; Condition 1 of BCUC Order No. G-13-14, page 2 of 3. Copy available at http://www.bcuc.com/Documents/Proceedings/2014/DOC_40513_G-13-14-BCH-RIB-Rate-Re-Pricing-SRP-Reasons.pdf.

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3.	CEC CEC understands that BCH uses B.C. CPI to inflate the energy LRM from the 2013 IRP \$F2013 LRM range. BCH should give consideration as to whether technology costs are coming down, and if so, whether this impacts the energy LRM.	BCH will review this issue, but notes that the 2013 IRP energy LRM is based on DSM and IPP EPA renewals as the resources required for about the next 10 years. EPA renewals do not entail new technology.
4.	BCOAPO Would the Minimum Charge increase by RRA going forward?	BCH did not model any Minimum Charge increase for workshop purposes. Revised Response The Minimum Charge could be increased by RRA for the F2017-F2019 period. The Direction No. 7 rate caps of 4 per cent in F2017, 3.5 per cent for F2018 and 3 per cent for F2019 are not much greater than inflation. BCH will model applying RRA to the Minimum Charge in the Consideration memo for Workshops 9A/9B.
5.	BCOAPO Does the Minimum Charge include SMI costs?	Revised Response SMI-related costs are considered to be customer care costs for BCH COS purposes and are therefore in the fixed distribution and customer-related costs assigned to the Residential class. These costs would be included in the Minimum Charge as BCH assumes that the Minimum Charge is equal to 100 per cent of the allocated fixed costs to the Residential class divided by the number of customers, and divided by 12 months (this is \$15 per month based on F2014 data).
6.	BCOAPO We understand that under revenue neutrality, BCH reduces the RIB Step 1 rate for purposes of introducing the Minimum Charge. Has BCH considered reducing the Basic Charge instead?	Correct. Revised Response In response to BCOAPO's question, BCH undertook the following analysis. For F2017, the Step 1 rate is kept at the status quo Step 1 rate of 8.29c/kWh; the Step 2 rate is kept at the status quo Step 2 of 12.43c/kWh; and with the addition of the \$15 Minimum Charge, the result is a reduced Basic Charge of \$0.1763/day. This is compared to the F2017 status quo Basic Charge of \$0.1835/day. The bill impact pattern is very similar to that shown on slide 16.
7.	FNEMC On slide 16 relating to the Minimum Charge, is there overlap between low income and electric space heating?	The REUS was used for purposes of slide 16. There is some overlap between electric space heating and low income customers. BCH uses an overall population of 1,657,403 accounts for the 2014 REUS. There are about 83,000 low income accounts (about half) that are on electric heat. In BCH's view, the correlation between household income and energy usage is weak. There are many factors that influence energy consumption such as dwelling type and climate.

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8.	BCSEA, CEC and COPE 378 asked if BCH knows what residential customers would be impacted by the \$15 Minimum Charge; is it mainly seasonal properties? All three parties stated that knowing what type of customer is impacted would assist with providing feed-back concerning whether a Minimum Charge should be pursued.	<p>Revised Response</p> <p>BCH undertook a more detailed review of customer characteristics. The data shows that the Minimum Charge may be a blunt instrument if the target is seasonal properties:</p> <ul style="list-style-type: none"> • The percentage of affected residential customers overall is 1.5 per cent; • About 50 per cent of affected accounts are low income; • About 80 per cent of affected accounts are apartment dwellers. <p>BCH would be unable to precisely target a Minimum Charge to materially improve cost recovery from dormant or low use accounts.</p> <p>Overall, BCH concludes that the Minimum Charge yields minimal benefit to customers (small reduction in Step 1 price) with the risk that some low income customers will be adversely affected.</p>
9.	BCSEA What is BCH's purpose for pursuing a Minimum Charge? Would such a charge improve administrative efficiency?	BCH has not decided to pursue a Minimum Charge and is seeking feed-back as to whether a Minimum Charge should be pursued. BCH is assessing a Minimum Charge in part to respond to BCUC Order No. G-13-14, which requires BCH to examine a Minimum Charge and the cost of remaining attached to the system. A Minimum Charge would not increase administrative efficiency.
10.	BCUC staff On slide 17, why is a reduction in the Step 1 RIB rate resulting from the Minimum Charge regarded as part of fairness?	<p>For the presentation slide deck, BC Hydro grouped the eight Bonbright criteria into four categories for stakeholder engagement purposes: (1) Economic efficiency; (2) Fairness; (3) Practicality; and (4) Stability.</p> <p>The Step 1 reduction should be included as part of the Bonbright customer understanding and acceptance criterion ('Practicality') as it is a bill impact issue, and in this case not part of the fairness criterion which the BCUC has decided in the past is a cost-causation issue.</p>
4. Presentation: Voluntary Residential Rate Options		
Rob Gorter re-iterated that BCH would address any potential voluntary Residential rate options as part of 2015 RDA Module 2, to be filed sometime in 2016 after BCH receives a BCUC decision on Module 1, including the default Residential rate. Rob reviewed three options that have been raised by stakeholders in prior workshops or related exchanges: (1) Prepayment option; (2) EV rate; and (3) Clean or renewable energy charge option.		
FEEDBACK		RESPONSE
1.	BCOAPO We understand that a lot of BCH's bad debt relates to apartments in the Lower Mainland. It may be that a prepayment option works for tech savvy apartment dwellers but it may not work so well for low income customers.	

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2.	New Westminster Does the prepayment option differ from BCH's current pay as you go billing option?	Yes. Under section 2.4 of the BCH Electric Tariff, the Pay As You Go Billing Plan allows monthly payments based on an estimate to be paid one month in advance. Payment is required within 21 days following the billing date. Applicants may select this plan as an alternative to providing a security deposit, based on credit approval. BCH collects one month of security in advance. The prepayment option is different; for example, there would be no security requirement but BCH could disconnect if the customer's balance reaches zero.
3.	COPE 378 Has BCH undertaken a jurisdictional assessment with respect to EV rates?	Yes; refer to slides 28-31 of the Workshop 9A slide deck presentation. No surveyed Canadian jurisdiction currently has an EV rate in place. Some Oregon and California utilities do, typically with a TOU-like rate with very low participation rates.
4.	BCSEA Our interest is with respect to the infrastructure that would need to be in place for EVs. For example, BCSEA thinks there would need to be significantly different wiring for apartments and condominiums for EV charging purposes.	
5.	FNEMC BCH states that not many utilities offer clean or renewable charge. What about marketers?	BCH sees marketers in this area as more active in un-bundled markets such as Ontario.
6.	FNEMC Does the clean or renewable charge stem from BCH's old green tag program?	Revised Response BCH had limited green tag pilot programs in the early 2000s before the 2010 <i>Clean Energy Act's</i> 93 per cent clean or renewable target.
7.	CEC We agree with BCH's conclusion that there does not seem to be a need for a clean or renewable energy charge at this time. Marginal energy acquisitions are DSM and EPA renewals relating to clean or renewable IPP projects; natural gas-fired generation is not on the margin except in the limited circumstance of capacity resources for the North Coast. A clean or renewable charge seems like a lot of work for very little if any benefit.	

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5. <i>Presentation: E-Plus Rates</i>	
<p>Rob Gorter outlined the three options BCH is considering for Residential and GS E-Plus rates: Option 1: Status quo with attrition reducing the number of Residential E-Plus accounts; Option 2: terminating RS 1105 (Residential) and RS 1205/1206/1207 (GS) and transfer to the applicable default rate with a transition period; and Option 3: amend RS Special Conditions 1 and 3 to align the E-Plus rates with BCH's other interruptible rates such as RS 1880 (Transmission Service Standby and Maintenance) and TS 76 for non-firm shore power service at Canada Place in Vancouver.</p>	
FEEDBACK	RESPONSE
1. COPE 378 Does BCH have a calculation of the subsidy from today's date over the 25 year attrition horizon? COPE 378 is not asking for this but wants to know if it has been done.	BCH has not done this calculation.
2. CEC Does the practical ability to interrupt change with SMI?	Likely yes. However, Special Conditions 1 (lack of surplus hydro and no other economical supply) and 3 (notice provisions) would still need to be amended.
3. BCOAPO Can BCH confirm the GS E-Plus rates have a declining block energy charge? BCOAPO notes that attrition (Option 1) is unlikely to impact GS E-Plus accounts in the same manner as the E-Plus Residential accounts. BCOAPO understands that BC Hydro has the ability to terminate the contracts associated with the GS E-Plus rates.	<p>Confirmed. For F2016, the Tier 1 energy rate is 3.42 cents/kWh for the first 8000 kWh per month and the Tier 2 energy rate is 3.037 cents/kWh.</p> <p>Agreed.</p> <p><i>Revised Response</i></p> <p>Special Condition 4 of RS 1205/1206/1207 states:</p> <p>"The initial contract period for dual fuel interruptible service under these rate schedules is: a) one year where no new facility is required to be constructed or the only facility required to be constructed by [BCH] to serve the customer is a drop service, or b) two years where more than a drop service is required to be constructed by [BCH] to serve the customer.</p> <p>At the expiration of a contract period, the contract period is automatically extended from year to year unless either the customer or [BCH] gives written notice to the other 30 days prior to the anniversary date. Transfer of the load served under these schedules to a general firm schedule will not be permitted during a Period of Interruption".</p> <p>In January 2008 BCH notified the BCUC that BCH was no longer able to accurately determine the anniversary dates of most of its GS E-Plus customers as these rates have been closed since 1990 and since that time a new billing system has been implemented. BCH proposed to amend Special Condition 4 of RS 1205/1206/1207 to provide for a one-year notice of cancellation from April 1, 2008 rather than the 30 days stipulated. Pursuant to BCUC Order No. G-32-08, the BCUC denied BCH's request.⁵</p> <p>BCH's June 2008 report concerning RS 1205/1206/1207 is attached.</p>

⁵ Available at http://www.bcuc.com/Documents/Orders/2008/DOC_18211_G-32-08_Reasons-for-Decision.pdf.

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4.	<p>BCSEA</p> <p>Has BCH quantified the value of being able to interrupt for energy?</p> <p>Are the E-Plus rates similar to the proposed BCH industrial load curtailment pilot?</p> <p>BCSEA noted that it had sent BCH a number of questions related to the E-Plus rates.</p>	<p>Revised Response</p> <p>A high level energy value assuming BCH can interrupt for economic dispatch would be the difference between the E-Plus energy charge (Residential: 5.22 cents/kWh in F2016) and the spot market (Mid-C prices). Section 5.6 of the 2013 IRP contains BC Hydro's electricity market forecast. The Mid-C electricity market forecast price is about \$33/MWh (3.3 cents/kWh) in 2020 (Real 2016 \$CDN).⁶</p> <p>No. Currently, BCH cannot interrupt E-Plus customers for capacity-related reasons due to the wording of Special Condition 1. The BCH industrial load curtailment pilot is aimed at calling on participating Transmission Service customers to curtail during BCH's peak and is thus capacity-related. Industrial load curtailment programs/interruptible rates are relatively common while residential interruptible rates are rare. BCH is not aware of any such rates in Canada through its jurisdictional assessment described at Workshop 9A.</p> <p>BCH will respond to the questions as part of its Consideration memo for Workshops 9A/9B.</p>
5.	<p>AMPC</p> <p>Transmission service customers have been curtailed under past BCH curtailment programs and can be relied on. There is no evidence even with BCH Option 3 that Residential E-Plus customers can and will act on a requirement to interrupt due to dispersed nature of load, etc.</p>	
6.	<p>COPE 378</p> <p>It is somewhat difficult to give BCH feedback without knowing the value of E-Plus interruptions as part of Option 3.</p>	<p>Revised Response</p> <p>Refer to BCH's response to Q.4 in this section for a qualitative description of energy value.</p> <p>For capacity value, BCH would start with the cost of the avoided generation capacity resource, which is a Simple Cycle Gas Turbine at \$88/kW-year. The \$88/kW-year figure would need to be adjusted downward in recognition that an interruptible E-Plus rate would not be available all year and may not be a planning resource BCH can rely on.</p>
7.	<p>BCSEA</p> <p>On slide 29, does the revenue shortfall of \$2.7 million mean that Residential E-Plus customers are being subsidized by this amount by other Residential customers?</p> <p>What is the materiality of the \$2.7 million?</p>	<p>Yes.</p> <p>The draft F2016 COS identifies \$1.9 billion in Residential revenues.</p>

⁶ Copy available at: https://www.bchydro.com/energy-in-bc/meeting_demand_growth/irp/document_centre/reports/november-2013-irp.html.

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8.	<p>BCSEA</p> <p>As part of the BCUC 2007 RDA Decision, were the transfer restrictions set out on slide 28 tied to attrition?</p> <p>The question is: what is the purpose of the E-Plus rates now? Are they there because of legacy or is there a more positive purpose?</p> <p>If legacy, BCH should consider a phase out together with eliminating Special Condition 1 so that the E-Plus rates are not interruptible even on paper. This could address the argument that because E-Plus customers have to have back-up systems in place, such customers have had to make investments.</p>	<p>Yes.</p> <p>There would need to be an end date for the phase-out and requirement for a heating alternative, otherwise BCH would be providing firm service at a significant discount compared to the default rates.</p>
9.	<p>COPE 378</p> <p>BCH should consider making E-Plus customers choose between Option 3 (truly interruptible) and Option 2 (transfer to default rate) – combine Options 2 and 3 on slide 30.</p>	<p>BCH will consider this suggestion.</p>
10.	<p>BCOAP0</p> <p>What would the RS 1105 energy charge of 5.22 cents/kWh be if it was adjusted to reflect 100 per cent cost recovery under the two COS energy allocation scenarios set out in slide 29?</p>	<p>Revised Response</p> <p>Using F2014 data, under the full assignment of energy costs to serve E-Plus customers (as for all Residential customers) scenario, and targeting full cost recovery (a 100 per cent R/C ratio), the RS 1105 energy charge would equal 11.4 cents/kWh.</p> <p>Using F2014 data, under the no assignment of energy costs to serve E-Plus customers scenario, and targeting full cost recovery (a 100 per cent R/C ratio), the RS 1105 energy charge would equal 7.7 cents/kWh.</p>
<p>6. NIA Rates</p> <p>Rob Gorter advised that BCH intends to address NIA rates as part of 2015 RDA Module 2, and is in the preliminary stages of seeking feedback on NIA rate issues and the three high level options set out at slide 35. BCH intends to further engage with FNEMC and other stakeholders after receiving preliminary feedback through this workshop.</p>		
FEEDBACK		RESPONSE
1.	<p>FNEMC</p> <p>For the purposes of NIA rate-related engagement going forward, it would assist if BCH could provide information on the make-up of both NIA Residential and GS customers, particularly the latter. Have NIA customers responded to the REUS questionnaire?</p> <p>Has BCH considered re-enacting the RCE program?</p>	<p>Yes. BCH oversampled NIA for REUS purposes. BCH has information on the characteristics of GS customers in the NIAs, such as site type, industry sector and end-use. This information will be summarized and reviewed with stakeholders during NIA rate-related engagement for 2015 RDA Module 2.</p> <p>The REC program itself is not a rate design issue. BCH recently closed the RCE program and has not at this time considered re-enacting it.⁷</p>

⁷ The RCE program was established by BCH in 2005 to help remote communities receive off-grid electricity service from BCH. BCH is not accepting applications to the RCE program at this time.

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2.	COPE 378 On slide 34, BCH sets out the NIA Zone II under-recovery. Has BCH similarly analyzed other regions to see if there is under- or over-recovery such as Vancouver Island? COPE 378 is not asking for this, and is raising the issue solely in the broader postage stamp ⁸ discussion.	BCH has not analyzed Vancouver Island or other regions for the purpose set out in the question. As set out in the December 2014 Distribution workshop summary notes, ⁹ in the 2007 RDA regulatory review process BCH stated that it considered postage stamp rates to be a fundamental rate design objective, arguably subject to only two exceptions: (1) in Zone II BCH limits the amount of energy available at Zone I (integrated system) rates; and (2) BCH limits the amount that BCH will contribute toward the cost of new extensions, effectively limiting the postage stamp treatment of the costs of extensions. ¹⁰
3.	BCOAPO recommended that BCH include Zone IB as part of the NIA rate review; it would be worrisome if Zone IB were left as the only exception to postage stamp rate making. Does BCH have a sense of how may remote communities it may extend service to? BCOAPO asks in the context of BCH as part of Module 2 endorsing Option 3 (equalizing Zone I and Zone II rates) to get some comfort this is not an open-ended commitment.	Agreed that Zone IB should be part of the NIA rate review. Revised Response Prior to closing the RCE program, BC Hydro extended service to eight communities. As part of NIA rate-related engagement for 2015 RDA Module 2, BC Hydro will seek feedback on the rate treatment that should be applicable to newly connected remote service.
4.	Weisberg Law Corporation I agree with the BCOAPO statement re: Zone IB and urge caution, especially with Option 3.	
5.	BCOAPO Do NIA customers pay the DARR?	Yes; refer to RS 1107/1127 (Zone II residential) and RS 1234/1255/1256/1265/1266 (Zone II GS). ¹¹
6.	BCSEA Can BCH expand on the original purpose of the NIA, which BCSEA understands to be to discourage electric space heating?	Zone II rates were designed to reflect the higher costs of providing diesel generation. Some NIA customers use electric space heating. One issue associated with electric space heating is to manage the load on single phase lines. As set out in the Discussion Guide, even under Option 3 it may be necessary to have separate terms and conditions for NIAs such as for connections.

⁸ Postage stamp rates are a method of cost allocation where any rate class charge is the same anywhere on the interconnected system, regardless of the geographic region in BCH's service area. BCH has used postage stamp rates in its rate class design dating back to its creation.

⁹ Available at the BCH 2015 RDA website, page 2 of 9; <http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2014-12-16-bch-workshop-summary.pdf>.

¹⁰ Refer to Exhibit B-3 in the 2007 RDA proceeding, BCH's response to BCUC Information Request 1.62.3, copy available at http://www.bcuc.com/Documents/Proceedings/2007/DOC_15082_B-3_BCH-IRs-Round-1.pdf.

¹¹ A copy of the BCH Electric Tariff is found at the BCH 2015 RDA website: <http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/tariff-filings/electric-tariff/00-bchhydro-electric-tariff.pdf>.

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7. Farm and Irrigation Service Issues		
<p>Dani Ryan advised that BCH intends to address farm and irrigation service issues as part of 2015 RDA Module 2, and is in the preliminary stages of seeking feed-back. BCH met with BC Agriculture Council on March 30, 2015 for this purpose. Dani gave an overview of the farm and irrigation service issues raised by the BCUC in the 2007 RDA Decision and in the FortisBC 2014 Exemption Application for Qualified Farm Customers.</p>		
FEEDBACK		RESPONSE
1.	<p>Weisberg Law Corporation</p> <p>BCH should give additional thought as to whether farm/irrigation should be a stand-alone separate module sometime after Module 1 and not part of Module 2 as there appears to be little overlap with other Module 2 issues such as NIA rate and Transmission/Distribution extension policies.</p> <p>There may be a need for farm/irrigation customers to participate in Module 1 so as to have a say on the Residential and GS default rates.</p>	<p>BCH will consider this suggestion.</p> <p>Agreed. BCH advised BC Agriculture Council of the scope of Module 1 at the meeting of March 30, 2015 and will follow up.</p>
2.	<p>BCOAPO</p> <p>Is the irrigation rate the only seasonal rate BCH currently offers in the sense that there is a lower rate for summer?</p> <p>Does this still make sense?</p>	<p>Yes; RS 1401 contains reduced charges during the irrigation season (defined as commencing on or about March 1 and extending to on or about October 31).</p> <p>Irrigation customers have different characteristics with respect to their power supply and infrastructure requirements that cause them to drive costs on BCH's system differently; for example Irrigation is summer peaking. However, consideration of whether RS 1401 continues to make sense is in scope for Module 2.</p>
3.	<p>CEC</p> <p>Are the municipal and golf courses that are part of the Irrigation rate class material in terms of overall Irrigation rate class consumption?</p>	<p>Some of the largest Irrigation accounts are municipal users and golf courses. BC Hydro will provide additional breakdown information in the Workshop 9 consideration memo.</p>
8. Next Steps		
<p>Anne Wilson thanked everyone for making the time to participate in the workshop and reviewed the ways that feedback can be submitted to BCH. The formal 30-day written comment period will not start until after the posting of both the Workshop 9a and 9b Summary Notes [Note to Reader: posted on June 3, 2015].</p>		



Joanna Sofield
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June 3, 2008

Ms. Erica M. Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**RE: British Columbia Utilities Commission (BCUC)
British Columbia Hydro and Power Authority (BC Hydro)
General Service E-Plus Rate Schedules 1205, 1206 and 1207**

BC Hydro is writing to provide the attached report on its General Service E-Plus Rate Schedules 1205, 1206 and 1207 as directed by BCUC Order No. G-32-08.

For further information please contact Fred James at 604-623-4317.

Yours sincerely,


Joanna Sofield
Chief Regulatory Officer

Enclosure

c. Registered Intervenors Project No. 3698455



Report on General Service E-Plus Rates per BCUC Order No. G-32-08**Introduction**

BC Hydro is providing this report on General Service E-Plus rates in compliance with BCUC Order No. G-32-08, issued on March 4, 2008 which directed that BC Hydro address the matter of the “appropriateness of the declining block rate structures” of General Service Rate Schedules 1205, 1206 and 1207 pursuant to Directive 27 of the BCUC 2007 RDA Decision (Order G-130-07). This report provides comments on BC Hydro’s position with respect to declining block rate structures and identifies two options to deal with the declining block rate structures of Rate Schedules (RS) 1205, 1206 and 1207.

Directive No. 27 from the 2007 RDA Decision stated:

“The Commission Panel notes that Rate Schedules 1205, 1206 and 1207 all have declining block rate structures and requests BC Hydro to file a report with the Commission within 90 days on whether it is appropriate to eliminate these rates and if so how it proposes to do so.”

In response to Directive No. 27 BC Hydro filed an application on January 24, 2008 to amend General Service Rates 1205, 1206 and 1207 (in addition to other rate schedule amendments also directed by the 2007 RDA Decision).

In that application, BC Hydro proposed an amendment to Special Condition 4 for RS 1205, 1206 and 1207 in order to provide for a one year period of notice of cancellation, from April 1, 2008, rather than the thirty days as currently stipulated. If approved, these changes would have allowed BC Hydro to remove the existing RS 1205, 1206 and 1207 customers from the rates within a year and also allowed BC Hydro to then apply to the BCUC for the cancellation of those rate schedules.

The BCUC determined that “BC Hydro has not addressed how to deal with the declining block rate structure” in its January 24, 2008 filing in compliance with Directive 27. More specifically, the BCUC’s determination noted that the “amendment of Special Condition 4 for Rate Schedules 1205, 1206 and 1207 would not compromise its customers existing tariff rights (*and*) *sp.* is not critical to the decision in this Application” and that “the Commission has already made its decision in the 2007 RDA.” The Commission Panel considered that “BC Hydro provided no new evidence to justify the requested revisions to Special Condition 4 of Rate Schedules 1205, 1206 and 1207.”

E- Plus Rates and the 2007 Rate Design Application (RDA)

In the 2007 RDA, BC Hydro proposed to increase the Residential and General Service (GS) E-Plus rates to two thirds of the standard rates to provide more appropriate price signals. To minimize bill impacts for E-Plus customers, BC Hydro proposed to change the E-Plus discounts in five annual steps, beginning April 1, 2008 so that E-Plus rates would be at two thirds of the standard rate by April 1, 2012. BC Hydro proposed to eliminate the E-Plus rates at the end of 10 years, effective April 1, 2018. BC Hydro also proposed to eliminate the transfer of the E-Plus rate to the new customer when there is a change of customer at an E-Plus premise effective April 1, 2008.

BC Hydro recognized in the 2007 RDA that the method proposed for the phasing out of the discount for Large General Service (LGS) E-Plus customers (with main accounts on Rate Schedule 12XX) was inconsistent with its application for the flattening of the standard rates for LGS customers. However, BC Hydro believed at the time of the 2007 RDA that it was important to deal with all E-Plus customers as a group, including both residential and general service E-Plus customers.

Background on the Current Rate Structure

The current rate structure for GS E-Plus customers (as of April 1, 2008 with the interim increase approved under in the F09/F10 RRA) is shown in Table 1:

Table 1 – Current General Service (GS) E-Plus Rate Schedules

Rates 1205, 1206, 1207	8000 kWh / month	> 8000 kWh / month	Period of Interruption
	\$0.0357 / kWh	\$0.0234 / kWh	\$0.2083 / kWh

The GS Rate Schedules 1205, 1206 and 1207 are for general space heating, water heating and industrial process heating upon an interruptible basis and therefore discounted from the regular GS Rate Schedules (e.g. RS 1220 and 12XX).

The Rate Schedules pertain to the following applications:

- RS 1205 – Small Commercial Applications
- RS 1206 – Large Commercial Applications
- RS 1207 – Industrial Applications

The main account for E-Plus customers on RS 1205 is the General Service <35 kW rate (Small GS - RS 1220), and the main account for E-Plus customers on RS 1206 and 1207 is the General Service >35 kW rate (Large GS - RS 12XX).

The current rate structure for RS 1220 and 12XX is shown in Table 2:

Table 2 – Current Small GS and Large GS Rate Schedules

Rates Schedule	Energy Charge		Demand Charge		Basic Charge
	14,800 kWh / month	> 14,800 kWh / month			
1220	All kWh @ \$0.0736 / kWh		N/A		15.48 ¢ / day
12XX	\$0.0736 / kWh	\$0.0354 / kWh	1 st 35 kW of billing demand / mo	\$0.00 / kW	15.48 ¢ / day
			Next 115 kW of billing demand / mo	\$3.77 / kW	
			All additional kW of billing demand / mo	\$7.23 / kW	

There are a relatively small number of customers under these E-Plus rate schedules, as indicated in Table 3:

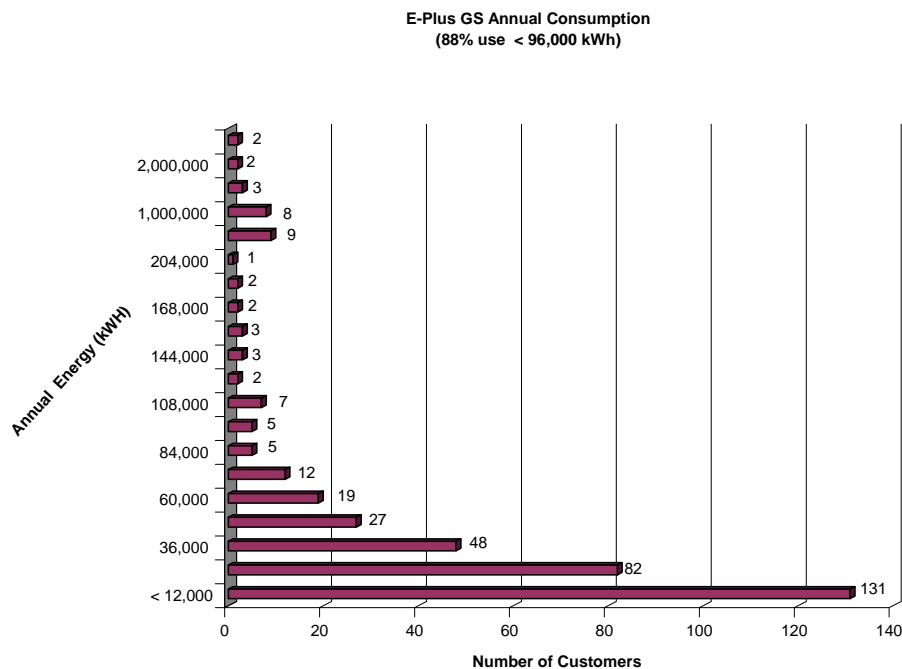
Table 3 – Breakdown of E-Plus GS Customers, Consumption and Revenue

Rate Schedule	No. of accounts	Annual Consumption (kWh) ¹	Total Revenue (at Apr 1/08 rates)
1205	295	8,282,700	\$271,923
1206	69	14,698,694	\$391,231
1207	9	8,373,362	\$206,459
Total	373	31,354,756	\$869,613

¹ based on 12 month billing data within 2006 - 2007

Figure 1 below illustrates the distribution of General Service E-Plus customers across various levels of annual energy consumption.

Figure 1 – GS E-Plus Annual Consumption



Appropriateness of Declining Block Rate Structures

BC Hydro believes that declining rate block structures where customers pay a lower per-unit rate for electricity consumption above a certain kWh threshold are not appropriate, in the current environment of rising incremental costs of new supply, because they do not incent economically efficient consumption choices and therefore do not promote electricity conservation.

In the 2007 RDA, BC Hydro noted the following:

- “For simplicity and to provide price signals that are not contrary to the promotion of energy efficiency and conservation, BC Hydro is proposing to flatten the demand and energy charges for the General Service >35kW rate (BCUC Order No. G-36-92, section 3.7.2).” (pg. 35)
- “The current declining energy rate also provides the wrong price signal. ... hence the rate structure does not promote energy efficiency or conservation.” (pg. 35)
- “In 1992 Rate Design Decision, the BCUC determined that the declining rate block structure used by BC Hydro for general service customers was inappropriate and should be replaced by a flat rate structure” (pg. 35)
- “... in an environment of rising marginal energy costs, E-Plus rates do not align with the need to encourage conservation within B.C. (pg. 42)

The over-arching objective of the inclining block rate proposal for residential customers in the 2008 Residential Inclining Block (RIB) Rate Application, filed on February 26, 2008, is to encourage additional electricity conservation. The conservation objective of that application was outlined in the most recent provincial energy plan¹. Policy Actions 1 and 4 of the 2007 Energy Plan are particularly relevant for the RIB Rate Application and are also relevant for the question of appropriateness of declining block structures:

- Policy Action No. 1: Set an ambitious conservation target, to acquire 50 per cent of BC Hydro’s incremental resource needs through conservation by 2020.
- Policy Action No. 4: Explore with BC utilities new rate structures that encourage energy efficiency and conservation.

BC Hydro believes that declining block structures are generally inconsistent with the province’s policy objectives regarding energy efficiency and conservation. Even those rates that are discounted, to allow for the potential interruption of supply (such as E-Plus), should not provide a declining marginal price signal for the same reasons as noted above.

Removal of Declining Block Rate Structures within Rate Schedules 1205, 1206 and 1207

BC Hydro has identified two options that address the removal of the declining block rate structures within RS 1205, 1206 and 1207:

1. No rate changes – attrition of customers off rate schedules and enforcement of rights under the tariffs
2. Align the structure of the GS E-Plus rates to be consistent with underlying standard rates – undertake this proposal once the LGS rate re-structuring is complete (as directed by the BCUC in the 2007 RDA Decision, Directive No. 19).

¹ *The BC Energy Plan – A Vision for Clean Energy Leadership*, February 27, 2007 (2007 Energy Plan), Appendix B at page 39.

The following sections provide more detail about each option and BC Hydro's perceptions and conclusions.

Option 1: No Rate Changes – Attrition of Customers Off Rate Schedules and Enforce Rights under Tariff

This option assumes a continuation of the current declining block structures for customers under RS 1205, 1206 and 1207. Hence, it does not specifically address BC Hydro's concerns regarding the inefficiency of a declining block rate. However, given the relatively small number of customers on the GS E-Plus rates, it may be a suitably practical approach.

Under this option, BC Hydro would expect that attrition will decrease the number of accounts remaining under these rate schedules over time. These rate schedules have been closed since 1990. In the 2007 RDA Decision, the BCUC approved amendments to the E-Plus rate schedules in order to restrict the transfer of the service to a new customer after April 1, 2008. As a result, BC Hydro estimates that account attrition from accounts changing tenants will occur in the future at a rate of about 8 per cent, based on the history of the past three years. Historic account attrition for each rate schedule is provided below in Table 4:

Table 4 – Summary of Attrition Rates

Rate Schedule	# of Accounts	Attrition Rate ¹			
		2005	2006	2007	Average
1205	295	11.0%	8.9%	8.4%	9.5%
1206	69	3.4%	5.7%	8.0%	5.7%
1207	9	0.0%	0.0%	0.0%	0.0%
	Average	9.1%	8.0%	8.1%	8.4%

¹ number of accounts changing tenants divided by active accounts at start of year

The historic attrition analysis above reflects that there were no RS 1207 (Industrial Applications) customer accounts that changed tenants in the past three years, suggesting that the higher users of electricity are less likely to fall within the group of customers moving off the E-Plus rates due to attrition.

BC Hydro would also resume its efforts to enforce its rights under these tariffs to ensure that E-Plus customers meet their commitments to maintain back up heating sources. BCUC has already provided direction to BC Hydro in the 2007 RDA Decision regarding E-Plus customers and stated that BC Hydro should:

“Pay more attention to the exercise of its rights under the Rate Schedules and to invest the necessary time and resources to ensure that its E-Plus customers comply with the Special Conditions of the Rate Schedules, and to work with E-Plus customers who may wish to move back to the firm rate to ensure that information on Power Smart programs are made available to them.” (pg. 136 BCUC RDA 2007 Decision)

A letter was sent by BC Hydro to all E-Plus customers in November 2007 asking them to confirm that they had a back-up heating source.

BC Hydro has the right under the contracts with its GS E-Plus customers to terminate the contract if written notice is provided 30 days prior to the anniversary date of the contract. BC Hydro could undertake this termination procedure for any customers for which BC Hydro is able to accurately determine the anniversary date by means of searching BC Hydro records. This process would serve to increase the incremental rate of decline over time in the number of active General Service E-Plus accounts.

Option 2: Align the structure of the GS E-Plus rates to be consistent with the underlying standard rates – undertake this proposal once the LGS rate re-structuring is complete

This option addresses the declining block rate structure, through proposing changes that would align the discounted E-Plus rates with the structure for the standard LGS rates, which will to be determined once BC Hydro files its application with the BCUC regarding the restructuring of its LGS rates. BC Hydro currently expects to file this application in late 2008. Following a BCUC decision on the LGS rate, BC Hydro would then apply for changes to the GS E-Plus rate.

BC Hydro believes that there are advantages to amending the GS E-Plus rates once the LGS restructuring is complete.

Conclusion:

BC Hydro believes that it is appropriate to eliminate the declining block GS E-Plus rate structure. Of the two options provided in this report, only one (Option 2) directly addresses the re-structuring of the GS E-Plus Rates. BC Hydro has concluded that the appropriate course of action would be to follow Option 2 and to file a proposal to amend the GS E-Plus rates after the LGS restructuring, as directed by the BCUC, has been completed. In the meantime, BC Hydro will continue to enforce the requirements of the E-Plus rate and ensure that all E-plus customers meet their commitments to maintain back-up heating sources.

2015 Rate Design Application

April 28, 2015/May 21, 2015

Workshop Nos. 9a and 9b

**Electric Tariff Terms and Conditions/
Residential Inclining Block (RIB) Rate
and Other Residential Rates Issues**

**BC Hydro Summary and
Consideration of Participant Feedback**

Attachment 2

**Workshop Nos. 9a and 9b
Feedback Forms and Written Comments**

2015 Rate Design Application (RDA) – Residential Rates Workshop # 9, Sessions A (April 28, 2015) and B (May 21, 2015) Feedback Form

<p>Name/Organization: Ian Cullis/BC Non-Profit Housing Association</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
Part 1: Terms and Conditions	
<p>A. Timing Options for Updating Standard Charges (slide 5 of Workshop 9A presentation)</p> <p>Option 1 – Update with RDA filings;</p> <p style="padding-left: 40px;">Comprehensive RDA filings have been infrequent; charges were last updated in 2007</p> <p>Option 2 – Update with other more periodic filings such as: (1) Rate change compliance filings or (2) Revenue Requirement Application (RRA) filings; or stand-alone filings.</p> <p>BC Hydro seeks stakeholder feedback on the timing options for updating of Standard Charges. Please provide any comments in the column to the right.</p>	<p>Applications and reviews should occur on a predictable nature, so that organizations are able to prepare and secure feedback from the constituents that they are representing.</p>

2015 Rate Design Application (RDA) – Residential Rates Workshop # 9,
Sessions A (April 28, 2015) and B (May 21, 2015)
Feedback Form

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>B. Late Payment Charge (slide 6 of Workshop 9A presentation; sections 6.2 and 11.3 of the Electric Tariff)</p> <p>As part of the June 25, 2014 workshop (Workshop 3) consideration memo, BC Hydro stated that based on its jurisdictional assessment, it was not proposing any changes to the 1.5 per cent Late Payment Charge but was open to further input. BC Hydro laid out the basis of the Late Payment Charge as part of its response to Q.2/Q.3/Q.4, Part 2 of Workshop 9A summary notes.</p> <p>(1) What, if any, additional analysis do you want to see in the 2015 RDA? Please be specific in your comments and also specify the reason(s) in the column to the right.</p> <p>(2) Is there any basis for changing the 1.5 per cent Late Payment Charge? Please be specific in your comments in the column to the right.</p>	<p>Later payment charges should reflect the cost of a missed payment. But, there must be some leeway given to people that always pay on time but fall into trouble due to job losses or unforeseen circumstances.</p>

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>C. Reconnection Charges (slides 7 to 9 of Workshop 9A presentation) (sections 6.7 and 11.2 of the Electric Tariff)</p> <p>BC Hydro proposes to:</p> <ul style="list-style-type: none"> • Update the Minimum Reconnection Charge to reflect current costs; BC Hydro's preferred option does not include Information Technology costs so that there would be a large reduction in the Minimum Reconnection Charge from the current Minimum Reconnection Charge of \$125 per meter • Update Terms and Conditions related to re-application for service and exclusions from when charge is applied. <p>Two stakeholders suggested advancing the timing of this component of the 2015 RDA (Q. 11/Part 2 of Workshop 9A summary notes). BC Hydro is prepared to act on this if there are virtually unanimous stakeholder views that the proposed updated Minimum Reconnection Charge adequately recovers costs.</p> <p>BC Hydro seeks stakeholder feedback on the cost basis concerning the proposed Minimum Reconnection Charge and suggestions concerning an expedited review process for the proposed Minimum Reconnection Charge. Please provide any comments in the column to the right.</p>	<p>Is there any way to recover re-connection charges over the course of someone's residency at one location. This would decrease the connection penalty for individuals, for a low income household \$125 is a lot of money.</p>

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>D. Proposed Meter Test Charge (slide 12 of Workshop 9A presentation)</p> <p>Three Meter Test Charge Options:</p> <p>Option 1 – Minimum Reconnection Charge (new proposed: ~\$26)</p> <ul style="list-style-type: none"> • Lower charge is far below BC Hydro's costs and will not deter frivolous requests for meter tests <p>Option 2 – First Meter part of Service Connection Charge (new proposed: \$181; section 11.2 of the Electric Tariff)</p> <ul style="list-style-type: none"> • More closely reflects cost recovery as the connection activities are similar • Higher charge may create a barrier to pursuing meter testing <p>Option 3 – Prior Minimum Reconnection Charge (\$125) (new "Meter Test Charge")</p> <ul style="list-style-type: none"> • May balance customer needs and cost recovery <p>BC Hydro requests feedback on the appropriate level of cost recovery for meters that are removed for testing by Measurement Canada at the customer's request but are found to be accurate. Please provide any comments in the column to the right.</p>	<p>Some non-profit groups have switched meters themselves due to the cost and beaurocracy involved when going through BC Hydro....I know that this is not allowed, but maybe BC Hydro needs to streamline the system internally to decrease the cost!</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>E. Security Deposits (slides 13-17 of Workshop 9A presentation; section 2.4 of the Electric Tariff)</p> <p>Proposed Electric Tariff change:</p> <ul style="list-style-type: none"> • Up <u>to</u> 2x/3x the average monthly bill • No change to maximum • Allows flexibility to charge a lesser amount. <p>Additional wording change:</p> <ul style="list-style-type: none"> • A security deposit is assessed (or waived) at the time of account setup based on an assumed level of consumption • There is no provision within the Electric Tariff to increase the amount of a security deposit if actual consumption is higher • Will be requesting a wording change that would allow a security deposit to be assessed or increased if actual consumption is significantly greater than what was initially assumed. <p>BC Hydro seeks stakeholder feedback on the security deposit proposal and the additional wording change proposal above, and whether there are any other security deposit-related issues. Please provide any comments in the column to the right.</p>	

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	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
Part 2: Residential Rate Design: Assessment of Residential Inclining Block (RIB) Rate and Alternatives	
<p>A. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Customer Bill Impact Test (slide 24 of Workshop 9A presentation)</p> <p>Workshop 1: BC Hydro's proposal was to maintain the 2013 RIB Re-pricing Application approach - Maximum of 10 per cent bill impact, representing all-in costs (consisting of RRA-related Direction No. 7 rate caps + deferral account rate rider + rate changes due to rate rebalancing + rate changes due to rate design), to single most adversely impacted customer – to be used for modelling purposes.</p> <p>In its Workshop 3 consideration memo, BC Hydro agreed to review the bill impact test – its purpose and the applicable customer percentile threshold. BC Hydro emphasized that the 10 per cent bill impact test is an 'amber signal' rather than a stop or go constraint.</p> <p>BC Hydro is of the view that the purpose and level of the customer bill impact test remains appropriate to evaluate the trade-offs between designs, but seeks additional stakeholder feedback. Please provide any comments in the column to the right.</p>	

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>B. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Jurisdictional Review (slides 26 to 31 of Workshop 9A presentation)</p> <p>BC Hydro circulated its proposed jurisdictional selection for 2015 RDA Residential rate analysis on March 12, 2015. BC Hydro chose jurisdictions based on:</p> <ul style="list-style-type: none"> • Canadian geographical diversity + vertically integrated utility market structure (this leaves out Alberta and Ontario only) • British Columbia Rate Comparison Regulation (Washington, Oregon, California) + Regional U.S. utilities in the Western Electricity Coordinating Council + utilities of a larger size. <p>To date, there has been a fair degree of consensus from stakeholders that these are the appropriate jurisdictions to review. British Columbia Utilities Commission (Commission) staff recommended surveying Ontario with the qualifier that Ontario has a different market structure. Commission staff also suggested that it would be helpful to describe each surveyed Canadian and U.S. electric utility's peaking months. There were also stakeholder requests for survey of low income-related rates and underlying legislation (<i>please refer to RDA Workshop 9 Discussion Guide for more information</i>).</p> <p>(1) BC Hydro is seeking confirmation that its proposed jurisdictional selection for RIB/residential rate assessment purposes is reasonable for 2015 RDA purposes (including the addition of one Ontario utility - Hydro One), and if not, what additional jurisdictions should be surveyed and why.</p> <p>(2) BC Hydro will engage with British Columbia Old Age Pensioners' Organization to develop a Canadian and selected U.S. low income jurisdictional assessment which will be described in the Workshop 9 Consideration memo. Do you have any suggestions for this assessment?</p> <p>Please explain your responses in the column to the right.</p>	<p>BC Hydro should review residential rates!</p> <p>BC Non-Profit Housing Association would request to be at the table when the rates are being reviewed (same as the BC Old Age Pensioners Organization). I believe that BC Housing should also be at the table.</p> <p>Utility costs are one of the main costs that low income households have to pay. In some cases it is higher than their rent! But, the cost is complicated because some societies subsidize the tenant utility costs (BC Housing, safer, and Wrap also subsidize).</p> <p>It is necessary to engage BC Housing, BCNPHA and other associations to ensure that all aspects of the costs are analyzed.</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
Part 2, CONT'D: Residential Rate Design: Identification of RIB as BC Hydro Preferred Alternative and Alternatives to the RIB	
<p>A. RIB as BC Hydro's Preferred Default Residential Rate (slide 47 of Workshop 9A presentation; and slides 5 to 7 of Workshop 9B presentation)</p> <p>BC Hydro identified its preferred default Residential rate alternative as the RIB rate. Reasons are set out in Part 2 of the Workshop 9A summary notes (refer to responses to Q.1/Q.2/Q.6) and in Part 1 of the Workshop 9B summary notes (refer to responses to Q.2/Q.3/Q.4).</p> <p>Please provide any comments or views you may have, including reasons, on the RIB rate as BC Hydro's preferred default Residential rate in the column to the right.</p>	<p>The RIB rate is the best way to encourage conservation, so I believe that continuing along this path is best. The downfall of this rate type is that there are limited opportunities to save energy in a condo or apartment building. The main energy use is laundry (washers and driers) and dishwashers. There is no way to reduce the consumption except to replace equipment. In rentals this equipment is owned by the owner, therefore the owner would need some sort of subsidy to encourage Energy Star equipment be specced.</p>
<p>B. Alternatives to RIB Rate – Modelling of Three Step Rates (slide 20 and slides 49 to 59 of Workshop 9A presentation)</p> <p>BC Hydro modelled three different options for a three step rate, (Models A, B and C discussed on slide 20) and provided summary information on forecast conservation savings and bill impact analysis, as well as an assessment of the application of the Bonbright criteria for each option.</p> <p>BC Hydro proposes no further modeling of Three Step Rate Models A, B or C and asks for stakeholder comment. Do you agree? If not, what additional analysis would you recommend (please also specify the reason(s) for your recommendation). Please explain your response in the column to the right.</p>	<p>This could prove to be to complicated for most customers. The best thing to do is spent time ensuring that the step is set appropriately and communicate the reason to the customers.</p>

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>C. Alternatives to the RIB - Flat Energy Rate Alternative(s)</p> <p>At Workshop 9B, BC Hydro briefly described Canadian Office and Professional Employees Union Local 378's (COPE 378) idea of a Residential default flat rate sending an energy Long-Run Marginal Cost (LRMC) price signal to all residential customers, combined with an un-defined credit system granting access to low cost Heritage Resources on a basis such as efficiency ratings and/or low income qualification. BC Hydro stated that it would meet with COPE 378 sometime in June 2015 after these workshop summary notes are posted to discuss the COPE 378 idea and to exchange views on the 2013 RIB Evaluation Report.</p> <p>Bearing in mind that BC Hydro has yet to meet with COPE 378, BC Hydro identified a threshold issue with the flat rate idea in Part 2 of the Workshop 9B summary notes, which is revenue neutrality. BC Hydro modelled a flat rate at Workshop 3 with an energy charge of 9.63 cents/kWh in F2016, which is within the energy LRMC range (refer to slides 49 to 51 of Workshop 3 presentation). Therefore, BC Hydro does not see any fair and efficient way to re-distribute costs through a credit system and collect BC Hydro's revenue requirement.</p> <p>Please provide any comments you may have on the COPE 378 flat energy rate idea and the threshold issue identified by BC Hydro in the column to the right.</p>	<p>A flat rate is not appropriate. This would benefit high consumers who should be paying more.</p>

<i>Part 3: Alternative Means of Delivering the RIB Rate</i>		Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>A. Rib Rate Pricing Principles for F2017-F2019: Option 1 (Continue with 2013 RIB Re-Pricing Principle of Applying RRA equally to Step 1 and Step 2; Option 2: Apply RRA increases to Step 1 (discussed in slides 11 to 13 of Workshop 9B presentation)</p> <p>BC Hydro considers that Pricing Principle Option 2 performs worse relative to Pricing Principle Option 1.</p> <p>BC Hydro proposes that no further modeling is required for Pricing Principle Option 2, and asks for stakeholder comment. Please provide any comments in the column to the right, including whether you have a preferred RIB rate pricing principle.</p>		
	<p>B. RIB Rate Minimum Charge (discussed in slides 14 to 17 of Workshop 9B presentation)</p> <p>BC Hydro seeks stakeholder comment on whether a Minimum Charge should be implemented, separate from the Basic Charge, to reflect cost of remaining attached to the system during periods of very low consumption or dormancy (slide 17). Please provide any comments in the column to the right.</p>	<p>I believe that a minimum charge would be beneficial to pay for the system. The minimum charge should be priced based on delivering the infrastructure to the specific type of housing asset (house, apartment, townhouse). The majority of lower income household live in apartments, and shouldn't be subsidizing homeowners (typical homeowners have more money).</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
Part 4: Voluntary Residential Rate Options	
<p>A. Prepayment Option (discussed in slides 19 to 21 of Workshop 9B presentation)</p> <p>BC Hydro is proposing to not pursue this option at this time; from an information technology perspective BC Hydro is two to three years away from being able to implement a prepayment option.</p> <p>BC Hydro is seeking feedback on whether BC Hydro should consider a prepayment option pilot after the 2015 RDA Module 1 decision. Please explain your response in the column to the right.</p>	<p>I believe that this option would give an advantage to higher income households and would result in lower income households subsidizing higher income households.</p>

2015 Rate Design Application (RDA) – Residential Rates Workshop # 9,
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Feedback Form

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>B. Electric Vehicle (EV) Rate Design (discussed in slides 22 to 23 of Workshop 9B presentation)</p> <p>BC Hydro prefers to use Module 1 of 2015 RDA to first set the Residential default rate, and to consider the development of an EV rate after the 2015 RDA Module 1 decision.</p> <p>Design Considerations:</p> <ul style="list-style-type: none"> • At-home charging (Residential) • Basis on which to determine cost of service and load implications for pricing – different pattern of energy consumption (battery storage of electric power) • Mechanism to enforce off-peak charging – time varying component (Time of Use; price differential is an issue; adopt California 'super off-peak' concept to encourage late night to early morning charging? • Requirement of a separate meter? • Interaction with RIB? • Other? <p>BC Hydro seeks stakeholder feedback on rate design considerations presented above and the timing of any future EV rate proposal. Please explain your response in the column to the right.</p>	<p>Currently a substantial population of the province has to use electric vehicles (wheelchairs) to get around. They are not afforded a special rate. Why are you going to consider a special rate for those that can afford an electric vehicle, when you haven't considered a similar thing for people in need!</p> <p>A special rate should be implemented now for seniors and people in need that have a electric vehicle.</p> <p>I have been to one societies, who have 2 identical buildings. One building contains a higher number (almost 100% electric wheelchairs) of wheelchairs per resident, while the other building hardly has any. The energy costs of these 2 sites are dramatically different. The tenants with electric vehicles need help!!</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>C. Clean and Renewable Energy Charge Option - Should BC Hydro implement an optional clean and renewable energy charge (slide 25 of Workshop 9B presentation)?</p> <p>BC Hydro is proposing to not pursue this option at this time given the level of clean or renewable generation in its service area.</p> <p>BC Hydro is seeking stakeholder feedback on this proposal. Please explain your response in the column to the right.</p>	<p>According to BC Hydro, almost 99% of our generation is clean and renewable.</p>
<p>Part 5: Other Rate Design Issues</p>	
<p>A. Dual Fuel (E-Plus) Residential and General Service Rates (discussed in slides 28 to 31 of Workshop 9B presentation)</p> <p>Three options identified to date (discussed in slide 30):</p> <ol style="list-style-type: none"> 1. Status Quo 2. Phase-out the E-Plus rate and transfer accounts to default rates 3. Amend interruption and notice conditions to provide practical interruptible option <p>BC Hydro is seeking input as to:</p> <ol style="list-style-type: none"> 1. Whether there are any other E-Plus rate design options in addition to the three rate design options described above; 2. Which E-Plus rate option is preferred, and why; and 3. If E-Plus Option 2 is preferred, what the proposed transition period should be. <p>Please provide reasons for your response in the column to the right.</p>	<p>The interruptible rate should be terminated, unless BC Hydro is actually planning on interrupting the rate. This seems like a subsidy to a select group of British Columbia's residents.</p>

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Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
	<p>B. Non Integrated Areas (NIA) Rates (discussed in slides 33 to 36 of Workshop 9B presentation)</p> <p>Three broad options for NIA customers served on Zone II rate (slide 35):</p> <ul style="list-style-type: none"> • Option 1: SQ - Maintain current rate structures in Zone II as a means to signal costs of diesel generation in NIAs • Option 2: Full Cost Recovery - Increase rates by roughly a factor of 4 under current rate Zone II rate structures (Residential) • Option 3: Equalize Zone II and Zone I Rates <ul style="list-style-type: none"> ➢ Equalize electricity rates on a postage stamp basis across the entire BC Hydro service area ➢ Likely maintain Zone II designation in the tariff terms and conditions for other purposes <p>BC Hydro proposes to address NIA-related rates as part of 'Module 2' of the 2015 RDA, to be filed with the Commission sometime after receipt of the 2015 RDA Module 1 decision.</p> <p>BC Hydro is seeking from stakeholders:</p> <ul style="list-style-type: none"> • Input as to whether there are any other high level Zone II rate options in addition to the three options described above; and • Suggestions for options analysis, including relevant jurisdictional assessment and bill impact analysis. <p>Please provide reasons for your response in the column to the right.</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>C. Rates for Farm and Irrigation Services (discussed in slides 38 to 41 of Workshop 9B presentation)</p> <p>BC Hydro proposes to address farm and irrigation issues in 2015 RDA Module 2.</p> <p>Engagement Issues:</p> <ul style="list-style-type: none"> • How to simplify rate choice for farm customers: <ul style="list-style-type: none"> ➢ Should residential farms continue to be exempt from the RIB rate? ➢ Should BC Hydro change the eligibility criteria for the exempt Rate Schedule 1151 rate? ➢ Should larger residential farms be moved to Medium General Service / Large General Service default rates? • What should BC Hydro's metering policy be in the case where there is commercial activity on a residential farm? • Should golf courses and municipal pumping continue to qualify for the irrigation rate? <p>BC Hydro is seeking stakeholder feedback on the key engagement issues and its plan to consider farm and irrigation rate designs as part of 2015 RDA Module 2. Please provide reasons for your response in the column to the right.</p>	<p>I do not think that these groups deserve a subsidy. They should be given the same inclining rate structure as the other groups. This would encourage conservation.</p> <p>It would also encourage farms to think about where they are spending money.</p> <p>Golf courses and municipal pumping should not qualify for the irrigation rate.</p>

Additional Comments:

CONSENT TO USE PERSONAL INFORMATION

I consent to the use of my personal information by BC Hydro for the purposes of keeping me updated about the 2015 RDA. For purposes of the above, my personal information includes opinions, name, mailing address, phone number and email address as per the information I provide.

Signature: _____ Date: _____

Thank you for your comments.

Comments submitted will be used to inform the RDA Scope and Engagement process, including discussions with Government, and will form part of the official record of the RDA.

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Form available on Web: http://www.bchydro.com/about/planning_regulatory/regulatory.html

Any personal information you provide to BC Hydro on this form is collected and protected in accordance with the **Freedom of Information and Protection of Privacy Act**. BC Hydro is collecting information with this for the purpose of the 2015 RDA in accordance with BC Hydro's mandate under the **Hydro and Power Authority Act**, the BC Hydro Tariff, the **Utilities Commission Act** and related Regulations and Directions. If you have any questions about the collection or use of the personal information collected on this form please contact the BC Hydro Regulatory Group via email at: bchydroregulatorygroup@bchydro.com

2015 Rate Design Application (RDA) – Residential Rates Workshop # 9, Sessions A (April 28, 2015) and B (May 21, 2015) Feedback Form

<p>Name/Organization:</p> <p>British Columbia Utilities Commission staff</p>	
<p>Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).</p>	<p>Part 1: Terms and Conditions</p> <p>A. Timing Options for Updating Standard Charges (slide 5 of Workshop 9A presentation)</p> <p>Option 1 – Update with RDA filings; Comprehensive RDA filings have been infrequent; charges were last updated in 2007</p> <p>Option 2 – Update with other more periodic filings such as: (1) Rate change compliance filings or (2) Revenue Requirement Application (RRA) filings; or stand-alone filings.</p> <p>BC Hydro seeks stakeholder feedback on the timing options for updating of Standard Charges. Please provide any comments in the column to the right.</p>
<p>If the methodologies used to estimate the charges require a fundamental review, the RDA proceedings, i.e. Option 1, will remain the better forum to review proposed charges.</p> <p>Option 2 will allow the updated charges to reflect inflationary impacts on both the costs as well as the incentive/disincentive amounts that are built into the standard charges.</p>	

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<p>B. Late Payment Charge (slide 6 of Workshop 9A presentation; sections 6.2 and 11.3 of the Electric Tariff)</p> <p>As part of the June 25, 2014 workshop (Workshop 3) consideration memo, BC Hydro stated that based on its jurisdictional assessment, it was not proposing any changes to the 1.5 per cent Late Payment Charge but was open to further input. BC Hydro laid out the basis of the Late Payment Charge as part of its response to Q.2/Q.3/Q.4, Part 2 of Workshop 9A summary notes.</p> <p>(1) What, if any, additional analysis do you want to see in the 2015 RDA? Please be specific in your comments and also specify the reason(s) in the column to the right.</p> <p>(2) Is there any basis for changing the 1.5 per cent Late Payment Charge? Please be specific in your comments in the column to the right.</p>	<p>No comment.</p>

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>C. Reconnection Charges (slides 7 to 9 of Workshop 9A presentation) (sections 6.7 and 11.2 of the Electric Tariff)</p> <p>BC Hydro proposes to:</p> <ul style="list-style-type: none"> • Update the Minimum Reconnection Charge to reflect current costs; BC Hydro's preferred option does not include Information Technology costs so that there would be a large reduction in the Minimum Reconnection Charge from the current Minimum Reconnection Charge of \$125 per meter • Update Terms and Conditions related to re-application for service and exclusions from when charge is applied. <p>Two stakeholders suggested advancing the timing of this component of the 2015 RDA (Q. 11/Part 2 of Workshop 9A summary notes). BC Hydro is prepared to act on this if there are virtually unanimous stakeholder views that the proposed updated Minimum Reconnection Charge adequately recovers costs.</p> <p>BC Hydro seeks stakeholder feedback on the cost basis concerning the proposed Minimum Reconnection Charge and suggestions concerning an expedited review process for the proposed Minimum Reconnection Charge. Please provide any comments in the column to the right.</p>	<p>No comments.</p>

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>D. Proposed Meter Test Charge (slide 12 of Workshop 9A presentation)</p> <p>Three Meter Test Charge Options:</p> <p>Option 1 – Minimum Reconnection Charge (new proposed: ~\$26)</p> <ul style="list-style-type: none"> • Lower charge is far below BC Hydro's costs and will not deter frivolous requests for meter tests <p>Option 2 – First Meter part of Service Connection Charge (new proposed: \$181; section 11.2 of the Electric Tariff)</p> <ul style="list-style-type: none"> • More closely reflects cost recovery as the connection activities are similar • Higher charge may create a barrier to pursuing meter testing <p>Option 3 – Prior Minimum Reconnection Charge (\$125) (new "Meter Test Charge")</p> <ul style="list-style-type: none"> • May balance customer needs and cost recovery <p>BC Hydro requests feedback on the appropriate level of cost recovery for meters that are removed for testing by Measurement Canada at the customer's request but are found to be accurate. Please provide any comments in the column to the right.</p>	<p>Commission staff would like BC Hydro to clarify what is meant by 'frivolous' in advance of discussion about the level of cost recovery. Is 'frivolous' equivalent to a request for a test where the meter is tested and found to be accurate?</p> <p>It would also be helpful to know if 'frivolous' meter tests are a significant problem. Thus it would be useful if BC Hydro include some historical data on meter requests (e.g., – how many meter tests are requested each year and how many of the meters tested as a result of requests are found to be accurate)?</p>

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<p>E. Security Deposits (slides 13-17 of Workshop 9A presentation; section 2.4 of the Electric Tariff)</p> <p>Proposed Electric Tariff change:</p> <ul style="list-style-type: none"> • Up to 2x/3x the average monthly bill • No change to maximum • Allows flexibility to charge a lesser amount. <p>Additional wording change:</p> <ul style="list-style-type: none"> • A security deposit is assessed (or waived) at the time of account setup based on an assumed level of consumption • There is no provision within the Electric Tariff to increase the amount of a security deposit if actual consumption is higher • Will be requesting a wording change that would allow a security deposit to be assessed or increased if actual consumption is significantly greater than what was initially assumed. <p>BC Hydro seeks stakeholder feedback on the security deposit proposal and the additional wording change proposal above, and whether there are any other security deposit-related issues. Please provide any comments in the column to the right.</p>	<p>Commission staff have no comment on the security deposits level at this time. However, Commission staff believe that it will be helpful if BC Hydro describes whether the problems it faces are the same from different customer groups: residential, commercial, institutions, farm, etc.</p>

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
Part 2: Residential Rate Design: Assessment of Residential Inclining Block (RIB) Rate and Alternatives	
<p>A. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Customer Bill Impact Test (slide 24 of Workshop 9 Presentation)</p> <p>Workshop 1: BC Hydro's proposal was to maintain the 2013 RIB Re-pricing Application approach - Maximum of 10 per cent bill impact, representing all-in costs (consisting of RRA-related Direction No. 7 rate caps + deferral account rate rider + rate changes due to rate rebalancing + rate changes due to rate design), to single most adversely impacted customer – to be used for modelling purposes.</p> <p>In its Workshop 3 consideration memo, BC Hydro agreed to review the bill impact test – its purpose and the applicable customer percentile threshold. BC Hydro emphasized that the 10 per cent bill impact test is an 'amber signal' rather than a stop or go constraint.</p> <p>BC Hydro is of the view that the purpose and level of the customer bill impact test remains appropriate to evaluate the trade-offs between designs, but seeks additional stakeholder feedback. Please provide any comments in the column to the right.</p>	<p>Commission staff are of the view that while the customer bill impact test is appropriate to evaluate trade-offs among various rate designs, the issue is not only the maximum (10 per cent or some other value and how the 10 per cent is defined) but also the distribution of the bill impact (i.e., how many customers at or above the limit, or only a few) and the sensitivity of the bill impact to consumption level (i.e., the sensitivity of the bill to increases or decreases in consumption relatively uniform over a broad range of consumption or not).</p>

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
Commission staff have no further comments at this time.	<p>B. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Jurisdictional Review (slides 26 to 31 of Workshop 9A presentation)</p> <p>BC Hydro circulated its proposed jurisdictional selection for 2015 RDA Residential rate analysis on March 12, 2015. BC Hydro chose jurisdictions based on:</p> <ul style="list-style-type: none"> • Canadian geographical diversity + vertically integrated utility market structure (this leaves out Alberta and Ontario only) • British Columbia Rate Comparison Regulation (Washington, Oregon, California) + Regional U.S. utilities in the Western Electricity Coordinating Council + utilities of a larger size. <p>To date, there has been a fair degree of consensus from stakeholders that these are the appropriate jurisdictions to review. British Columbia Utilities Commission (Commission) staff recommended surveying Ontario with the qualifier that Ontario has a different market structure. Commission staff also suggested that it would be helpful to describe each surveyed Canadian and U.S. electric utility's peaking months. There were also stakeholder requests for survey of low income-related rates and underlying legislation (<i>please refer to RDA Workshop 9 Discussion Guide for more information</i>).</p> <p>(1) BC Hydro is seeking confirmation that its proposed jurisdictional selection for RIB/residential rate assessment purposes is reasonable for 2015 RDA purposes (including the addition of one Ontario utility - Hydro One), and if not, what additional jurisdictions should be surveyed and why.</p> <p>(2) BC Hydro will engage with British Columbia Old Age Pensioners' Organization to develop a Canadian and selected U.S. low income jurisdictional assessment which will be described in the Workshop 9 Consideration memo. Do you have any suggestions for this assessment?</p> <p>Please explain your responses in the column to the right.</p>

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Part 2, CONT'D: Residential Rate Design: Identification of RIB as BC Hydro Preferred Alternative and Alternatives to the RIB	
<p>A. RIB as BC Hydro's Preferred Default Residential Rate (slide 47 of Workshop 9A presentation; and slides 5 to 7 of Workshop 9B presentation)</p> <p>BC Hydro identified its preferred default Residential rate alternative as the RIB rate. Reasons are set out in Part 2 of the Workshop 9A summary notes (refer to responses to Q.1/Q.2/Q.6) and in Part 1 of the Workshop 9B summary notes (refer to responses to Q.2/Q.3/Q.4).</p> <p>Please provide any comments or views you may have, including reasons, on the RIB rate as BC Hydro's preferred default Residential rate in the column to the right.</p>	<p>Commission staff suggest that BC Hydro could include in the application the basis for its LRMC estimates and the extent to which the Step 2 rate is guided by (i) the amount and precision of the LRMC, (ii) encouragement of conservation as an objective, and (iii) rate stability as an objective.</p>
<p>B. Alternatives to RIB Rate – Modelling of Three Step Rates (slide 20 and slides 49 to 59 of Workshop 9A presentation)</p> <p>BC Hydro modelled three different options for a three step rate, (Models A, B and C discussed on slide 20) and provided summary information on forecast conservation savings and bill impact analysis, as well as an assessment of the application of the Bonbright criteria for each option.</p> <p>BC Hydro proposes no further modeling of Three Step Rate Models A, B or C and asks for stakeholder comment. Do you agree? If not, what additional analysis would you recommend (please also specify the reason(s) for your recommendation). Please explain your response in the column to the right.</p>	<p>Models B and C are very sensitive to consumption level in the bill impacts, which is largely a result of the large differences in the thresholds and rates between the steps. Model A does not exhibit the same bill impact sensitivity to consumption level, and therefore appears that it is possible to create a 3-step rate that does not have the same extreme sensitivity of bill impact to consumption levels as Models B and C.</p> <p>Given that the 3-step model A provides slightly more conservation than the SQ RIB rate and that BC Hydro intends to stop modelling 3-step rates, BC Hydro should at least explain why a less sensitive 3-step rate is no more advantageous than a 2-step rate.</p>

C. Alternatives to the RIB - Flat Energy Rate Alternative(s)	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>At Workshop 9B, BC Hydro briefly described Canadian Office and Professional Employees Union Local 378's (COPE 378) idea of a Residential default flat rate sending an energy Long-Run Marginal Cost (LRMC) price signal to all residential customers, combined with an un-defined credit system granting access to low cost Heritage Resources on a basis such as efficiency ratings and/or low income qualification. BC Hydro stated that it would meet with COPE 378 sometime in June 2015 after these workshop summary notes are posted to discuss the COPE 378 idea and to exchange views on the 2013 RIB Evaluation Report.</p> <p>Bearing in mind that BC Hydro has yet to meet with COPE 378, BC Hydro identified a threshold issue with the flat rate idea in Part 2 of the Workshop 9B summary notes, which is revenue neutrality. BC Hydro modelled a flat rate at Workshop 3 with an energy charge of 9.63 cents/kWh in F2016, which is within the energy LRMC range (refer to slides 49 to 51 of Workshop 3 presentation). Therefore, BC Hydro does not see any fair and efficient way to re-distribute costs through a credit system and collect BC Hydro's revenue requirement.</p> <p>Please provide any comments you may have on the COPE 378 flat energy rate idea and the threshold issue identified by BC Hydro in the column to the right.</p>	<p>No comment.</p>

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Part 3: Alternative Means of Delivering the RIB Rate	
	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>A. Rib Rate Pricing Principles for F2017-F2019: Option 1 (Continue with 2013 RIB Re-Pricing Principle of Applying RRA equally to Step 1 and Step 2; Option 2: Apply RRA increases to Step 1 (discussed in slides 11 to 13 of Workshop 9B presentation)</p> <p>BC Hydro considers that Pricing Principle Option 2 performs worse relative to Pricing Principle Option 1.</p> <p>BC Hydro proposes that no further modeling is required for Pricing Principle Option 2, and asks for stakeholder comment. Please provide any comments in the column to the right, including whether you have a preferred RIB rate pricing principle.</p>	<p>Commission staff suggest that BC Hydro, in choosing not to perform further modelling on Option 2, could include in the application the basis for its LRM estimates and the extent to which the Step 2 rate is guided by the amount and precision of the LRM.</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>B. RIB Rate Minimum Charge (discussed in slides 14 to 17 of Workshop 9B presentation)</p> <p>BC Hydro seeks stakeholder comment on whether a Minimum Charge should be implemented, separate from the Basic Charge, to reflect cost of remaining attached to the system during periods of very low consumption or dormancy (slide 17). Please provide any comments in the column to the right.</p>	<p>It will be helpful if BC Hydro includes in its discussion whether the concept of a minimum charge has been presented to customers focus groups (i.e., customer understanding) and whether this minimum charge is applicable only to the Residential class. Is the overriding objective of the minimum charge to further recover fixed cost if there is no change in conservation and no substantive changes to rates?</p> <p>Isn't the current Basic Charge a form of Minimum Charge in the sense that even if no electricity is consumed, the basic charge still applies? If this is true, then BCH's proposal is essentially increasing the fixed charges from \$5/month to \$20/month?</p> <p>If the objective of BC Hydro is to increase revenue collection through fixed charges to improve revenue stability, why does BC Hydro not just propose to increase Basic Charge instead of introducing a separate charge?</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>Part 4: Voluntary Residential Rate Options</p> <p>A. Prepayment Option (discussed in slides 19 to 21 of Workshop 9B presentation) BC Hydro is proposing to not pursue this option at this time; from an information technology perspective BC Hydro is two to three years away from being able to implement a prepayment option.</p> <p>BC Hydro is seeking feedback on whether BC Hydro should consider a prepayment option pilot after the 2015 RDA Module 1 decision. Please explain your response in the column to the right.</p>	<p>The proposed timing appears reasonable if pursuing this option is constrained by current technology.</p> <p>In the pilot, BC Hydro should consider the proportion of its customers who would consider taking advantage of this payment option. Could the cost to administer this option potentially outweigh the benefits to be derived?</p> <p>Would the introduction of the prepayment option create new risk for the customer (e.g., automatic disconnection when the account balance reaches zero) and would this new risk create unnecessary costs for the rate class (increased administration, increased call centre volumes, reconnection fees)?</p>

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<p>B. Electric Vehicle (EV) Rate Design (discussed in slides 22 to 23 of Workshop 9B presentation)</p> <p>BC Hydro prefers to use Module 1 of 2015 RDA to first set the Residential default rate, and to consider the development of an EV rate after the 2015 RDA Module 1 decision.</p> <p>Design Considerations:</p> <ul style="list-style-type: none"> • At-home charging (Residential) • Basis on which to determine cost of service and load implications for pricing – different pattern of energy consumption (battery storage of electric power) • Mechanism to enforce off-peak charging – time varying component (Time of Use; price differential is an issue; adopt California 'super off-peak' concept to encourage late night to early morning charging? • Requirement of a separate meter? • Interaction with RIB? • Other? <p>BC Hydro seeks stakeholder feedback on rate design considerations presented above and the timing of any future EV rate proposal. Please explain your response in the column to the right.</p>	<p>Slide 22 indicates that EV load is not material in the first 10 years of the F2013 load forecast. Although BC Hydro may have valid reasons with regards to the timing of the development of an EV rate (i.e., after the 2015 RDA Module 1), it will be helpful for BC Hydro to explain how the load forecast on plug-in EV is derived.</p> <p>Commission staff are of the view that further technical background information will be required to assist with the discussion. For example, how long does it take to fully charge an EV given today's technology and how rapidly could the technology change. In 5 to 10 years' time, is there the likelihood that technological change could reduce charging time such that certain issues contemplated today e.g., at home charging, enforcement TOU for EV rate, etc. may become less relevant in rate design?</p>

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<p>C. Clean and Renewable Energy Charge Option - Should BC Hydro implement an optional clean and renewable energy charge (slide 25 of Workshop 9B presentation)?</p> <p>BC Hydro is proposing to not pursue this option at this time given the level of clean or renewable generation in its service area.</p> <p>BC Hydro is seeking stakeholder feedback on this proposal. Please explain your response in the column to the right.</p>	<p>No comment.</p>
<p>Part 5: Other Rate Design Issues</p>	
<p>A. Dual Fuel (E-Plus) Residential and General Service Rates (discussed in slides 28 to 31 of Workshop 9B presentation)</p> <p>Three options identified to date (discussed in slide 30):</p> <ol style="list-style-type: none"> 1. Status Quo 2. Phase-out the E-Plus rate and transfer accounts to default rates 3. Amend interruption and notice conditions to provide practical interruptible option <p>BC Hydro is seeking input as to:</p> <ol style="list-style-type: none"> 1. Whether there are any other E-Plus rate design options in addition to the three rate design options described above; 2. Which E-Plus rate option is preferred, and why; and 3. If E-Plus Option 2 is preferred, what the proposed transition period should be. <p>Please provide reasons for your response in the column to the right.</p>	<p>Commission staff believe that rate design changes to the E-Plus rate are worth exploring if certain aspects of the E-Plus rate have created new problems, or technological improvements have rendered obsolete certain concerns (e.g., notice on interruptions) since the 2007 RDA decision.</p>

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<p>B. Non Integrated Areas (NIA) Rates (discussed in slides 33 to 36 of Workshop 9B presentation)</p> <p>Three broad options for NIA customers served on Zone II rate (slide 35):</p> <ul style="list-style-type: none"> • Option 1: SQ - Maintain current rate structures in Zone II as a means to signal costs of diesel generation in NIAs • Option 2: Full Cost Recovery - Increase rates by roughly a factor of 4 under current rate Zone II rate structures (Residential) • Option 3: Equalize Zone II and Zone I Rates <ul style="list-style-type: none"> ➢ Equalize electricity rates on a postage stamp basis across the entire BC Hydro service area ➢ Likely maintain Zone II designation in the tariff terms and conditions for other purposes <p>BC Hydro proposes to address NIA-related rates as part of 'Module 2' of the 2015 RDA, to be filed with the Commission sometime after receipt of the 2015 RDA Module 1 decision.</p> <p>BC Hydro is seeking from stakeholders:</p> <ul style="list-style-type: none"> • Input as to whether there are any other high level Zone II rate options in addition to the three options described above; and • Suggestions for options analysis, including relevant jurisdictional assessment and bill impact analysis. <p>Please provide reasons for your response in the column to the right.</p>	<p>No comment.</p>

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<p>C. Rates for Farm and Irrigation Services (discussed in slides 38 to 41 of Workshop 9B presentation)</p> <p>BC Hydro proposes to address farm and irrigation issues in 2015 RDA Module 2.</p> <p>Engagement Issues:</p> <ul style="list-style-type: none"> • How to simplify rate choice for farm customers: <ul style="list-style-type: none"> ➤ Should residential farms continue to be exempt from the RIB rate? ➤ Should BC Hydro change the eligibility criteria for the exempt Rate Schedule 1151 rate? ➤ Should larger residential farms be moved to Medium General Service / Large General Service default rates? • What should BC Hydro's metering policy be in the case where there is commercial activity on a residential farm? • Should golf courses and municipal pumping continue to qualify for the irrigation rate? <p>BC Hydro is seeking stakeholder feedback on the key engagement issues and its plan to consider farm and irrigation rate designs as part of 2015 RDA Module 2. Please provide reasons for your response in the column to the right.</p>	<p>Commission staff would like to see detailed analyses of the consumption profile, load profile, features, characteristics, and R/C ratios of farm and irrigation customers.</p> <p>It would be helpful for BC Hydro to explain whether farm customers have to meet certain criteria or definition in order to be put of the farm services rate, and the criteria these customers have to meet in order to migrate (if permitted at all) from one rate to another.</p>

Additional Comments:

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2015 Rate Design Application (RDA) – Residential Rates Workshop # 9,
Sessions A (April 28, 2015) and B (May 21, 2015)
Feedback Form

Name/Organization:

BCOAPO et al

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Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
Part 1: Terms and Conditions	

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>A. Timing Options for Updating Standard Charges (slide 5 of Workshop 9A presentation)</p> <p>Option 1 – Update with RDA filings; Comprehensive RDA filings have been infrequent; charges were last updated in 2007</p> <p>Option 2 – Update with other more periodic filings such as: (1) Rate change compliance filings or (2) Revenue Requirement Application (RRA) filings; or stand-alone filings.</p> <p>BC Hydro seeks stakeholder feedback on the timing options for updating of Standard Charges. Please provide any comments in the column to the right.</p>	<p>There is a need to distinguish between updating existing charges and introducing new ones (with the latter requiring greater scrutiny), as well as a need to distinguish between updating costs and updating/revising associated terms and conditions.</p> <p>Ideally the introduction of new Standard Charges and the updating/revision of associated term and conditions would occur during RDA filings. However, if the matter is pressing they could be considered as part of an RRA or even a stand-alone application.</p> <p>Such updates must be transparent and subject to review/testing and therefore should occur as part of an RRA (i.e. not simply a compliance filing).</p> <p>From an examination of the Standard Charges in Chapter 11 of the Electric Tariff, it would appear that:</p> <ul style="list-style-type: none"> • Section 11.1 deals with Minimum Connection Charges which presumably have as their drivers materials and labour costs which should be capable of annual escalation without too much effort or controversy; • Section 11.2 deals with Minimum Reconnection Charges which will presumably be largely determined by fixed capital costs and not subject to very much labour or materials, as a result of which we do not see the need to escalate every year; • Section 11.3 deals with Miscellaneous Charges. To the extent these relate to charges that have labour as their driver (such as those that relate to legacy meters) it should be possible to apply annual escalation factors. We suggest that the late payment charge, the returned cheque charge, the account charge and the collection charge should all be capable of being waived by BC Hydro for low income customers.
	<p>Updates must be transparent and subject to review/testing (i.e. not simply a compliance filing).</p>

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<p>The 19.6% per annum Late Payment Charge appears to be beyond cost-recovery, and unless it can be fully cost justified, this charge should be reduced to a maximum of 1% per month across the board for all residential customers.</p> <p>More importantly, we believe BC Hydro should have the flexibility to waive the Late Payment Charge for low income customers, as this charge only increases the inability of low-income customers to be able to pay their outstanding BC Hydro bills.</p>	<p>B. Late Payment Charge (slide 6 of Workshop 9A presentation; sections 6.2 and 11.3 of the Electric Tariff)</p> <p>As part of the June 25, 2014 workshop (Workshop 3) consideration memo, BC Hydro stated that based on its jurisdictional assessment, it was not proposing any changes to the 1.5 per cent Late Payment Charge but was open to further input. BC Hydro laid out the basis of the Late Payment Charge as part of its response to Q.2/Q.3/Q.4, Part 2 of Workshop 9A summary notes.</p> <p>(1) What, if any, additional analysis do you want to see in the 2015 RDA? Please be specific in your comments and also specify the reason(s) in the column to the right.</p> <p>(2) Is there any basis for changing the 1.5 per cent Late Payment Charge? Please be specific in your comments in the column to the right.</p>

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<p>C. Reconnection Charges (slides 7 to 9 of Workshop 9A presentation) (sections 6.7 and 11.2 of the Electric Tariff)</p> <p>BC Hydro proposes to:</p> <ul style="list-style-type: none"> • Update the Minimum Reconnection Charge to reflect current costs; BC Hydro's preferred option does not include Information Technology costs so that there would be a large reduction in the Minimum Reconnection Charge from the current Minimum Reconnection Charge of \$125 per meter • Update Terms and Conditions related to re-application for service and exclusions from when charge is applied. <p>Two stakeholders suggested advancing the timing of this component of the 2015 RDA (Q. 11/Part 2 of Workshop 9A summary notes). BC Hydro is prepared to act on this if there are virtually unanimous stakeholder views that the proposed updated Minimum Reconnection Charge adequately recovers costs.</p> <p>BC Hydro seeks stakeholder feedback on the cost basis concerning the proposed Minimum Reconnection Charge and suggestions concerning an expedited review process for the proposed Minimum Reconnection Charge. Please provide any comments in the column to the right.</p>	<p>BCOAPO supports BC Hydro's preferred Minimum Reconnection Charge option. While cost recovery is an important consideration, there is also an overall benefit to all customers when a customer reconnects and, once again, commences to pay for the facilities installed to provide service. Also, it is unclear to BCOAPO if the labour and IT costs associated with scenarios 2 and 3 are truly incremental.</p> <p>BCOAPO supports an expedited review process for the proposed Minimum Reconnection Charge. Low and fixed income customers would benefit from a lower reconnection charge as soon as possible, before the start of winter, 2015.</p> <p>To this end, we support the process BC Hydro proposes in its summary notes for RDA Workshop 9A, item #11, whereby the Minimum Reconnection Charge would be determined as part of the 2015 RDA, but BC Hydro would request an order from the BCUC prior to winter with the review process being that the disconnection/reconnection charge be subject to one round of IRs with parties then making argument submissions.</p> <p>BCOAPO would like a Commission determination on this issue by November 1, 2015, rather than mid-December, as proposed by BC Hydro, so that the revised charge could be fully implemented for winter 2015.</p>

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<p>D. Proposed Meter Test Charge (slide 12 of Workshop 9A presentation)</p> <p>Three Meter Test Charge Options:</p> <p>Option 1 – Minimum Reconnection Charge (new proposed: ~\$26)</p> <ul style="list-style-type: none"> • Lower charge is far below BC Hydro's costs and will not deter frivolous requests for meter tests <p>Option 2 – First Meter part of Service Connection Charge (new proposed: \$181; section 11.2 of the Electric Tariff)</p> <ul style="list-style-type: none"> • More closely reflects cost recovery as the connection activities are similar • Higher charge may create a barrier to pursuing meter testing <p>Option 3 – Prior Minimum Reconnection Charge (\$125) (new "Meter Test Charge")</p> <ul style="list-style-type: none"> • May balance customer needs and cost recovery <p>BC Hydro requests feedback on the appropriate level of cost recovery for meters that are removed for testing by Measurement Canada at the customer's request but are found to be accurate. Please provide any comments in the column to the right.</p>	<p>BC Hydro's information suggests it is being asked to do less than 165 meter tests each year. Given the de minimis nature we suggest that the full \$181 be charged, but that BC Hydro have the ability to waive the fee if there was a prima facie case for believing the meter was faulty.</p>

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<p>As BC Hydro notes in the summary notes from RDA Workshop 9A, most other Canadian jurisdictions have more flexibility than BC Hydro currently does in determining the amount of the security deposit.</p> <p>BCOAPO supports the added flexibility of changing the Tariff wording to “up to 2x/3x the average monthly bill”; however, we still have concerns about how this discretion will be applied (i.e. what factors will BC Hydro customer service agents consider in determining the amount required for a security deposit?) Need to have some clear principles so that the level of deposit does not seem arbitrary.</p> <p>BCOAPO would like to see terms and conditions in the Tariff allowing for the security deposit to be waived entirely in situations where low-income customers cannot afford to provide a security deposit. Alternatively, low income customers could be given the opportunity to build up the required deposit over a period of time.</p>	<p>E. Security Deposits (slides 13-17 of Workshop 9A presentation; section 2.4 of the Electric Tariff)</p> <p>Proposed Electric Tariff change:</p> <ul style="list-style-type: none"> • Up to 2x/3x the average monthly bill • No change to maximum • Allows flexibility to charge a lesser amount. <p>Additional wording change:</p> <ul style="list-style-type: none"> • A security deposit is assessed (or waived) at the time of account setup based on an assumed level of consumption • There is no provision within the Electric Tariff to increase the amount of a security deposit if actual consumption is higher • Will be requesting a wording change that would allow a security deposit to be assessed or increased if actual consumption is significantly greater than what was initially assumed. <p>BC Hydro seeks stakeholder feedback on the security deposit proposal and the additional wording change proposal above, and whether there are any other security deposit-related issues. Please provide any comments in the column to the right.</p>

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<p>Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).</p>	
<p>Part 2: Residential Rate Design: Assessment of Residential Inclining Block (RIB) Rate and Alternatives</p>	

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>A. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Customer Bill Impact Test (slide 24 of Workshop 9 Presentation)</p> <p>Workshop 1: BC Hydro's proposal was to maintain the 2013 RIB Re-pricing Application approach - Maximum of 10 per cent bill impact, representing all-in costs (consisting of RRA-related Direction No. 7 rate caps + deferral account rate rider + rate changes due to rate rebalancing + rate changes due to rate design), to single most adversely impacted customer – to be used for modelling purposes.</p> <p>In its Workshop 3 consideration memo, BC Hydro agreed to review the bill impact test – its purpose and the applicable customer percentile threshold. BC Hydro emphasized that the 10 per cent bill impact test is an 'amber signal' rather than a stop or go constraint.</p> <p>BC Hydro is of the view that the purpose and level of the customer bill impact test remains appropriate to evaluate the trade-offs between designs, but seeks additional stakeholder feedback. Please provide any comments in the column to the right.</p>	<p>BCOAPO agrees with BC Hydro's proposal to maintain the current customer bill impact test. Using a 10% bill impact for the most adversely affected customer is consistent with BC Hydro's view of "test" as an amber signal rather than a stop or go constraint.</p> <p>Circumstances where the criterion is met should signal the need for more detailed analyses of the impacts including the overall range of bill impacts, the number of customers within various percentiles of the range and types/nature of the customers impacted which would serve as input into any decision regarding the relative merits of the rate design.</p> <p>BC Hydro should also consider other factors as part of its residential rate design. For example, according to the 2007 Energy Plan, the purpose of introducing alternative rate designs (i.e. the RIB) was to encourage conservation. From a review of the consumption habits of BC Hydro's 75,000 largest residential customers, it is plain the the RIB has resulted in very little conservation from this particular cohort.</p> <p>Accordingly, it would not concern BCOAPO unduly if the major residential users were to see an increase of more than 10%.</p>

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>BCOAPD views that the proposed jurisdictional selection for RIB/residential rate assessment to be reasonable for the purposes of the rate design issues being considered by the current RDA.</p> <p>For other issues such as security deposit policies, disconnection/reconnection policies and charges, and low income assistance matters there is no need to limit the review to vertically integrated utilities and inclusion of jurisdictions such as Alberta, Ontario and others is more than appropriate.</p> <p>BCOAPD appreciates the research that BC Hydro has done to date and looks forward to continuing to work with BC Hydro to develop rates and terms and conditions that will make it easier for low-income customers to pay for electricity service.</p>	<p>B. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Jurisdictional Review (slides 26 to 31 of Workshop 9A presentation)</p> <p>BC Hydro circulated its proposed jurisdictional selection for 2015 RDA Residential rate analysis on March 12, 2015. BC Hydro chose jurisdictions based on:</p> <ul style="list-style-type: none"> Canadian geographical diversity + vertically integrated utility market structure (this leaves out Alberta and Ontario only) British Columbia Rate Comparison Regulation (Washington, Oregon, California) + Regional U.S. utilities in the Western Electricity Coordinating Council + utilities of a larger size. <p>To date, there has been a fair degree of consensus from stakeholders that these are the appropriate jurisdictions to review. British Columbia Utilities Commission (Commission) staff recommended surveying Ontario with the qualifier that Ontario has a different market structure. Commission staff also suggested that it would be helpful to describe each surveyed Canadian and U.S. electric utility's peaking months. There were also stakeholder requests for survey of low income-related rates and underlying legislation (<i>please refer to RDA Workshop 9 Discussion Guide for more information</i>).</p> <p>(1) BC Hydro is seeking confirmation that its proposed jurisdictional selection for RIB/residential rate assessment purposes is reasonable for 2015 RDA purposes (including the addition of one Ontario utility - Hydro One), and if not, what additional jurisdictions should be surveyed and why.</p> <p>(2) BC Hydro will engage with British Columbia Old Age Pensioners' Organization to develop a Canadian and selected U.S. low income jurisdictional assessment which will be described in the Workshop 9 Consideration memo. Do you have any suggestions for this assessment?</p> <p>Please explain your responses in the column to the right.</p>

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Part 2, CONT'D: Residential Rate Design: Identification of RIB as BC Hydro Preferred Alternative and Alternatives to the RIB	
<p>A. RIB as BC Hydro's Preferred Default Residential Rate (slide 47 of Workshop 9A presentation; and slides 5 to 7 of Workshop 9B presentation)</p> <p>BC Hydro identified its preferred default Residential rate alternative as the RIB rate. Reasons are set out in Part 2 of the Workshop 9A summary notes (refer to responses to Q.1/Q.2/Q.6) and in Part 1 of the Workshop 9B summary notes (refer to responses to Q.2/Q.3/Q.4).</p> <p>Please provide any comments or views you may have, including reasons, on the RIB rate as BC Hydro's preferred default Residential rate in the column to the right.</p>	<p>In its 2007 RDA, BC Hydro provided a summary of all alternative rate design methodologies, and the Commission found that the RIB was the most practical one available, given BC Hydro's then current meter technology.</p> <p>As noted in the response to the next question, at this point, the current RIB rate is not BCOAPO's "preferred" alternative; however, BCOAPO agrees that it should be modelled and included for consideration in the RDA.</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>B. Alternatives to RIB Rate – Modelling of Three Step Rates (slide 20 and slides 49 to 59 of Workshop 9A presentation)</p> <p>BC Hydro modelled three different options for a three step rate, (Models A, B and C discussed on slide 20) and provided summary information on forecast conservation savings and bill impact analysis, as well as an assessment of the application of the Bonbright criteria for each option.</p> <p>BC Hydro proposes no further modeling of Three Step Rate Models A, B or C and asks for stakeholder comment. Do you agree? If not, what additional analysis would you recommend (please also specify the reason(s) for your recommendation). Please explain your response in the column to the right.</p>	<p>BCOAPO agrees that the modelling shows that its attempts to introduce some form of benefit for low income customers as part of a “universal” three part rate was not successful. Nevertheless, BCOAPO continues to support the introduction of a third tier (or surcharge) for heavy residential consumption that could fund a low income lifeline rate in the form of a monthly credit such as that being introduced in Ontario.</p> <p>The fairness concerns expressed by BC Hydro about a 3-step rate could be equally applied to the 2-step rate in terms of impact on high use customers and the step choice being somewhat arbitrary. Furthermore, given the range of values or LRM and the question as to whether capacity costs (generation and/or transmission & distribution) should be reflected in the benchmark used for the second tier of the Residential rate, BCOAPO believes there is both scope and rationale for supporting a rate design with both a Tier 2 and higher Tier 3 rate as being cost-based.</p>

C. Alternatives to the RIB - Flat Energy Rate Alternative(s)	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>At Workshop 9B, BC Hydro briefly described Canadian Office and Professional Employees Union Local 378's (COPE 378) idea of a Residential default flat rate sending an energy Long-Run Marginal Cost (LRMC) price signal to all residential customers, combined with an un-defined credit system granting access to low cost Heritage Resources on a basis such as efficiency ratings and/or low income qualification. BC Hydro stated that it would meet with COPE 378 sometime in June 2015 after these workshop summary notes are posted to discuss the COPE 378 idea and to exchange views on the 2013 RIB Evaluation Report.</p> <p>Bearing in mind that BC Hydro has yet to meet with COPE 378, BC Hydro identified a threshold issue with the flat rate idea in Part 2 of the Workshop 9B summary notes, which is revenue neutrality. BC Hydro modelled a flat rate at Workshop 3 with an energy charge of 9.63 cents/kWh in F2016, which is within the energy LRMC range (refer to slides 49 to 51 of Workshop 3 presentation). Therefore, BC Hydro does not see any fair and efficient way to re-distribute costs through a credit system and collect BC Hydro's revenue requirement.</p> <p>Please provide any comments you may have on the COPE 378 flat energy rate idea and the threshold issue identified by BC Hydro in the column to the right.</p>	<p>At a conceptual level, BCOAPO sees COPE 378's suggested alternative as recognition (and support) for the need for additional rate relief/assistance for low income customers and an alternative to BCOAPO's proposed 3-step rate approach.</p> <p>COPE 378 seems to be addressing one of the major issues with any residential RIB and that is the fact that people living in small apartments and townhouses catch a break, and people who have large extended families who must occupy larger accommodation experience a greater impact.</p> <p>The answer to this would be for every residential customer to have an individual baseline, which BC Hydro has already rejected. COPE 378 appears to be in effect suggesting that larger users receive more power priced at heritage hydro rates than the occupants of smaller premises.</p>

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Part 3: Alternative Means of Delivering the RIB Rate	
<p>A. RIB Rate Pricing Principles for F2017-F2019: Option 1 (Continue with 2013 RIB Re-Pricing Principle of Applying RRA equally to Step 1 and Step 2; Option 2: Apply RRA increases to Step 1 (discussed in slides 11 to 13 of Workshop 9B presentation)</p> <p>BC Hydro considers that Pricing Principle Option 2 performs worse relative to Pricing Principle Option 1.</p> <p>BC Hydro proposes that no further modeling is required for Pricing Principle Option 2, and asks for stakeholder comment. Please provide any comments in the column to the right, including whether you have a preferred RIB rate pricing principle.</p>	<p>BCOAPO agrees that no further modelling of Pricing Principle Option 2 is needed.</p>
<p>B. RIB Rate Minimum Charge (discussed in slides 14 to 17 of Workshop 9B presentation)</p> <p>BC Hydro seeks stakeholder comment on whether a Minimum Charge should be implemented, separate from the Basic Charge, to reflect cost of remaining attached to the system during periods of very low consumption or dormancy (slide 17). Please provide any comments in the column to the right.</p>	<p>BCOAPO does not support the introduction of a Minimum Charge for Residential Customers, unless there is an exemption for low-income customers. With a minimum charge, affected customers will see a bill higher than what the normal rates yield – which will be seen as unfair and penalizing low use customers, particularly if there is no sound rationale for the \$15 per month. The fact that it would cover more fixed costs is not sufficient, as many customers currently believe that the basic charge over-recovers when there is minimal use.</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>Part 4: Voluntary Residential Rate Options</p> <p>A. Prepayment Option (discussed in slides 19 to 21 of Workshop 9B presentation)</p> <p>BC Hydro is proposing to not pursue this option at this time; from an information technology perspective BC Hydro is two to three years away from being able to implement a prepayment option.</p> <p>BC Hydro is seeking feedback on whether BC Hydro should consider a prepayment option pilot after the 2015 RDA Module 1 decision. Please explain your response in the column to the right.</p>	<p>BCOAPO remains in favour of a prepayment option, as long as it truly does remain optional for all customers. As noted above, BCOAPO would like to see BC Hydro introduce terms and conditions that allow it to waive the security deposit for low income customers in certain circumstances (as is the case in Ontario), so BCOAPO would not want the prepayment option to be considered as an alternative to security deposit waiver. BCOAPO also considers that a prepayment option would reduce bad debts and may even result in some conservation.</p> <p>In the interest of moving this option forward, BCOAPO believes that BC Hydro should initiate a "pilot" prepayment program as soon as practical.</p>

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<p>B. Electric Vehicle (EV) Rate Design (discussed in slides 22 to 23 of Workshop 9B presentation)</p> <p>BC Hydro prefers to use Module 1 of 2015 RDA to first set the Residential default rate, and to consider the development of an EV rate after the 2015 RDA Module 1 decision.</p> <p>Design Considerations:</p> <ul style="list-style-type: none"> • At-home charging (Residential) • Basis on which to determine cost of service and load implications for pricing – different pattern of energy consumption (battery storage of electric power) • Mechanism to enforce off-peak charging – time varying component (Time of Use; price differential is an issue; adopt California ‘super off-peak’ concept to encourage late night to early morning charging? • Requirement of a separate meter? • Interaction with RIB? • Other? <p>BC Hydro seeks stakeholder feedback on rate design considerations presented above and the timing of any future EV rate proposal. Please explain your response in the column to the right.</p>	<p>BCOAPO does not expect that many of its constituents will ever own an electric vehicle, as the costs of purchasing electric vehicles remains high.</p> <p>It would appear to BCOAPO that there are two ways that rates for EV could be approached. One is through the use of a separated meter and the provision of what would essentially be a separate “service” while the second would be through the introduction of TOU rates. The two approaches are fundamentally different and each gives rise to a separate set of issues.</p> <p>A unique EV “service” would involve additional costs (e.g the meter) that would need to be recovered from customers, require a mechanism/processes to ensure the service is only used for the intended purpose, and likely require a unique rate design. Introducing a TOU-type rate design (even on an optional basis) would avoid some of these issues but introduce a range of new ones, the most obvious one being how such a rate would interact with the current RIB rate design. These are not easy issues and, therefore, are best dealt with after the 2015 RDA Module 2 decision.</p>

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<p>C. Clean and Renewable Energy Charge Option - Should BC Hydro implement an optional clean and renewable energy charge (slide 25 of Workshop 9B presentation)?</p> <p>BC Hydro is proposing to not pursue this option at this time given the level of clean or renewable generation in its service area.</p> <p>BC Hydro is seeking stakeholder feedback on this proposal. Please explain your response in the column to the right.</p>	<p>Agree. As CEC pointed out in the workshop, marginal acquisition of energy will already be clean per the requirements of the <i>Clean Energy Act</i>.</p>
<p>Part 5: Other Rate Design Issues</p>	
<p>A. Dual Fuel (E-Plus) Residential and General Service Rates (discussed in slides 28 to 31 of Workshop 9B presentation)</p> <p>Three options identified to date (discussed in slide 30):</p> <ol style="list-style-type: none"> 1. Status Quo 2. Phase-out the E-Plus rate and transfer accounts to default rates 3. Amend interruption and notice conditions to provide practical interruptible option <p>BC Hydro is seeking input as to:</p> <ol style="list-style-type: none"> 1. Whether there are any other E-Plus rate design options in addition to the three rate design options described above; 2. Which E-Plus rate option is preferred, and why; and 3. If E-Plus Option 2 is preferred, what the proposed transition period should be. <p>Please provide reasons for your response in the column to the right.</p>	<p>BCOAP0 remains neutral on the E-Plus issue.</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>B. Non Integrated Areas (NIA) Rates (discussed in slides 33 to 36 of Workshop 9B presentation)</p> <p>Three broad options for NIA customers served on Zone II rate (slide 35):</p> <ul style="list-style-type: none"> Option 1: SQ - Maintain current rate structures in Zone II as a means to signal costs of diesel generation in NIAs Option 2: Full Cost Recovery - Increase rates by roughly a factor of 4 under current rate Zone II rate structures (Residential) Option 3: Equalize Zone II and Zone I Rates <ul style="list-style-type: none"> ➢ Equalize electricity rates on a postage stamp basis across the entire BC Hydro service area ➢ Likely maintain Zone II designation in the tariff terms and conditions for other purposes <p>BC Hydro proposes to address NIA-related rates as part of 'Module 2' of the 2015 RDA, to be filed with the Commission sometime after receipt of the 2015 RDA Module 1 decision.</p> <p>BC Hydro is seeking from stakeholders:</p> <ul style="list-style-type: none"> Input as to whether there are any other high level Zone II rate options in addition to the three options described above; and Suggestions for options analysis, including relevant jurisdictional assessment and bill impact analysis. <p>Please provide reasons for your response in the column to the right.</p>	<p>It would be useful to have more information about who the non-integrated customers are and the basis for current service. For example,</p> <ul style="list-style-type: none"> are Zone II customers more likely to be low income than Zone I? When service was introduced in Zone II, was service offered on the basis that the customers would pay the higher cost (i.e. the cost of diesel) and were/are there any cost sharing arrangements with other governments? <p>It is hard to see how BC citizens who live in Zone II are receiving the benefit of postage stamp rates or heritage hydro, both of which are long standing govt policies.</p> <p>Nevertheless, BCOAPO is concerned about the number of communities that are not being served by BC Hydro that could be, and that if stakeholders agree to a postage stamp rate, it could be an open-ended commitment with a substantial cost to ratepayers.</p> <p>It is BCOAPO's understanding that in other Canadian jurisdictions where not all of the customers served by the electric utility are "grid-connected" that the rates in the diesel-served communities are "subsidized" to some extent by other ratepayers. However, a jurisdictional assessment of the issue, the extent of such subsidies and any relevant terms & conditions of service associated with such service (e.g. restrictions on use) would be useful.</p>

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<p>C. Rates for Farm and Irrigation Services (discussed in slides 38 to 41 of Workshop 9B presentation)</p> <p>BC Hydro proposes to address farm and irrigation issues in 2015 RDA Module 2.</p> <p>Engagement Issues:</p> <ul style="list-style-type: none"> • How to simplify rate choice for farm customers: <ul style="list-style-type: none"> ➢ Should residential farms continue to be exempt from the RIB rate? ➢ Should BC Hydro change the eligibility criteria for the exempt Rate Schedule 1151 rate? ➢ Should larger residential farms be moved to Medium General Service / Large General Service default rates? • What should BC Hydro's metering policy be in the case where there is commercial activity on a residential farm? • Should golf courses and municipal pumping continue to qualify for the irrigation rate? <p>BC Hydro is seeking stakeholder feedback on the key engagement issues and its plan to consider farm and irrigation rate designs as part of 2015 RDA Module 2. Please provide reasons for your response in the column to the right.</p>	<p>The objective of farm rates should be to give that portion of the farm load that serves the farmer's house and family the benefits of the RIB.</p> <p>The exemption should cease, and the consideration of rate choices for farm customers could also include whether smaller farms should be moved to the Small (<35 kW) GS rate, and whether larger farms should be moved to MGS or LGS rates.</p> <p>It is not clear to BCOAPO how municipal pumping qualifies for a seasonal rate, when presumably it takes place both in and out of the season. If municipal pumping refers solely to parks and recreation uses, BCOAPO would rather see this full cost being borne by the municipalities and recovered from property owners.</p> <p>BCOAPO cannot justify the seasonal rate being offered to golf courses</p> <p>BCOAPO is not opposed to BC Hydro's proposal to consider farm and irrigation rate designs as part of 2015 RDA Module 2.</p>

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Additional Comments:

BCOAPO is interested in discussing BC Hydro's practice of only issuing 6 bills a year to its residential customers. As one of the objectives is to promote conservation by sending a price signal with each bill, it would seem logical to send the signal 12 times a year rather than 6. We would support BCH doing a cost-benefit analysis of sending out 12 bills per year.

BCOAPO would like to thank BC Hydro for putting on a very useful series of workshops through the pre-application consultation process. The process has been very useful in increasing our understanding of the issues that will be addressed in the RDA. We also appreciate BC Hydro's willingness to consider options to assist low-income residential ratepayers in light of the current and anticipated rate increases. We look forward to continuing to work with BC Hydro to develop these options.

CONSENT TO USE PERSONAL INFORMATION

I consent to the use of my personal information by BC Hydro for the purposes of keeping me updated about the 2015 RDA. For purposes of the above, my personal information includes opinions, name, mailing address, phone number and email address as per the information I provide.

Signature: _____ Sarah Khan & Erin Pritchard _____ Date: 07/07/15

Thank you for your comments.

Comments submitted will be used to inform the RDA Scope and Engagement process, including discussions with Government, and will form part of the official record of the RDA.

You can return completed feedback forms by:

Mail: BC Hydro, BC Hydro Regulatory Group – “Attention 2015 RDA”, 16th Floor, 333 Dunsmuir St. Van. B.C. V6B-5R3

Fax number: 604-623-4407 – “Attention 2015 RDA”

Email: bchydroregulatorygroup@bchydro.com

Form available on Web: http://www.bchydro.com/about/planning_regulatory/regulatory.html

Any personal information you provide to BC Hydro on this form is collected and protected in accordance with the **Freedom of Information and Protection of Privacy Act**. BC Hydro is collecting information with this for the purpose of the 2015 RDA in accordance with BC Hydro's mandate under the **Hydro and Power Authority Act**, the BC Hydro Tariff, the **Utilities Commission Act** and related Regulations and Directions. If you have any questions about the collection or use of the personal information collected on this form please contact the BC Hydro Regulatory Group via email at: bchydroregulatorygroup@bchydro.com

2015 Rate Design Application (RDA) – Residential Rates Workshop # 9, Sessions A (April 28, 2015) and B (May 21, 2015) Feedback Form

Name/Organization: BC Sustainable Energy Association and Sierra Club BC

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
Part 1: Terms and Conditions	
<p>A. Timing Options for Updating Standard Charges (slide 5 of Workshop 9A presentation)</p> <p>Option 1 – Update with RDA filings;</p> <p style="padding-left: 40px;">Comprehensive RDA filings have been infrequent; charges were last updated in 2007</p> <p>Option 2 – Update with other more periodic filings such as: (1) Rate change compliance filings or (2) Revenue Requirement Application (RRA) filings; or stand-alone filings.</p> <p>BC Hydro seeks stakeholder feedback on the timing options for updating of Standard Charges. Please provide any comments in the column to the right.</p>	<p>BCSEA-SCBC favour Option 2: Option 2 – Update with other more periodic filings such as: (1) Rate change compliance filings or (2) Revenue Requirement Application (RRA) filings; or stand-alone filings.</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>B. Late Payment Charge (slide 6 of Workshop 9A presentation; sections 6.2 and 11.3 of the Electric Tariff)</p> <p>As part of the June 25, 2014 workshop (Workshop 3) consideration memo, BC Hydro stated that based on its jurisdictional assessment, it was not proposing any changes to the 1.5 per cent Late Payment Charge but was open to further input. BC Hydro laid out the basis of the Late Payment Charge as part of its response to Q.2/Q.3/Q.4, Part 2 of Workshop 9A summary notes.</p> <p>(1) What, if any, additional analysis do you want to see in the 2015 RDA? Please be specific in your comments and also specify the reason(s) in the column to the right.</p> <p>(2) Is there any basis for changing the 1.5 per cent Late Payment Charge? Please be specific in your comments in the column to the right.</p>	<p>BC Hydro says the 1.5%/mo (19.6 % per annum) late payment fee is “foremost a cost recovery mechanism” and “also a means to induce prompt payments on the part of customer.” BC Hydro lists other Canadian utilities that have a 1.5%/mo late payment fee. (Workshop 9A Summary, p.3.)</p> <p>It doesn’t appear that BC Hydro has provided information on the extent to which the 1.5%/mo late payment fee actually does recover (or exceed) the costs caused. However, it is acknowledged that this may be difficult to calculate accurately due to the impact of the charge on reducing bad debt. (A higher late payment charge might decrease bad debt, thereby reducing the costs that have to be recovered by the late payment charge, tending therefore to reduce the charge. This might require some type of equilibrium model to resolve, but the quantitative impact of the size of the charge on bad debt is probably too uncertain to get any useful results.)</p> <p>BCSEA-SCBC are sympathetic to low income ratepayers who incur late payments charges. It is recognized that late payment charges may also be incurred by non-low income ratepayers. BCSEA-SCBC would not want to see low-income ratepayers charged late payment charges that are higher than can be attributed to cost recovery.</p>

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<p>The information provided by BC Hydro shows that the cost to BC Hydro of disconnect/reconnection has been significantly reduced by the implementation of smart meters. The information also shows that the number of disconnects has risen sharply coinciding with the implementation of smart meters. (Workshop 9A Summary, p.4).</p> <p>BCSEA-SCBC support BC Hydro's proposal to:</p> <ul style="list-style-type: none"> * "Update the Minimum Reconnection Charge to reflect current costs; BC Hydro's preferred option does not include Information Technology costs so that there would be a large reduction in the Minimum Reconnection Charge from the current Minimum Reconnection Charge of \$125 per meter." And * "Update Terms and Conditions related to re-application for service and exclusions from when charge is applied." <p>BCSEA-SCBC also support advancing the timing of this component of the 2015 RDA.</p> <p>BCSEA-SCBC do not have suggestions regarding the cost basis for the proposed Minimum Reconnection Charge, beyond excluding Technology costs as stated above.</p> <p>In terms of a review process, BCSEA-SCBC would cooperate with an expedited process, subject only to availability.</p>	<p>C. Reconnection Charges (slides 7 to 9 of Workshop 9A presentation) (sections 6.7 and 11.2 of the Electric Tariff)</p> <p>BC Hydro proposes to:</p> <ul style="list-style-type: none"> • Update the Minimum Reconnection Charge to reflect current costs; BC Hydro's preferred option does not include Information Technology costs so that there would be a large reduction in the Minimum Reconnection Charge from the current Minimum Reconnection Charge of \$125 per meter • Update Terms and Conditions related to re-application for service and exclusions from when charge is applied. <p>Two stakeholders suggested advancing the timing of this component of the 2015 RDA (Q.1/Part 2 of Workshop 9A summary notes). BC Hydro is prepared to act on this if there are virtually unanimous stakeholder views that the proposed updated Minimum Reconnection Charge adequately recovers costs.</p> <p>BC Hydro seeks stakeholder feedback on the cost basis concerning the proposed Minimum Reconnection Charge and suggestions concerning an expedited review process for the proposed Minimum Reconnection Charge. Please provide any comments in the column to the right.</p>

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<p>D. Proposed Meter Test Charge (slide 12 of Workshop 9A presentation)</p> <p>Three Meter Test Charge Options:</p> <p>Option 1 – Minimum Reconnection Charge (new proposed: ~\$26)</p> <ul style="list-style-type: none"> • Lower charge is far below BC Hydro's costs and will not deter frivolous requests for meter tests <p>Option 2 – First Meter part of Service Connection Charge (new proposed: \$181; section 11.2 of the Electric Tariff)</p> <ul style="list-style-type: none"> • More closely reflects cost recovery as the connection activities are similar • Higher charge may create a barrier to pursuing meter testing <p>Option 3 – Prior Minimum Reconnection Charge (\$125) (new "Meter Test Charge")</p> <ul style="list-style-type: none"> • May balance customer needs and cost recovery <p>BC Hydro requests feedback on the appropriate level of cost recovery for meters that are removed for testing by Measurement Canada at the customer's request but are found to be accurate. Please provide any comments in the column to the right.</p>	<p>To confirm, BCSEA-SCBC do not consider ratepayers' requests to have their meters tested to be frivolous. However, they recognize that at least partial cost recovery (in the event the meter's accuracy is confirmed) is reasonable; otherwise the cost burden is borne by other ratepayers.</p> <p>BCSEA-SCBC are inclined to support Option 3 (\$125 Meter Test Charge) on the basis that it is a compromise between full cost recovery and a charge that would be too low to discourage frivolous requests for meter testing.</p> <p>It is understood that BC Hydro does not charge for meter testing requested by the customer where the meter is not found to be accurate.</p>

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>It is understood that the current situation is inflexible regarding both the size of a required security deposit and the conditions in which a security deposit will be required. The problem for potential (and, in some cases, existing) customers with credit problems is that if a security deposit doesn't adequately reduce BC Hydro's risk of non-payment then the possible outcome is no service at all.</p> <p>BCSEA-SCBC support BC Hydro's proposal to make the security deposit terms and conditions in the tariff more flexible. They also support the proposed wording change that would allow a security deposit to be assessed or increased if actual consumption is significantly greater than what was initially assumed. This would allow BC Hydro to require a smaller (or no) security deposit in the first place.</p>	<p>E. Security Deposits (slides 13-17 of Workshop 9A presentation; section 2.4 of the Electric Tariff)</p> <p>Proposed Electric Tariff change:</p> <ul style="list-style-type: none"> • Up to 2x/3x the average monthly bill • No change to maximum • Allows flexibility to charge a lesser amount. <p>Additional wording change:</p> <ul style="list-style-type: none"> • A security deposit is assessed (or waived) at the time of account setup based on an assumed level of consumption • There is no provision within the Electric Tariff to increase the amount of a security deposit if actual consumption is higher • Will be requesting a wording change that would allow a security deposit to be assessed or increased if actual consumption is significantly greater than what was initially assumed. <p>BC Hydro seeks stakeholder feedback on the security deposit proposal and the additional wording change proposal above, and whether there are any other security deposit-related issues. Please provide any comments in the column to the right.</p>

Part 2: Residential Rate Design: Assessment of Residential Inclining Block (RIB) Rate and Alternatives	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>A. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Customer Bill Impact Test (slide 24 of Workshop 9A presentation)</p> <p>Workshop 1: BC Hydro's proposal was to maintain the 2013 RIB Re-pricing Application approach - Maximum of 10 per cent bill impact, representing all-in costs (consisting of RRA-related Direction No. 7 rate caps + deferral account rate rider + rate changes due to rate rebalancing + rate changes due to rate design), to single most adversely impacted customer – to be used for modelling purposes.</p> <p>In its Workshop 3 consideration memo, BC Hydro agreed to review the bill impact test – its purpose and the applicable customer percentile threshold. BC Hydro emphasized that the 10 per cent bill impact test is an 'amber signal' rather than a stop or go constraint.</p> <p>BC Hydro is of the view that the purpose and level of the customer bill impact test remains appropriate to evaluate the trade-offs between designs, but seeks additional stakeholder feedback. Please provide any comments in the column to the right.</p>	<p>"BC Hydro is of the view that the purpose and level of the customer bill impact test remains appropriate to evaluate the trade-offs between designs..."</p> <p>BCSEA-SCBC agree. They acknowledge that there is a necessary trade-off between theoretical maximization of conservation savings due to rate design changes and the acceptability of conservation-oriented rate design changes. The concept of a ten percent maximum bill increase (all-in), as an amber light, not a red light, is one that has stood the test of time. From a conservation perspective, the strength of this ten percent bill impact criterion is that conservation rate designs within this limit are intrinsically defensible on bill impact grounds and can be properly considered on their merits regarding other criteria.</p>

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<p>B. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Jurisdictional Review (slides 26 to 31 of Workshop 9A presentation)</p> <p>BC Hydro circulated its proposed jurisdictional selection for 2015 RDA Residential rate analysis on March 12, 2015. BC Hydro chose jurisdictions based on:</p> <ul style="list-style-type: none"> • Canadian geographical diversity + vertically integrated utility market structure (this leaves out Alberta and Ontario only) • British Columbia Rate Comparison Regulation (Washington, Oregon, California) + Regional U.S. utilities in the Western Electricity Coordinating Council + utilities of a larger size. <p>To date, there has been a fair degree of consensus from stakeholders that these are the appropriate jurisdictions to review. British Columbia Utilities Commission (Commission) staff recommended surveying Ontario with the qualifier that Ontario has a different market structure. Commission staff also suggested that it would be helpful to describe each surveyed Canadian and U.S. electric utility's peaking months. There were also stakeholder requests for survey of low income-related rates and underlying legislation (<i>please refer to RDA Workshop 9 Discussion Guide for more information</i>).</p> <p>(1) BC Hydro is seeking confirmation that its proposed jurisdictional selection for RIB/residential rate assessment purposes is reasonable for 2015 RDA purposes (including the addition of one Ontario utility - Hydro One), and if not, what additional jurisdictions should be surveyed and why.</p> <p>(2) BC Hydro will engage with British Columbia Old Age Pensioners' Organization to develop a Canadian and selected U.S. low income jurisdictional assessment which will be described in the Workshop 9 Consideration memo. Do you have any suggestions for this assessment?</p> <p>Please explain your responses in the column to the right.</p>	<p>1. BCSEA-SCBC do not have additional jurisdictions to suggest for review regarding residential rate structures.</p> <p>2. BCSEA-SCBC support BC Hydro's commitment to engage with OAPO to develop a Canadian and selected U.S. low income jurisdictional assessment which will be described in the Workshop 9 Consideration memo. BCSEA-SCBC look forward to the results.</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
Part 2, CONT'D: Residential Rate Design: Identification of RIB as BC Hydro Preferred Alternative and Alternatives to the RIB	
<p>A. RIB as BC Hydro's Preferred Default Residential Rate (slide 47 of Workshop 9A presentation; and slides 5 to 7 of Workshop 9B presentation)</p> <p>BC Hydro identified its preferred default Residential rate alternative as the RIB rate. Reasons are set out in Part 2 of the Workshop 9A summary notes (refer to responses to Q.1/Q.2/Q.6) and in Part 1 of the Workshop 9B summary notes (refer to responses to Q.2/Q.3/Q.4).</p> <p>Please provide any comments or views you may have, including reasons, on the RIB rate as BC Hydro's preferred default Residential rate in the column to the right.</p>	<p>BCSEA-SCBC support the two-step Residential Inclining Block rate as the preferred rate structure. The existing RIB rate structure is the best option at the present time in terms of both conservation and general ratepayer interests. The two-step RIB rate structure meets the Bonbright criteria. It has the enormous practical benefit of being relatively well known and understood. Residential (and other customer class) rates are going up due to the revenue requirement, so there will be natural conservation even for customers who see only step 1. With step 2 already pushing or slightly exceeding the LPMC, there is no basis in principle for a substantial increase in the step 2 rate.</p> <p>BCSEA-SCBC remain open to consideration of other residential rate design proposals, or variations of the existing two-step RIB rate. For example, BCSEA-SCBC would welcome rate design options designed to assist low income customers.</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>B. Alternatives to RIB Rate – Modelling of Three Step Rates (slide 20 and slides 49 to 59 of Workshop 9A presentation)</p> <p>BC Hydro modelled three different options for a three step rate, (Models A, B and C discussed on slide 20) and provided summary information on forecast conservation savings and bill impact analysis, as well as an assessment of the application of the Bonbright criteria for each option.</p> <p>BC Hydro proposes no further modeling of Three Step Rate Models A, B or C and asks for stakeholder comment. Do you agree? If not, what additional analysis would you recommend (please also specify the reason(s) for your recommendation). Please explain your response in the column to the right.</p>	<p>BCSEA-SCBC agree that there is no need to further consider a three-step residential rate.</p>

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<p>C. Alternatives to the RIB - Flat Energy Rate Alternative(s)</p> <p>At Workshop 9B, BC Hydro briefly described Canadian Office and Professional Employees Union Local 378's (COPE 378) idea of a Residential default flat rate sending an energy Long-Run Marginal Cost (LRMC) price signal to all residential customers, combined with an un-defined credit system granting access to low cost Heritage Resources on a basis such as efficiency ratings and/or low income qualification. BC Hydro stated that it would meet with COPE 378 sometime in June 2015 after these workshop summary notes are posted to discuss the COPE 378 idea and to exchange views on the 2013 RIB Evaluation Report.</p> <p>Bearing in mind that BC Hydro has yet to meet with COPE 378, BC Hydro identified a threshold issue with the flat rate idea in Part 2 of the Workshop 9B summary notes, which is revenue neutrality. BC Hydro modelled a flat rate at Workshop 3 with an energy charge of 9.63 cents/kWh in F2016, which is within the energy LRMC range (refer to slides 49 to 51 of Workshop 3 presentation). Therefore, BC Hydro does not see any fair and efficient way to re-distribute costs through a credit system and collect BC Hydro's revenue requirement.</p> <p>Please provide any comments you may have on the COPE 378 flat energy rate idea and the threshold issue identified by BC Hydro in the column to the right.</p>	<p>BCSEA-SCBC are open to considering any suggestions or options that emerge from discussions between COPE 378 and BC Hydro, or from COPE 378 directly.</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>Part 3: Alternative Means of Delivering the RIB Rate</p> <p>A. RIB Rate Pricing Principles for F2017-F2019: Option 1 (Continue with 2013 RIB Re-Pricing Principle of Applying RRA equally to Step 1 and Step 2; Option 2: Apply RRA increases to Step 1 (discussed in slides 11 to 13 of Workshop 9B presentation)</p> <p>BC Hydro considers that Pricing Principle Option 2 performs worse relative to Pricing Principle Option 1.</p> <p>BC Hydro proposes that no further modeling is required for Pricing Principle Option 2, and asks for stakeholder comment. Please provide any comments in the column to the right, including whether you have a preferred RIB rate pricing principle.</p>	<p>BCSEA-SCBC support pricing principles Option 1 (apply RRA equally to Step 1 and Step 2). This option is simple, easily understood, and easily communicated.</p> <p>In BCSEA-SCBC's view, Option 2 would create more problems than benefits.</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>B. RIB Rate Minimum Charge (discussed in slides 14 to 17 of Workshop 9B presentation)</p> <p>BC Hydro seeks stakeholder comment on whether a Minimum Charge should be implemented, separate from the Basic Charge, to reflect cost of remaining attached to the system during periods of very low consumption or dormancy (slide 17). Please provide any comments in the column to the right.</p>	<p>In the May 21, 2015, BCSEA-SCBC and other stakeholders asked BC Hydro to provide more information about the characteristics of the customers who would be affected by a Minimum Charge. The Revised Response in the Workshop 9B notes, p.6, states:</p> <p>“BCH undertook a more detailed review of customer characteristics. The data shows that the Minimum Charge may be a blunt instrument if the target is seasonal properties:</p> <ul style="list-style-type: none"> · The percentage of affected residential customers overall is 1.5 per cent; · About 50 per cent of affected accounts are low income; · About 80 per cent of affected accounts are apartment dwellers. <p>BCH would be unable to precisely target a Minimum Charge to materially improve cost recovery from dormant or low use accounts.</p> <p>Overall, BCH concludes that the Minimum Charge yields minimal benefit to customers (small reduction in Step 1 price) with the risk that some low income customers will be adversely affected.</p> <p>BCH has not decided to pursue a Minimum Charge and is seeking feed-back as to whether a Minimum Charge should be pursued. BCH is assessing a Minimum Charge in part to respond to BCUC Order No. G-13-14, which requires BCH to examine a Minimum Charge and the cost of remaining attached to the system. A Minimum Charge would not increase administrative efficiency.”</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
	BCSEA-SCBC support BC Hydro's intention not to pursue a Minimum Charge at this time. A Minimum Charge would disproportionately impact low income customers, and the potential benefits of the Charge are uncertain at best.
Part 4: Voluntary Residential Rate Options	
<p>A. Prepayment Option (discussed in slides 19 to 21 of Workshop 9B presentation)</p> <p>BC Hydro is proposing to not pursue this option at this time; from an information technology perspective BC Hydro is two to three years away from being able to implement a prepayment option.</p> <p>BC Hydro is seeking feedback on whether BC Hydro should consider a prepayment option pilot after the 2015 RDA Module 1 decision. Please explain your response in the column to the right.</p>	BCSEA-SCBC understand that it is considered that a pre-payment option might be beneficial for some low-income customers. BCSEA-SCBC support further exploration, perhaps by way of a pilot project.

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>B. Electric Vehicle (EV) Rate Design (discussed in slides 22 to 23 of Workshop 9B presentation)</p> <p>BC Hydro prefers to use Module 1 of 2015 RDA to first set the Residential default rate, and to consider the development of an EV rate after the 2015 RDA Module 1 decision.</p> <p>Design Considerations:</p> <ul style="list-style-type: none"> • At-home charging (Residential) • Basis on which to determine cost of service and load implications for pricing – different pattern of energy consumption (battery storage of electric power) • Mechanism to enforce off-peak charging – time varying component (Time of Use; price differential is an issue; adopt California ‘super off-peak’ concept to encourage late night to early morning charging? • Requirement of a separate meter? • Interaction with RIB? • Other? <p>BC Hydro seeks stakeholder feedback on rate design considerations presented above and the timing of any future EV rate proposal. Please explain your response in the column to the right.</p>	<p>BCSEA-SCBC accept that rate design considerations for Electric Vehicles are not sufficiently developed to be included in Module 1 of the 2015 RDA.</p> <p>BCSEA-SCBC welcome BC Hydro’s willingness to explore EV rates beyond Module 1.</p> <p>BCSEA-SCBC support a broad-based societal shift to EVs as a means to reduce the use of fossil fuels and GHG emissions. BCSEA-SCBC recognize that this engages many issues besides rates, e.g.:</p> <ul style="list-style-type: none"> • electrical codes to require and set standards for EV charging facilities in buildings; • EV adoption by consumers; • resource planning for EVs by BC Hydro; • technical issues and business models for highway EV charging infrastructure; • and other issues. <p>Some of these issues clearly lie beyond the scope of rate design and BC Hydro’s mandate. However, BCSEA-SCBC believe BC Hydro is well positioned to convene discussions among parties about EV charging issues and solutions. BCSEA-SCBC urge BC Hydro to expand its work in this area.</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>C. Clean and Renewable Energy Charge Option - Should BC Hydro implement an optional clean and renewable energy charge (slide 25 of Workshop 9B presentation)?</p> <p>BC Hydro is proposing to not pursue this option at this time given the level of clean or renewable generation in its service area.</p> <p>BC Hydro is seeking stakeholder feedback on this proposal. Please explain your response in the column to the right.</p>	<p>BCSEA-SCBC believe the priority should be on keeping the BC Hydro system clean and renewable as a whole.</p>
<p>Part 5: Other Rate Design Issues</p>	
<p>A. Dual Fuel (E-Plus) Residential and General Service Rates (discussed in slides 28 to 31 of Workshop 9B presentation)</p> <p>Three options identified to date (discussed in slide 30):</p> <ol style="list-style-type: none"> 1. Status Quo 2. Phase-out the E-Plus rate and transfer accounts to default rates 3. Amend interruption and notice conditions to provide practical interruptible option <p>BC Hydro is seeking input as to:</p> <ol style="list-style-type: none"> 1. Whether there are any other E-Plus rate design options in addition to the three rate design options described above; 2. Which E-Plus rate option is preferred, and why; and 3. If E-Plus Option 2 is preferred, what the proposed transition period should be. <p>Please provide reasons for your response in the column to the right.</p>	<p>At the time of writing, BCSEA-SCBC are awaiting BC Hydro's responses to written questions BCSEA-SCBC asked about the E-Plus Rate. As confirmed at the May 21, 2015 workshop, BCSEA-SCBC's questions and comments are for information gathering purposes.</p> <p>BCSEA-SCBC have no other options to suggest for E-Plus; however, an issue to bear in mind if a phase-out is considered is the fair treatment of the costs incurred by E-Plus customers for maintaining interruptibility of service.</p>

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<p>B. Non Integrated Areas (NIA) Rates (discussed in slides 33 to 36 of Workshop 9B presentation)</p> <p>Three broad options for NIA customers served on Zone II rate (slide 35):</p> <ul style="list-style-type: none"> • Option 1: SQ - Maintain current rate structures in Zone II as a means to signal costs of diesel generation in NIAs • Option 2: Full Cost Recovery - Increase rates by roughly a factor of 4 under current rate Zone II rate structures (Residential) • Option 3: Equalize Zone II and Zone I Rates <ul style="list-style-type: none"> ➢ Equalize electricity rates on a postage stamp basis across the entire BC Hydro service area ➢ Likely maintain Zone II designation in the tariff terms and conditions for other purposes <p>BC Hydro proposes to address NIA-related rates as part of 'Module 2' of the 2015 RDA, to be filed with the Commission sometime after receipt of the 2015 RDA Module 1 decision.</p> <p>BC Hydro is seeking from stakeholders:</p> <ul style="list-style-type: none"> • Input as to whether there are any other high level Zone II rate options in addition to the three options described above; and • Suggestions for options analysis, including relevant jurisdictional assessment and bill impact analysis. <p>Please provide reasons for your response in the column to the right.</p>	<p>BCSEA-SCBC have been supportive of the Remote Community Electrification program. They don't have a position on the three NIA options at this point in time, or suggestions for additional rate options for consideration. BCSEA-SCBC acknowledge that changes to the NIA rates structure could have significant implications for the communities affected.</p> <p>BCSEA-SCBC do not object to the NIA issues being addressed in Module 2.</p>

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<p>C. Rates for Farm and Irrigation Services (discussed in slides 38 to 41 of Workshop 9B presentation)</p> <p>BC Hydro proposes to address farm and irrigation issues in 2015 RDA Module 2.</p> <p>Engagement Issues:</p> <ul style="list-style-type: none"> • How to simplify rate choice for farm customers: <ul style="list-style-type: none"> ➤ Should residential farms continue to be exempt from the RIB rate? ➤ Should BC Hydro change the eligibility criteria for the exempt Rate Schedule 1151 rate? ➤ Should larger residential farms be moved to Medium General Service / Large General Service default rates? • What should BC Hydro's metering policy be in the case where there is commercial activity on a residential farm? • Should golf courses and municipal pumping continue to qualify for the irrigation rate? <p>BC Hydro is seeking stakeholder feedback on the key engagement issues and its plan to consider farm and irrigation rate designs as part of 2015 RDA Module 2. Please provide reasons for your response in the column to the right.</p>	<p>In BCSEA-SCBC's view, the farm and irrigation rate design areas are in need of review and revisions for various reasons, including the opportunity to achieve conservation savings through rate design changes. BCSEA-SCBC support inclining block rates for farm customers.</p> <p>BCSEA-SCBC do not object to BC Hydro addressing farm and irrigation topics in Module 2.</p>

Additional Comments:

CONSENT TO USE PERSONAL INFORMATION

I consent to the use of my personal information by BC Hydro for the purposes of keeping me updated about the 2015 RDA. For purposes of the above, my personal information includes opinions, name, mailing address, phone number and email address as per the information I provide.



Signature: _____ Date: _____ 30 June 2015

Thank you for your comments.

Comments submitted will be used to inform the RDA Scope and Engagement process, including discussions with Government, and will form part of the official record of the RDA.

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Name/Organization: Commercial Energy Consumers Association of BC (CEC)

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
Part 1: Terms and Conditions	
A. Timing Options for Updating Standard Charges (slide 5 of Workshop 9A presentation)	
Option 1 – Update with RDA filings; Comprehensive RDA filings have been infrequent; charges were last updated in 2007	
Option 2 – Update with other more periodic filings such as: (1) Rate change compliance filings or (2) Revenue Requirement Application (RRA) filings; or stand-alone filings.	
BC Hydro seeks stakeholder feedback on the timing options for updating of Standard Charges. Please provide any comments in the column to the right.	Option 2 is preferable.

1

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<p>B. Late Payment Charge (slide 6 of Workshop 9A presentation; sections 6.2 and 11.3 of the Electric Tariff)</p> <p>As part of the June 25, 2014 workshop (Workshop 3) consideration memo, BC Hydro stated that based on its jurisdictional assessment, it was not proposing any changes to the 1.5 per cent Late Payment Charge but was open to further input. BC Hydro laid out the basis of the Late Payment Charge as part of its response to Q.2/Q.3/Q.4, Part 2 of Workshop 9A summary notes.</p> <p>(1) What, if any, additional analysis do you want to see in the 2015 RDA? Please be specific in your comments and also specify the reason(s) in the column to the right.</p> <p>(2) Is there any basis for changing the 1.5 per cent Late Payment Charge? Please be specific in your comments in the column to the right.</p>	<p>1. Customer related costs for specific customer driven activity can continue to appropriately be charged to those customers; Collection charge, credit card, data services, and other unless analysis shows this to be cost ineffective. Analysis should be included.</p> <p>2. The 1.5% late payment charge is appropriate.</p>

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<p>C. Reconnection Charges (slides 7 to 9 of Workshop 9A presentation) (sections 6.7 and 11.2 of the Electric Tariff)</p> <p>BC Hydro proposes to:</p> <ul style="list-style-type: none"> Update the Minimum Reconnection Charge to reflect current costs; BC Hydro's preferred option does not include Information Technology costs so that there would be a large reduction in the Minimum Reconnection Charge from the current Minimum Reconnection Charge of \$125 per meter Update Terms and Conditions related to re-application for service and exclusions from when charge is applied. <p>Two stakeholders suggested advancing the timing of this component of the 2015 RDA (Q.11/Part 2 of Workshop 9A summary notes). BC Hydro is prepared to act on this if there are virtually unanimous stakeholder views that the proposed updated Minimum Reconnection Charge adequately recovers costs.</p> <p>BC Hydro seeks stakeholder feedback on the cost basis concerning the proposed Minimum Reconnection Charge and suggestions concerning an expedited review process for the proposed Minimum Reconnection Charge. Please provide any comments in the column to the right.</p>	<p>The proposal to avoid full costing principles based on cost causation and to eliminate IT costs from consideration does not appear to be adequately justified and should have analysis supporting it in the RDA.</p>

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Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>D. Proposed Meter Test Charge (slide 12 of Workshop 9A presentation)</p> <p>Three Meter Test Charge Options:</p> <p>Option 1 – Minimum Reconnection Charge (new proposed: ~\$26)</p> <ul style="list-style-type: none"> Lower charge is far below BC Hydro's costs and will not deter frivolous requests for meter tests <p>Option 2 – First Meter part of Service Connection Charge (new proposed: \$181, section 11.2 of the Electric Tariff)</p> <ul style="list-style-type: none"> More closely reflects cost recovery as the connection activities are similar Higher charge may create a barrier to pursuing meter testing <p>Option 3 – Prior Minimum Reconnection Charge (\$125) (new "Meter Test Charge")</p> <ul style="list-style-type: none"> May balance customer needs and cost recovery <p>BC Hydro requests feedback on the appropriate level of cost recovery for meters that are removed for testing by Measurement Canada at the customer's request but are found to be accurate. Please provide any comments in the column to the right.</p>	<p>Option 2 and 3 are more appropriate and Option 1 is not appropriate. BC Hydro should advance options 2&3 to the RDA.</p>

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<p>E. Security Deposits (slides 13-17 of Workshop 9A presentation; section 2.4 of the Electric Tariff)</p> <p>Proposed Electric Tariff change:</p> <ul style="list-style-type: none"> • Up to 2x/3x the average monthly bill • No change to maximum • Allows flexibility to charge a lesser amount. <p>Additional wording change:</p> <ul style="list-style-type: none"> • A security deposit is assessed (or waived) at the time of account setup based on an assumed level of consumption • There is no provision within the Electric Tariff to increase the amount of a security deposit if actual consumption is higher • Will be requesting a wording change that would allow a security deposit to be assessed or increased if actual consumption is significantly greater than what was initially assumed. <p>BC Hydro seeks stakeholder feedback on the security deposit proposal and the additional wording change proposal above, and whether there are any other security deposit-related issues. Please provide any comments in the column to the right.</p>	<p>BC Hydro should provide terms for determining a security deposit such as credit assessment and disconnect terms.</p> <p>BC Hydro should coordinate security deposit and disconnect for non-payment terms.</p> <p>BC Hydro should have a maximum to any security deposit being up to 2x the estimated peak bill.</p> <p>BC Hydro should have security deposits and disconnect terms for all customers, especially for customers with low dollar amounts and/or apartment and history of bad debts.</p> <p>BC Hydro should be enabled to change security deposit and disconnect terms in response to consumption levels and payment history.</p>

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Part 2: Residential Rate Design: Assessment of Residential Inclining Block (RIB) Rate and Alternatives	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>A. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Customer Bill Impact Test (slide 24 of Workshop 9 Presentation)</p> <p>Workshop 1: BC Hydro's proposal was to maintain the 2013 RIB Re-pricing Application approach - Maximum of 10 per cent bill impact, representing all-in costs (consisting of RRA-related Direction No. 7 rate caps + deferral account rate rider + rate changes due to rate rebalancing + rate changes due to rate design), to single most adversely impacted customer – to be used for modelling purposes.</p> <p>In its Workshop 3 consideration memo, BC Hydro agreed to review the bill impact test – its purpose and the applicable customer percentile threshold. BC Hydro emphasized that the 10 per cent bill impact test is an 'amber signal' rather than a stop or go constraint.</p> <p>BC Hydro is of the view that the purpose and level of the customer bill impact test remains appropriate to evaluate the trade-offs between designs, but seeks additional stakeholder feedback. Please provide any comments in the column to the right.</p>	<p>Bill impact should be considered in terms of percent impact but also in terms of absolute impact.</p> <p>The bill impact analysis should not be a rigid mechanical determination but should consider a reasonable balance for achieving all of the Bonbright rate design criteria.</p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>B. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Jurisdictional Review (slides 26 to 31 of Workshop 9A presentation)</p> <p>BC Hydro circulated its proposed jurisdictional selection for 2015 RDA Residential rate analysis on March 12, 2015. BC Hydro chose jurisdictions based on:</p> <ul style="list-style-type: none"> • Canadian geographical diversity + vertically integrated utility market structure (this leaves out Alberta and Ontario only) • British Columbia Rate Comparison Regulation (Washington, Oregon, California) + Regional U.S. utilities in the Western Electricity Coordinating Council + utilities of a larger size. <p>To date, there has been a fair degree of consensus from stakeholders that these are the appropriate jurisdictions to review. British Columbia Utilities Commission (Commission) staff recommended surveying Ontario with the qualifier that Ontario has a different market structure. Commission staff also suggested that it would be helpful to describe each surveyed Canadian and U.S. electric utility's peaking months. There were also stakeholder requests for survey of low income-related rates and underlying legislation (<i>please refer to RDA Workshop 9 Discussion Guide for more information</i>).</p> <p>(1) BC Hydro is seeking confirmation that its proposed jurisdictional selection for RIB/residential rate assessment purposes is reasonable for 2015 RDA purposes (including the addition of one Ontario utility - Hydro One), and if not, what additional jurisdictions should be surveyed and why.</p> <p>(2) BC Hydro will engage with British Columbia Old Age Pensioners' Organization to develop a Canadian and selected U.S. low income jurisdictional assessment which will be described in the Workshop 9 Consideration memo. Do you have any suggestions for this assessment?</p> <p>Please explain your responses in the column to the right.</p>	<p>1. BC Hydro should consider including broad jurisdictional review including Ontario and Alberta. In Ontario, Hydro One is an anomaly among distribution utilities and on its own would not necessarily represent a reasonable understanding of the Ontario jurisdiction.</p> <p>2. BC Hydro should consider the appropriate legal foundation for low income rates. BC Hydro should consider the low income support context as a background to determining if and how the utility should assess need. BC Hydro should consider the low income economic context and in particular the wealth context as part of assessing its potential policy foundation. BC Hydro should consider working with the provincial government to determine a BC Hydro contribution to low income support, particularly for electrical energy, and use the government infrastructure for delivering low income support as the means of providing such support as opposed to adopting the RDA as the appropriate mechanism.</p>

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Part 2, CONT'D: Residential Rate Design: Identification of RIB as BC Hydro Preferred Alternative and Alternatives to the RIB		Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>A. RIB as BC Hydro's Preferred Default Residential Rate (slide 47 of Workshop 9A presentation; and slides 5 to 7 of Workshop 9B presentation)</p> <p>BC Hydro identified its preferred default Residential rate alternative as the RIB rate. Reasons are set out in Part 2 of the Workshop 9A summary notes (refer to responses to Q.1/Q.2/Q.6) and in Part 1 of the Workshop 9B summary notes (refer to responses to Q.2/Q.3/Q.4).</p> <p>Please provide any comments or views you may have, including reasons, on the RIB rate as BC Hydro's preferred default Residential rate in the column to the right.</p>		<p>The RIB rate is preferred as rate design for the residential sector; however, fairness of the RIB rate design remains as a significant trade-off issue and BC Hydro should continue to address this and consider appropriate methods to mitigate these impacts.</p>
	<p>B. Alternatives to RIB Rate – Modelling of Three Step Rates (slide 20 and slides 49 to 59 of Workshop 9A presentation)</p> <p>BC Hydro modelled three different options for a three step rate, (Models A, B and C discussed on slide 20) and provided summary information on forecast conservation savings and bill impact analysis, as well as an assessment of the application of the Bonbright criteria for each option.</p> <p>BC Hydro proposes no further modeling of Three Step Rate Models A, B or C and asks for stakeholder comment. Do you agree? If not, what additional analysis would you recommend (please also specify the reason(s) for your recommendation). Please explain your response in the column to the right.</p>	<p>Agree that the three step rate design can be dropped with no further modeling required. Directionally this approach is complicating rate design and BC Hydro has evidence that simplifying base or default rate design is preferable. BC Hydro should be open to options in Module 2 for enhancing its default rate design performance.</p>

C. Alternatives to the RIB - Flat Energy Rate Alternative(s)	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>At Workshop 9B, BC Hydro briefly described Canadian Office and Professional Employees Union Local 378's (COPE 378) idea of a Residential default flat rate sending an energy Long-Run Marginal Cost (LRMC) price signal to all residential customers, combined with an un-defined credit system granting access to low cost Heritage Resources on a basis such as efficiency ratings and/or low income qualification. BC Hydro stated that it would meet with COPE 378 sometime in June 2015 after these workshop summary notes are posted to discuss the COPE 378 idea and to exchange views on the 2013 RIB Evaluation Report.</p> <p>Bearing in mind that BC Hydro has yet to meet with COPE 378, BC Hydro identified a threshold issue with the flat rate idea in Part 2 of the Workshop 9B summary notes, which is revenue neutrality. BC Hydro modelled a flat rate at Workshop 3 with an energy charge of 9.63 cents/kWh in F2016, which is within the energy LRMC range (refer to slides 49 to 51 of Workshop 3 presentation). Therefore, BC Hydro does not see any fair and efficient way to re-distribute costs through a credit system and collect BC Hydro's revenue requirement.</p> <p>Please provide any comments you may have on the COPE 378 flat energy rate idea and the threshold issue identified by BC Hydro in the column to the right.</p>	<p>BC Hydro could consider residential rates which have a flat energy rate, particularly if low income issues are handled through government via a BC Hydro contribution and if fairer conservation and efficiency approaches are developed. The COPE 378 approach or more likely variations of their approach may serve as a starting point to enable consultation about achieving a better balance in meeting rate design criteria.</p>

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Part 3: Alternative Means of Delivering the RIB Rate		Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>A. Rib Rate Pricing Principles for F2017-F2019: Option 1 (Continue with 2013 RIB Re-Pricing Principle of Applying RRA equally to Step 1 and Step 2; Option 2: Apply RRA increases to Step 1 (discussed in slides 11 to 13 of Workshop 9B presentation)</p> <p>BC Hydro considers that Pricing Principle Option 2 performs worse relative to Pricing Principle Option 1.</p> <p>BC Hydro proposes that no further modeling is required for Pricing Principle Option 2, and asks for stakeholder comment. Please provide any comments in the column to the right, including whether you have a preferred RIB rate pricing principle.</p>	<p>Option 2 has potential merit particularly as it may concern simplifying to a flat rate which may need to occur over time in light of LRMC projection. BC Hydro analysis could continue to provide review of this option in the RDA. Step 1 conservation and efficiency should not be discounted as a potential. This may be particularly relevant in terms of BC Hydro's approach to low income customers.</p>	
	<p>B. RIB Rate Minimum Charge (discussed in slides 14 to 17 of Workshop 9B presentation)</p> <p>BC Hydro seeks stakeholder comment on whether a Minimum Charge should be implemented, separate from the Basic Charge, to reflect cost of remaining attached to the system during periods of very low consumption or dormancy (slide 17). Please provide any comments in the column to the right.</p>	<p>BC Hydro's RDA should provide a review of the minimum charge concept as a potential component of the rate design.</p>

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Part 4: Voluntary Residential Rate Options	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>A. Prepayment Option (discussed in slides 19 to 21 of Workshop 9B presentation)</p> <p>BC Hydro is proposing to not pursue this option at this time; from an information technology perspective BC Hydro is two to three years away from being able to implement a prepayment option.</p> <p>BC Hydro is seeking feedback on whether BC Hydro should consider a prepayment option pilot after the 2015 RDA Module 1 decision. Please explain your response in the column to the right.</p>	<ul style="list-style-type: none"> • This sort of option would appear to be like an equal payment plant. A key question would be if it sufficiently different. • Prepaid equal payments may be a substitute for security deposits and disconnect for non-payment terms. • The cost/benefit for this option and/or pilot would likely be problematic for BC Hydro to achieve. • BC Hydro effectively already has a prepayment capability in that any payment made to BC Hydro in excess of the scheduled bill payment is held and applied as a credit against future bills. • If various elements of the existing methods are tied to security and disconnect terms, effectively the options are already provided.

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<p>B. Electric Vehicle (EV) Rate Design (discussed in slides 22 to 23 of Workshop 9B presentation)</p> <p>BC Hydro prefers to use Module 1 of 2015 RDA to first set the Residential default rate, and to consider the development of an EV rate after the 2015 RDA Module 1 decision.</p> <p>Design Considerations:</p> <ul style="list-style-type: none"> • At-home charging (Residential) • Basis on which to determine cost of service and load implications for pricing – different pattern of energy consumption (battery storage of electric power) • Mechanism to enforce off-peak charging – time varying component (Time of Use; price differential is an issue; adopt California 'super off-peak' concept to encourage late night to early morning charging? • Requirement of a separate meter? • Interaction with RIB? • Other? <p>BC Hydro seeks stakeholder feedback on rate design considerations presented above and the timing of any future EV rate proposal. Please explain your response in the column to the right.</p>	<ul style="list-style-type: none"> • Module 2 for EV rate design would appear to be appropriate timing. Significant load development is likely over 10 years away. • At-home charging is one concept and at-business charging is another concept. Rate design should incorporate both and potentially other concepts. • Separate metering would be a valuable concept to enable useful price signalling and value capture in the long run from interaction with the battery fleet. • RIB interaction with separate metering could therefore be non-existent.

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<p>C. Clean and Renewable Energy Charge Option - Should BC Hydro implement an optional clean and renewable energy charge (slide 25 of Workshop 9B presentation)?</p> <p>BC Hydro is proposing to not pursue this option at this time given the level of clean or renewable generation in its service area.</p> <p>BC Hydro is seeking stakeholder feedback on this proposal. Please explain your response in the column to the right.</p>	<p>Given 93% clean and other attributes of BC's electric system, the cost benefit of such an option would be remote.</p>
<p>Part 5: Other Rate Design Issues</p>	
<p>A. Dual Fuel (E-Plus) Residential and General Service Rates (discussed in slides 28 to 31 of Workshop 9B presentation)</p> <p>Three options identified to date (discussed in slide 30):</p> <ol style="list-style-type: none"> 1. Status Quo 2. Phase-out the E-Plus rate and transfer accounts to default rates 3. Amend interruption and notice conditions to provide practical interruptible option <p>BC Hydro is seeking input as to:</p> <ol style="list-style-type: none"> 1. Whether there are any other E-Plus rate design options in addition to the three rate design options described above; 2. Which E-Plus rate option is preferred, and why; and 3. If E-Plus Option 2 is preferred, what the proposed transition period should be. <p>Please provide reasons for your response in the column to the right.</p>	<ul style="list-style-type: none"> Given RIB design and fairness issues related to electrical heating loads option 3 of providing an interruptible heating rate for residential and commercial could provide some significant benefits to BCHydro over the next 20 year long term planning horizon. BC Hydro should consider this in module 2 if treated as an option development or in module 1 if treated as a basic default rate option. Interruptible loads should be removed from firm planning. Smart meter interruption implementation may be practical.

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<p>B. Non Integrated Areas (NIA) Rates (discussed in slides 33 to 36 of Workshop 9B presentation)</p> <p>Three broad options for NIA customers served on Zone II rate (slide 35):</p> <ul style="list-style-type: none"> • Option 1: SQ – Maintain current rate structures in Zone II as a means to signal costs of diesel generation in NIAs • Option 2: Full Cost Recovery – Increase rates by roughly a factor of 4 under current rate Zone II rate structures (Residential) • Option 3: Equalize Zone II and Zone I Rates <ul style="list-style-type: none"> ➢ Equalize electricity rates on a postage stamp basis across the entire BC Hydro service area ➢ Likely maintain Zone II designation in the tariff terms and conditions for other purposes <p>BC Hydro proposes to address NIA-related rates as part of 'Module 2' of the 2015 RDA, to be filed with the Commission sometime after receipt of the 2015 RDA Module 1 decision.</p> <p>BC Hydro is seeking from stakeholders:</p> <ul style="list-style-type: none"> • Input as to whether there are any other high level Zone II rate options in addition to the three options described above; and • Suggestions for options analysis, including relevant jurisdictional assessment and bill impact analysis. <p>Please provide reasons for your response in the column to the right.</p>	<ul style="list-style-type: none"> • BC Hydro need to integrate its zone 2 NIA rate concepts with its extension policy concepts. • Postage stamp rates should have conceptual boundaries related to the cost of extension and integration. • Where extension is potentially justified, postage stamp inclusion could begin. • A rational framework for these issue is needed. • At some point the cost of remoteness choice is not a public interest inclusion issue.

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<p>C. Rates for Farm and Irrigation Services (discussed in slides 38 to 41 of Workshop 9B presentation)</p> <p>BC Hydro proposes to address farm and irrigation issues in 2015 RDA Module 2.</p> <p>Engagement Issues:</p> <ul style="list-style-type: none"> • How to simplify rate choice for farm customers: <ul style="list-style-type: none"> ➢ Should residential farms continue to be exempt from the RIB rate? ➢ Should BC Hydro change the eligibility criteria for the exempt Rate Schedule 1151 rate? ➢ Should larger residential farms be moved to Medium General Service / Large General Service default rates? • What should BC Hydro's metering policy be in the case where there is commercial activity on a residential farm? • Should golf courses and municipal pumping continue to qualify for the irrigation rate? <p>BC Hydro is seeking stakeholder feedback on the key engagement issues and its plan to consider farm and irrigation rate designs as part of 2015 RDA Module 2. Please provide reasons for your response in the column to the right.</p>	<ul style="list-style-type: none"> • Residential farms may appropriately be considered apart from the RIB rate. • BC Hydro may be well-served to consider a range of eligibility criteria for residential farms. • Residential farms may be better integrated with general service rate options. Golf course and municipal pumping could be considered to fit within general service options. • Module 2 is likely a good place to consider these issues.

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Additional Comments:

CONSENT TO USE PERSONAL INFORMATION

I consent to the use of my personal information by BC Hydro for the purposes of keeping me updated about the 2015 RDA. For purposes of the above, my personal information includes opinions, name, mailing address, phone number and email address as per the information I provide.

Signature: *John Deper DW CRAIG*Date: *July 3, 2015*

Thank you for your comments.

Comments submitted will be used to inform the RDA Scope and Engagement process, including discussions with Government, and will form part of the official record of the RDA.

You can return completed feedback forms by:

Mail: BC Hydro, BC Hydro Regulatory Group – "Attention 2015 RDA", 16th Floor, 333 Dunsmuir St. Van. B.C. V6B-5R3

Fax number: 604-623-4407 – "Attention 2015 RDA"

Email: bchydroregulatorygroup@bchydro.com

Form available on Web: http://www.bchydro.com/about/planning_regulatory/regulatory.html

Any personal information you provide to BC Hydro on this form is collected and protected in accordance with the **Freedom of Information and Protection of Privacy Act**. BC Hydro is collecting information with this for the purpose of the 2015 RDA in accordance with BC Hydro's mandate under the **Hydro and Power Authority Act**, the BC Hydro Tariff, the **Utilities Commission Act** and related Regulations and Directions. If you have any questions about the collection or use of the personal information collected on this form please contact the BC Hydro Regulatory Group via email at: bchydroregulatorygroup@bchydro.com

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<p>art 1</p> <p>A. Timing Options for Updating Standard Charges (slide 5 of Workshop 9A presentation)</p> <p>Option 1 – Update with RDA filings; Comprehensive RDA filings have been infrequent; charges were last updated in 2007</p> <p>Option 2 – Update with other more periodic filings such as: (1) Rate change compliance filings or (2) Revenue Requirement Application (RRA) filings; or stand-alone filings.</p> <p>BC Hydro seeks stakeholder feedback on the timing options for updating of Standard Charges. Please provide any comments in the column to the right.</p>	
<p>Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).</p>	<p>COPE supports Option 2 for more periodic filings as required, and in particular, the suggestion that updates to Standard Charges be dealt with during Revenue Requirement Applications.</p> <p>More potentially interested parties are engaged in RRA processes than monitoring the Compliance Filings and there is significant efficiency and cost savings to those interveners who might be interested in engaging on these issues. Also, it results in regulatory efficiencies when these issues are canvassed in what is already a public process.</p>

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<p>COPE believes that the 1.5% per month late payment charge is excessive for the purposes of cost recovery. COPE's members say it is undesirable to overcollect from BCH's most economically vulnerable ratepayers.</p> <p>If the concern is the cost of delinquent accounts we would suggest considering an alternative mechanism to encourage prompt payment: for example a graduated late payment charge, starting with charges that reflect current interest rates for an initial late payment period, but then increasing to higher charges that reflect staff time and risks of delinquencies for more extended late payments. This scheme should be structured to include generous but realistic allowances and/or BCH strategies to provide relief for those who are truly struggling with their expenses.</p>	<p>B. Late Payment Charge (slide 6 of Workshop 9A presentation; sections 6.2 and 11.3 of the Electric Tariff)</p> <p>As part of the June 25, 2014 workshop (Workshop 3) consideration memo, BC Hydro stated that based on its jurisdictional assessment, it was not proposing any changes to the 1.5 per cent Late Payment Charge but was open to further input. BC Hydro laid out the basis of the Late Payment Charge as part of its response to Q.2/Q.3/Q.4, Part 2 of Workshop 9A summary notes.</p> <p>(1) What, if any, additional analysis do you want to see in the 2015 RDA? Please be specific in your comments and also specify the reason(s) in the column to the right.</p> <p>(2) Is there any basis for changing the 1.5 per cent Late Payment Charge? Please be specific in your comments in the column to the right.</p>

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<p>E. Security Deposits (slides 13-17 of Workshop 9A presentation; section 2.4 of the Electric Tariff)</p> <p>Proposed Electric Tariff change:</p> <ul style="list-style-type: none"> • Up to 2x/3x the average monthly bill • No change to maximum • Allows flexibility to charge a lesser amount. <p>Additional wording change:</p> <ul style="list-style-type: none"> • A security deposit is assessed (or waived) at the time of account setup based on an assumed level of consumption • There is no provision within the Electric Tariff to increase the amount of a security deposit if actual consumption is higher • Will be requesting a wording change that would allow a security deposit to be assessed or increased if actual consumption is significantly greater than what was initially assumed. <p>BC Hydro seeks stakeholder feedback on the security deposit proposal and the additional wording change proposal above, and whether there are any other security deposit-related issues. Please provide any comments in the column to the right.</p>	<p><i>COPE supports more flexible security deposit arrangements as proposed by BC Hydro, particularly as it can address issues for low income customers.</i></p>

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<p>A. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Customer Bill Impact Test (slide 24 of Workshop 9 Presentation)</p> <p>Workshop 1: BC Hydro's proposal was to maintain the 2013 RIB Re-pricing Application approach - Maximum of 10 per cent bill impact, representing all-in costs (consisting of RRA-related Direction No. 7 rate caps + deferral account rate rider + rate changes due to rate rebalancing + rate changes due to rate design), to single most adversely impacted customer – to be used for modelling purposes.</p> <p>In its Workshop 3 consideration memo, BC Hydro agreed to review the bill impact test – its purpose and the applicable customer percentile threshold. BC Hydro emphasized that the 10 per cent bill impact test is an 'amber signal' rather than a stop or go constraint.</p> <p>BC Hydro is of the view that the purpose and level of the customer bill impact test remains appropriate to evaluate the trade-offs between designs, but seeks additional stakeholder feedback. Please provide any comments in the column to the right.</p>	<p><i>It is useful to have a rate impact assessment to determine numbers of customers who may experience rate impacts in excess of specified amounts. The problem is that when there are high general rate increases, as we can expect in the coming years, an 'all-in' 10% cap, even as an amber signal, may be too constraining for rate design and rebalancing changes, raising intergenerational equity issues. Also, a percentage cap without regard to the absolute amount of the impact (for low use, low bill accounts) can be unduly constraining.</i></p> <p><i>Analysis and transparent consideration of the distribution and magnitude of rate impacts like BC Hydro presented at these workshops, as opposed to fixed maximum rate impact criteria, is what is most important in our view.</i></p>

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	<p>Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).</p> <p><i>The jurisdictional selection seems appropriate and COPE supports the engagement with BCOAPO to develop a low income jurisdictional assessment.</i></p>
<p>B. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Jurisdictional Review (slides 26 to 31 of Workshop 9A presentation)</p>	<p>BC Hydro circulated its proposed jurisdictional selection for 2015 RDA Residential rate analysis on March 12, 2015. BC Hydro chose jurisdictions based on:</p> <ul style="list-style-type: none"> • Canadian geographical diversity + vertically integrated utility market structure (this leaves out Alberta and Ontario only) • British Columbia Rate Comparison Regulation (Washington, Oregon, California) + Regional U.S. utilities in the Western Electricity Coordinating Council + utilities of a larger size. <p>To date, there has been a fair degree of consensus from stakeholders that these are the appropriate jurisdictions to review. British Columbia Utilities Commission (Commission) staff recommended surveying Ontario with the qualifier that Ontario has a different market structure. Commission staff also suggested that it would be helpful to describe each surveyed Canadian and U.S. electric utility's peaking months. There were also stakeholder requests for survey of low income-related rates and underlying legislation (please refer to RDA Workshop 9 Discussion Guide for more information).</p> <p>(1) BC Hydro is seeking confirmation that its proposed jurisdictional selection for RIB/residential rate assessment purposes is reasonable for 2015 RDA purposes (including the addition of one Ontario utility - Hydro One), and if not, what additional jurisdictions should be surveyed and why.</p> <p>(2) BC Hydro will engage with British Columbia Old Age Pensioners' Organization to develop a Canadian and selected U.S. low income jurisdictional assessment which will be described in the Workshop 9 Consideration memo. Do you have any suggestions for this assessment?</p>

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Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>A. RIB as BC Hydro's Preferred Default Residential Rate (slide 47 of Workshop 9A presentation; and slides 5 to 7 of Workshop 9B presentation)</p> <p>BC Hydro identified its preferred default Residential rate alternative as the RIB rate. Reasons are set out in Part 2 of the Workshop 9A summary notes (refer to responses to Q.1/Q.2/Q.6) and in Part 1 of the Workshop 9B summary notes (refer to responses to Q.2/Q.3/Q.4).</p> <p>Please provide any comments or views you may have, including reasons, on the RIB rate as BC Hydro's preferred default Residential rate in the column to the right.</p>	<p>COPE is of the view that the extent of the efficiency benefits of the RIB rate structure are still in question because the econometric analysis in the RIB evaluation report is based on certain assumptions. Additionally, the RIB structure raises significant equity issues because as it now stands, 30% of BC Hydro Ratepayers are receiving no conservation price signals simply due to their dwelling type. COPE supports the consideration of alternatives to the current RIB structure that are potentially more efficient and fair.</p>
<p>B. Alternatives to RIB Rate – Modelling of Three Step Rates (slide 20 and slides 49 to 59 of Workshop 9A presentation)</p> <p>BC Hydro modelled three different options for a three step rate, (Models A, B and C discussed on slide 20) and provided summary information on forecast conservation savings and bill impact analysis, as well as an assessment of the application of the Bonbright criteria for each option.</p> <p>BC Hydro proposes no further modeling of Three Step Rate Models A, B or C and asks for stakeholder comment. Do you agree? If not, what additional analysis would you recommend (please also specify the reason(s) for your recommendation). Please explain your response in the column to the right.</p>	<p>COPE agrees that there need not be further modelling of the three step options BC Hydro has put forward. There are other alternatives, however, that it believes would be worthwhile to examine further (see below).</p> <p>This does not constitute an agreement that COPE fails to see any potential merit in a three tiered RIB, particularly one that is developed as part of a strategy to mitigate rate impacts or lower bills for low income customers (eg with a surcharge on very high use).</p>

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>C. Alternatives to the RIB - Flat Energy Rate Alternative(s)</p> <p>At Workshop 9B, BC Hydro briefly described Canadian Office and Professional Employees Union Local 378's (COPE 378) idea of a Residential default flat rate sending an energy Long-Run Marginal Cost (LRMC) price signal to all residential customers, combined with an un-defined credit system granting access to low cost Heritage Resources on a basis such as efficiency ratings and/or low income qualification. BC Hydro stated that it would meet with COPE 378 sometime in June 2015 after these workshop summary notes are posted to discuss the COPE 378 idea and to exchange views on the 2013 RIB Evaluation Report.</p> <p>Bearing in mind that BC Hydro has yet to meet with COPE 378, BC Hydro identified a threshold issue with the flat rate idea in Part 2 of the Workshop 9B summary notes, which is revenue neutrality. BC Hydro modelled a flat rate at Workshop 3 with an energy charge of 9.63 cents/kWh in F2016, which is within the energy LRMC range (refer to slides 49 to 51 of Workshop 3 presentation). Therefore, BC Hydro does not see any fair and efficient way to re-distribute costs through a credit system and collect BC Hydro's revenue requirement.</p> <p>Please provide any comments you may have on the COPE 378 flat energy rate idea and the threshold issue identified by BC Hydro in the column to the right.</p>	<p><i>After a fruitful consultation with BC Hydro, COPE takes the position that a flat rate energy charge within the range of the LRMC is an appropriate alternative worth careful consideration, arguably more consistent with Bonbright than the RIB rate. COPE also takes the position that a flat rate should be combined with measures and strategies to encourage efficient conservation (in the same way that conservation strategies would be needed in the general sector with a flat rate) and also with a revenue neutral discounted low income rate or rebate for low income customers.</i></p> <p><i>The union is currently reviewing the jurisdictional analysis provided by BC Hydro but believes that this is an option with significant merits.</i></p>

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	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>A. Rib Rate Pricing Principles for F2017-F2019: Option 1 (Continue with 2013 RIB Re-Pricing Principle of Applying RRA equally to Step 1 and Step 2; Option 2: Apply RRA increases to Step 1 (discussed in slides 11 to 13 of Workshop 9B presentation)</p> <p>BC Hydro considers that Pricing Principle Option 2 performs worse relative to Pricing Principle Option 1.</p> <p>BC Hydro proposes that no further modeling is required for Pricing Principle Option 2, and asks for stakeholder comment. Please provide any comments in the column to the right, including whether you have a preferred RIB rate pricing principle.</p>	<p>COPE believes that the principle of the RIB rate structure is that the tier 2 price should be set at the LRMC and then the tier 1 price should be set to achieve the appropriate revenue recovery. We also believe the greatest price distortion is with the tier 1, not the tier 2 price. Therefore we do not support BC Hydro's preferred option 1.</p> <p>COPE further notes that option 2 would provide BC Hydro with an effective transition strategy to move to a flat rate structure.</p>
<p>B. RIB Rate Minimum Charge (discussed in slides 14 to 17 of Workshop 9B presentation)</p> <p>BC Hydro seeks stakeholder comment on whether a Minimum Charge should be implemented, separate from the Basic Charge, to reflect cost of remaining attached to the system during periods of very low consumption or dormancy (slide 17). Please provide any comments in the column to the right.</p>	

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Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>A. Prepayment Option (discussed in slides 19 to 21 of Workshop 9B presentation)</p> <p>BC Hydro is proposing to not pursue this option at this time; from an information technology perspective BC Hydro is two to three years away from being able to implement a prepayment option.</p> <p>BC Hydro is seeking feedback on whether BC Hydro should consider a prepayment option pilot after the 2015 RDA Module 1 decision. Please explain your response in the column to the right.</p>	<p><i>COPE believes that BC Hydro should develop a prepayment option that may be advantageous for low/fixed income and other consumers, similar to what is used by those who provide cell service. This would eliminate the need for security deposits and the challenges low and fixed income ratepayers have in paying such deposits.</i></p>

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<p>B. Electric Vehicle (EV) Rate Design (discussed in slides 22 to 23 of Workshop 9B presentation)</p> <p>BC Hydro prefers to use Module 1 of 2015 RDA to first set the Residential default rate, and to consider the development of an EV rate after the 2015 RDA Module 1 decision.</p> <p>Design Considerations:</p> <ul style="list-style-type: none"> • At-home charging (Residential) • Basis on which to determine cost of service and load implications for pricing – different pattern of energy consumption (battery storage of electric power) • Mechanism to enforce off-peak charging – time varying component (Time of Use; price differential is an issue; adopt California 'super off-peak' concept to encourage late night to early morning charging? • Requirement of a separate meter? • Interaction with RIB? • Other? <p>BC Hydro seeks stakeholder feedback on rate design considerations presented above and the timing of any future EV rate proposal. Please explain your response in the column to the right.</p>	<p><i>COPE recognizes the need for careful design and believes the development of an EV rate could follow the 2015 RDA Module 1</i></p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>C. Clean and Renewable Energy Charge Option - Should BC Hydro implement an optional clean and renewable energy charge (slide 25 of Workshop 9B presentation)?</p> <p>BC Hydro is proposing to not pursue this option at this time given the level of clean or renewable generation in its service area.</p> <p>BC Hydro is seeking stakeholder feedback on this proposal. Please explain your response in the column to the right.</p>	<p><i>COPE agrees with BC Hydro's position on this issue. This kind of premium only makes sense when the majority of your energy comes from non-clean or renewable sources.</i></p>
<p>Part 5: Other Rate Design Issues:</p>	
<p>A. Dual Fuel (E-Plus) Residential and General Service Rates (discussed in slides 28 to 31 of Workshop 9B presentation)</p> <p>Three options identified to date (discussed in slide 30):</p> <ol style="list-style-type: none"> 1. Status Quo 2. Phase-out the E-Plus rate and transfer accounts to default rates 3. Amend interruption and notice conditions to provide practical interruptible option <p>BC Hydro is seeking input as to:</p> <ol style="list-style-type: none"> 1. Whether there are any other E-Plus rate design options in addition to the three rate design options described above; 2. Which E-Plus rate option is preferred, and why; and 3. If E-Plus Option 2 is preferred, what the proposed transition period should be. <p>Please provide reasons for your response in the column to the right.</p>	<p><i>COPE suggests that BC Hydro consider an option whereby customers are given a choice between truly interruptible service, if a service can be developed and implemented to provide an appreciable benefit to the utility and the system that justifies the lower rate, and a phase-out the program over a reasonable period of time instead of the attrition program currently in place.</i></p>

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<p>B. Non Integrated Areas (NIA) Rates (discussed in slides 33 to 36 of Workshop 9B presentation)</p> <p>Three broad options for NIA customers served on Zone II rate (slide 35):</p> <ul style="list-style-type: none"> • Option 1: SQ - Maintain current rate structures in Zone II as a means to signal costs of diesel generation in NIAs • Option 2: Full Cost Recovery - Increase rates by roughly a factor of 4 under current rate Zone II rate structures (Residential) 	
<p>COPE does not support option 2 because it would adversely impact consumers who in many cases are least able to afford the increase and is excessively inconsistent with the postage stamp principles it applies elsewhere. The union believes both Option 1 and 3 should be carried forward for further consideration.</p>	
<p>BC Hydro proposes to address NIA-related rates as part of 'Module 2' of the 2015 RDA, to be filed with the Commission sometime after receipt of the 2015 RDA Module 1 decision.</p> <p>BC Hydro is seeking from stakeholders:</p> <ul style="list-style-type: none"> • Input as to whether there are any other high level Zone II rate options in addition to the three options described above; and • Suggestions for options analysis, including relevant jurisdictional assessment and bill impact analysis. <p>Please provide reasons for your response in the column to the right.</p>	

Residential Rates Workshop #2, Session 1 and Session 2 Feedback Form

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>C. Rates for Farm and Irrigation Services (discussed in slides 38 to 41 of Workshop 9B presentation)</p> <p>BC Hydro proposes to address farm and irrigation issues in 2015 RDA Module 2.</p> <p>Engagement Issues:</p> <ul style="list-style-type: none"> • How to simplify rate choice for farm customers: <ul style="list-style-type: none"> ➢ Should residential farms continue to be exempt from the RIB rate? ➢ Should BC Hydro change the eligibility criteria for the exempt Rate Schedule 1151 rate? ➢ Should larger residential farms be moved to Medium General Service / Large General Service default rates? • What should BC Hydro's metering policy be in the case where there is commercial activity on a residential farm? • Should golf courses and municipal pumping continue to qualify for the irrigation rate? <p>BC Hydro is seeking stakeholder feedback on the key engagement issues and its plan to consider farm and irrigation rate designs as part of 2015 RDA Module 2. Please provide reasons for your response in the column to the right.</p>	<p><i>COPE believes these issues should be addressed in the RDA but does not have specific feedback on the options at this time.</i></p>

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Additional Comments:

As noted previously, COPE has now met with BCH and as a result, we are looking at a number of different options to better address and respond to the Utility's concerns. We expect to file a document soon with suggestions for rate structures that the Union believes will better serve ratepayers while incentivizing conservation. In addition, the Union is working with ratepayer groups like BCOAPO et al. to prepare materials regarding a LifeLine (low income) Rate.

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I consent to the use of my personal information by BC Hydro for the purposes of keeping me updated about the 2015 RDA. For purposes of the above, my personal information includes opinions, name, mailing address, phone number and email address as per the information I provide.

Signature _____ Date: July 8, 2015

Thank you

Comments submitted will be used to inform the RDA Scope and Engagement process, including discussions with Government, and will form part of the official record of the RDA.

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Any personal information you provide to BC Hydro on this form is collected and protected in accordance with the **Freedom of Information and Protection of Privacy Act**. BC Hydro is collecting information with this for the purpose of the 2015 RDA in accordance with BC Hydro's mandate under the **Hydro and Power Authority Act**, the BC Hydro Tariff, the **Utilities Commission Act** and related Regulations and Directions. If you have any questions about the collection or use of the personal information collected on this form please contact the BC Hydro Regulatory Group via email at: bch_drore•ulator rou•@bch dro.com

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Name/Organization:
BC First Nations Energy and Mining Council (FNEMC)

Part 1: Terms and Conditions		Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>A. Timing Options for Updating Standard Charges (slide 5 of Workshop 9A presentation)</p> <p>Option 1 – Update with RDA filings; Comprehensive RDA filings have been infrequent; charges were last updated in 2007</p> <p>Option 2 – Update with other more periodic filings such as: (1) Rate change compliance filings or (2) Revenue Requirement Application (RRA) filings; or stand-alone filings.</p> <p>BC Hydro seeks stakeholder feedback on the timing options for updating of Standard Charges. Please provide any comments in the column to the right.</p>		<p><i>FNEMC is in support of Option 2 to update Standard Charges on a more frequent basis, as needed, than during RDA filings which are infrequently held. Therefore charges will be more reflective of BC Hydro's current costs and the resulting cost increases/decreases can be done on a more gradual basis.</i></p> <p><i>Should BC Hydro proceed with Option 2, FNEMC suggests that 'standard type charges' for <u>all</u> customer classes be updated on the same basis.</i></p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>B. Late Payment Charge (slide 6 of Workshop 9A presentation; sections 6.2 and 11.3 of the Electric Tariff)</p> <p>As part of the June 25, 2014 workshop (Workshop 3) consideration memo, BC Hydro stated that based on its jurisdictional assessment, it was not proposing any changes to the 1.5 per cent Late Payment Charge but was open to further input. BC Hydro laid out the basis of the Late Payment Charge as part of its response to Q.2/Q.3/Q.4, Part 2 of Workshop 9A summary notes.</p> <p>(1) What, if any, additional analysis do you want to see in the 2015 RDA? Please be specific in your comments and also specify the reason(s) in the column to the right.</p> <p>(2) Is there any basis for changing the 1.5 per cent Late Payment Charge? Please be specific in your comments in the column to the right.</p>	<p><i>FNEMC supports BCOAPO's comment in the June 25, 2014 workshop 3 consideration memo (s 1.2.1) that BC Hydro provide 'lower late payment charges and interest rates on overdue accounts' for low-income customers. Specifically, FNEMC seeks BC Hydro provide flexible arrears payment arrangements which would allow low-income customers more time to pay outstanding balances and waiving late payment charges for low-income customers who are unable to pay.</i></p> <p><i>In addition, FNEMC seeks further analysis and justification that the 1.5% Late Payment Charge is a "cost-based" charge. FNEMC's impression is that the 1.5% Late Payment Charge is more a "market-based" versus a "cost-based" charge as it is in line with standard credit card charges.</i></p> <p><i>FNEMC suggests further jurisdictional review to support BCOAPO's position. In the jurisdictional assessment of low income rates (Discussion Guide s 1.2), BC Hydro surveyed Canadian utilities however FNEMC suggests investigating other US regions which offer low-income energy assistance measures such as those available through the CPUC for California utilities (Family Electric Rate Assistance Program – FERA and California Alternate Rates for Energy - CARE).</i></p>

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<p>C. Reconnection Charges (slides 7 to 9 of Workshop 9A presentation) (sections 6.7 and 11.2 of the Electric Tariff)</p> <p>BC Hydro proposes to:</p> <ul style="list-style-type: none"> Update the Minimum Reconnection Charge to reflect current costs; BC Hydro's preferred option does not include Information Technology costs so that there would be a large reduction in the Minimum Reconnection Charge from the current Minimum Reconnection Charge of \$125 per meter Update Terms and Conditions related to re-application for service and exclusions from when charge is applied. <p>Two stakeholders suggested advancing the timing of this component of the 2015 RDA (Q.11/Part 2 of Workshop 9A summary notes). BC Hydro is prepared to act on this if there are virtually unanimous stakeholder views that the proposed updated Minimum Reconnection Charge adequately recovers costs.</p> <p>BC Hydro seeks stakeholder feedback on the cost basis concerning the proposed Minimum Reconnection Charge and suggestions concerning an expedited review process for the proposed Minimum Reconnection Charge. Please provide any comments in the column to the right.</p>	<p><i>FNEMC supports BC Hydro's preferred option for the Minimum Reconnection Charge (Scenario 4 on slide 8) omitting RDR & IT costs specifically for residential customers since it is of benefit all customers. Given the significant reduction in the Minimum Reconnection Charge, FNEMC supports advancing the timing of this component of the 2015 RDA under an expedited review process.</i></p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>D. Proposed Meter Test Charge (slide 12 of Workshop 9A presentation)</p> <p>Three Meter Test Charge Options:</p> <p>Option 1 – Minimum Reconnection Charge (new proposed: ~\$26)</p> <ul style="list-style-type: none"> Lower charge is far below BC Hydro's costs and will not deter frivolous requests for meter tests <p>Option 2 – First Meter part of Service Connection Charge (new proposed: \$181; section 11.2 of the Electric Tariff)</p> <ul style="list-style-type: none"> More closely reflects cost recovery as the connection activities are similar Higher charge may create a barrier to pursuing meter testing <p>Option 3 – Prior Minimum Reconnection Charge (\$125) (new "Meter Test Charge")</p> <ul style="list-style-type: none"> May balance customer needs and cost recovery <p>BC Hydro requests feedback on the appropriate level of cost recovery for meters that are removed for testing by Measurement Canada at the customer's request but are found to be accurate. Please provide any comments in the column to the right.</p>	<p><i>Currently, if a customer requests an independent meter test, the customer is charged the Minimum Reconnection Charge if the meter is found to be accurate. However, given the proposed reduction in the Minimum Reconnection Charge, FNEMC supports BC Hydro revising the Meter Test Charge in the event the meter is found to be accurate and continue to waive the charge in the event the meter is in error. FNEMC feels Option 2 more closely reflects cost recovery.</i></p> <p><i>To inform this change to the Meter Test Charge, does BC Hydro have jurisdictional review information on how they address this charge?</i></p>

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<p>E. Security Deposits (slides 13-17 of Workshop 9A presentation; section 2.4 of the Electric Tariff)</p> <p>Proposed Electric Tariff change:</p> <ul style="list-style-type: none"> • Up to 2x/3x the average monthly bill • No change to maximum • Allows flexibility to charge a lesser amount. <p>Additional wording change:</p> <ul style="list-style-type: none"> • A security deposit is assessed (or waived) at the time of account setup based on an assumed level of consumption • There is no provision within the Electric Tariff to increase the amount of a security deposit if actual consumption is higher • Will be requesting a wording change that would allow a security deposit to be assessed or increased if actual consumption is significantly greater than what was initially assumed. <p>BC Hydro seeks stakeholder feedback on the security deposit proposal and the additional wording change proposal above, and whether there are any other security deposit-related issues. Please provide any comments in the column to the right.</p>	<p><i>FNEMC supports BCOAPO's proposal for security deposit waivers in situations where low-income customers cannot afford to provide a security deposit. There is jurisdictional support (Ontario and California) for this action. As such, FNEMC requests BC Hydro waive security deposits for low-income customers.</i></p> <p><i>FNEMC supports BC Hydro's proposed tariff change for Security Deposits to request up to 2x/3x average monthly bill as it allows flexibility to charge a lesser amount rather than the current prescriptive practise. FNEMC also supports BC Hydro's additional wording that would allow a security deposit to be assessed or increased if actual consumption is significantly greater than what was initially assumed.</i></p>

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Part 2: Residential Rate Design: Assessment of Residential Inclining Block (RIB) Rate and Alternatives	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>A. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Customer Bill Impact Test (slide 24 of Workshop 9 Presentation)</p> <p>Workshop 1: BC Hydro's proposal was to maintain the 2013 RIB Re-pricing Application approach - Maximum of 10 per cent bill impact, representing all-in costs (consisting of RRA-related Direction No. 7 rate caps + deferral account rate rider + rate changes due to rate rebalancing + rate changes due to rate design), to single most adversely impacted customer – to be used for modelling purposes.</p> <p>In its Workshop 3 consideration memo, BC Hydro agreed to review the bill impact test – its purpose and the applicable customer percentile threshold. BC Hydro emphasized that the 10 per cent bill impact test is an 'amber signal' rather than a stop or go constraint.</p> <p>BC Hydro is of the view that the purpose and level of the customer bill impact test remains appropriate to evaluate the trade-offs between designs, but seeks additional stakeholder feedback. Please provide any comments in the column to the right.</p>	<p><i>FNEMC supports maintaining the 2013 RIB Re-pricing Application approach and does not see any compelling reasons to revise based on the information BC Hydro presented in the workshop.</i></p>

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p><i>FNEMC concurs that BC Hydro's jurisdictional selection for the RIB/residential rate assessment purposes is reasonable for 2015 RDA purposes.</i></p> <p><i>With respect to the US/Canadian low income jurisdictional assessment, suggest that these include the individual utilities programs as well as other government programs which provide energy rate relief to low income consumers. FNEMC may have further comments once the results from BC Hydro's jurisdictional assessment are provided in the Workshop 9 Consideration memo.</i></p> <p><i>FNEMC's comments on the NIA jurisdictional review is included in Part 5B below.</i></p>	<p>B. Rate Assessment - Bonbright Customer Understanding and Acceptance Criteria: Jurisdictional Review (slides 26 to 31 of Workshop 9A presentation)</p> <p>BC Hydro circulated its proposed jurisdictional selection for 2015 RDA Residential rate analysis on March 12, 2015. BC Hydro chose jurisdictions based on:</p> <ul style="list-style-type: none"> • Canadian geographical diversity + vertically integrated utility market structure (this leaves out Alberta and Ontario only) • British Columbia Rate Comparison Regulation (Washington, Oregon, California) + Regional U.S. utilities in the Western Electricity Coordinating Council + utilities of a larger size. <p>To date, there has been a fair degree of consensus from stakeholders that these are the appropriate jurisdictions to review. British Columbia Utilities Commission (Commission) staff recommended surveying Ontario with the qualifier that Ontario has a different market structure. Commission staff also suggested that it would be helpful to describe each surveyed Canadian and U.S. electric utility's peaking months. There were also stakeholder requests for survey of low income-related rates and underlying legislation (<i>please refer to RDA Workshop 9 Discussion Guide for more information</i>).</p> <p>(1) BC Hydro is seeking confirmation that its proposed jurisdictional selection for RIB/residential rate assessment purposes is reasonable for 2015 RDA purposes (including the addition of one Ontario utility - Hydro One), and if not, what additional jurisdictions should be surveyed and why.</p> <p>(2) BC Hydro will engage with British Columbia Old Age Pensioners' Organization to develop a Canadian and selected U.S. low income jurisdictional assessment which will be described in the Workshop 9 Consideration memo. Do you have any suggestions for this assessment?</p> <p>Please explain your responses in the column to the right.</p>

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
Part 2, CONT'D: Residential Rate Design: Identification of RIB as BC Hydro Preferred Alternative and Alternatives to the RIB	
<p>A. RIB as BC Hydro's Preferred Default Residential Rate (slide 47 of Workshop 9A presentation; and slides 5 to 7 of Workshop 9B presentation)</p> <p>BC Hydro identified its preferred default Residential rate alternative as the RIB rate. Reasons are set out in Part 2 of the Workshop 9A summary notes (refer to responses to Q.1/Q.2/Q.6) and in Part 1 of the Workshop 9B summary notes (refer to responses to Q.2/Q.3/Q.4).</p> <p>Please provide any comments or views you may have, including reasons, on the RIB rate as BC Hydro's preferred default Residential rate in the column to the right.</p>	<p><i>FNEMC acknowledges that the RIB is a "rate structure that encourages energy efficiency and conservation" according to the 2007 Energy Plan. The RIB sends a clear price signal to the consumer and results in delivering conservation as documented in the 2013 RIB Evaluation Report.</i></p>
<p>B. Alternatives to RIB Rate – Modelling of Three Step Rates (slide 20 and slides 49 to 59 of Workshop 9A presentation)</p> <p>BC Hydro modelled three different options for a three step rate, (Models A, B and C discussed on slide 20) and provided summary information on forecast conservation savings and bill impact analysis, as well as an assessment of the application of the Bonbright criteria for each option.</p> <p>BC Hydro proposes no further modeling of Three Step Rate Models A, B or C and asks for stakeholder comment. Do you agree? If not, what additional analysis would you recommend (please also specify the reason(s) for your recommendation). Please explain your response in the column to the right.</p>	<p><i>FNEMC acknowledges that the modeling results of the 3-step rate performed worse than the status quo RIB rate when compared against the Bonbright criteria.</i></p> <p><i>However, FNEMC continues to support alternative means to provide some type of "rate relief" to low income consumers and/or monthly credit provided to low income electricity consumers such as in Ontario. FNEMC supports BC Hydro continuing to analyze these options.</i></p>

Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p><i>FNEMC supports measures to provide rate relief and assistance to low income consumers and therefore is interested in further analysis and modeling with respect to COPE 378's concept as a means to achieve these objectives.</i></p>	<p>C. Alternatives to the RIB - Flat Energy Rate Alternative(s)</p> <p>At Workshop 9B, BC Hydro briefly described Canadian Office and Professional Employees Union Local 378's (COPE 378) idea of a Residential default flat rate sending an energy Long-Run Marginal Cost (LRMC) price signal to all residential customers, combined with an un-defined credit system granting access to low cost Heritage Resources on a basis such as efficiency ratings and/or low income qualification. BC Hydro stated that it would meet with COPE 378 sometime in June 2015 after these workshop summary notes are posted to discuss the COPE 378 idea and to exchange views on the 2013 RIB Evaluation Report.</p> <p>Bearing in mind that BC Hydro has yet to meet with COPE 378, BC Hydro identified a threshold issue with the flat rate idea in Part 2 of the Workshop 9B summary notes, which is revenue neutrality. BC Hydro modelled a flat rate at Workshop 3 with an energy charge of 9.63 cents/kWh in F2016, which is within the energy LRMC range (refer to slides 49 to 51 of Workshop 3 presentation). Therefore, BC Hydro does not see any fair and efficient way to re-distribute costs through a credit system and collect BC Hydro's revenue requirement.</p> <p>Please provide any comments you may have on the COPE 378 flat energy rate idea and the threshold issue identified by BC Hydro in the column to the right.</p>

Part 3: Alternative Means of Delivering the RIB Rate		Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>A. Rib Rate Pricing Principles for F2017-F2019: Option 1 (Continue with 2013 RIB Re-Pricing Principle of Applying RRA equally to Step 1 and Step 2; Option 2: Apply RRA increases to Step 1 (discussed in slides 11 to 13 of Workshop 9B presentation)</p> <p>BC Hydro considers that Pricing Principle Option 2 performs worse relative to Pricing Principle Option 1.</p> <p>BC Hydro proposes that no further modeling is required for Pricing Principle Option 2, and asks for stakeholder comment. Please provide any comments in the column to the right, including whether you have a preferred RIB rate pricing principle.</p>	<p>FNEMC supports Pricing Principle Option 1 since Option 2 performs worse relative to the SQ (Pricing Principles Option 1) and results in higher bill impacts for most customers, including low income customers. Therefore no further modeling for Pricing Principle Option 2 is necessary.</p>	<p>FNEMC does not support BC Hydro implementing a Minimum Charge since only about 1.5 % of residential customers are affected by the Minimum Charge of which 50% are low income customers who would be adversely impacted by this additional charge. There are minimal benefits to customers (small reduction in Step 1 price) while disadvantaging low income customers who are already seeking assistance to alleviate energy poverty. Introducing a Minimum Charge in addition to the current Basic Charge results in penalizing low-use/low income customers since they would be paying more than what they would have paid under normal practises.</p>
	<p>B. RIB Rate Minimum Charge (discussed in slides 14 to 17 of Workshop 9B presentation)</p> <p>BC Hydro seeks stakeholder comment on whether a Minimum Charge should be implemented, separate from the Basic Charge, to reflect cost of remaining attached to the system during periods of very low consumption or dormancy (slide 17). Please provide any comments in the column to the right.</p>	

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>Part 4: Voluntary Residential Rate Options</p> <p>A. Prepayment Option (discussed in slides 19 to 21 of Workshop 9B presentation) BC Hydro is proposing to not pursue this option at this time; from an information technology perspective BC Hydro is two to three years away from being able to implement a prepayment option.</p> <p>BC Hydro is seeking feedback on whether BC Hydro should consider a prepayment option pilot after the 2015 RDA Module 1 decision. Please explain your response in the column to the right.</p>	<p><i>FNEMC supports BC Hydro implementing a Prepayment Option for all customers as it feels that this may be of great benefit to the BC Hydro customers it represents. Prepayment could provide benefits both to BC Hydro and its customers in terms of budget management, DSM implications as well as prevent unnecessary late payments, disconnections, etc.</i></p> <p><i>However in implementing a Prepayment Option, FNEMC does not want this option to be considered as an alternative to waiving security deposits for low income consumers.</i></p> <p><i>Given BC Hydro's IT issues, FNEMC supports BC Hydro implementing a prepayment option pilot after the 2015 RDA Module 1 decision, if not sooner</i></p>

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Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>B. Electric Vehicle (EV) Rate Design (discussed in slides 22 to 23 of Workshop 9B presentation)</p> <p>BC Hydro prefers to use Module 1 of 2015 RDA to first set the Residential default rate, and to consider the development of an EV rate after the 2015 RDA Module 1 decision.</p> <p>Design Considerations:</p> <ul style="list-style-type: none"> • At-home charging (Residential) • Basis on which to determine cost of service and load implications for pricing – different pattern of energy consumption (battery storage of electric power) • Mechanism to enforce off-peak charging – time varying component (Time of Use; price differential is an issue; adopt California ‘super off-peak’ concept to encourage late night to early morning charging? • Requirement of a separate meter? • Interaction with RIB? • Other? <p>BC Hydro seeks stakeholder feedback on rate design considerations presented above and the timing of any future EV rate proposal. Please explain your response in the column to the right.</p>	<p><i>FNEMC supports BC Hydro investigating the EV Rate Design to improve sustainability in BC's transportation sector.</i></p>

	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>C. Clean and Renewable Energy Charge Option - Should BC Hydro implement an optional clean and renewable energy charge (slide 25 of Workshop 9B presentation)?</p> <p>BC Hydro is proposing to not pursue this option at this time given the level of clean or renewable generation in its service area.</p> <p>BC Hydro is seeking stakeholder feedback on this proposal. Please explain your response in the column to the right.</p>	<p>Yes, FNEMC supports a Clean and Renewable Energy Charge Option to encourage the development of renewable energy projects in BC; such as solar, geothermal, wind, etc. and potentially reduce/eliminate the use of diesel generation in the N/A and off-grid communities in BC.</p> <p>The information presented on slide 25 of Workshop 9B implies that a "Clean and Renewable Energy Charge Option" is not needed since BC is currently at 95% clean & renewable energy in comparison to other US State RPS (WA 15%, OR 25%, CA 33%). However the definition of renewable energy is not the same as the RPS in those regions which do not include large hydro whereas BC does.</p>

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Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
Part 5: Other Rate Design Issues	
<p>A. Dual Fuel (E-Plus) Residential and General Service Rates (discussed in slides 28 to 31 of Workshop 9B presentation)</p> <p>Three options identified to date (discussed in slide 30):</p> <ol style="list-style-type: none"> 1. Status Quo 2. Phase-out the E-Plus rate and transfer accounts to default rates 3. Amend interruption and notice conditions to provide practical interruptible option <p>BC Hydro is seeking input as to:</p> <ol style="list-style-type: none"> 1. Whether there are any other E-Plus rate design options in addition to the three rate design options described above; 2. Which E-Plus rate option is preferred, and why; and 3. If E-Plus Option 2 is preferred, what the proposed transition period should be. <p>Please provide reasons for your response in the column to the right.</p>	<p><i>FNEMC is neutral on the E-Plus issues.</i></p>

B. Non Integrated Areas (NIA) Rates (discussed in slides 33 to 36 of Workshop 9B presentation)	Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).
<p>Three broad options for NIA customers served on Zone II rate (slide 35):</p> <ul style="list-style-type: none"> Option 1: SQ - Maintain current rate structures in Zone II as a means to signal costs of diesel generation in NIAs Option 2: Full Cost Recovery - Increase rates by roughly a factor of 4 under current rate Zone II rate structures (Residential) Option 3: Equalize Zone II and Zone I Rates <ul style="list-style-type: none"> ➢ Equalize electricity rates on a postage stamp basis across the entire BC Hydro service area ➢ Likely maintain Zone II designation in the tariff terms and conditions for other purposes <p>BC Hydro proposes to address NIA-related rates as part of 'Module 2' of the 2015 RDA, to be filed with the Commission sometime after receipt of the 2015 RDA Module 1 decision.</p> <p>BC Hydro is seeking from stakeholders:</p> <ul style="list-style-type: none"> Input as to whether there are any other high level Zone II rate options in addition to the three options described above; and Suggestions for options analysis, including relevant jurisdictional assessment and bill impact analysis. <p>Please provide reasons for your response in the column to the right.</p>	<p>The NIA options as presented by BC Hydro should include Zone 1B along with Zone II.</p> <p>As part of the 'Module 2' upcoming workshops, FNEMC seeks more information on the segmentation of the NIA customers (for example type, consumption, dwelling, location/territory, low income, etc.) and their associated loads. This information will help inform development of further options and analysis.</p> <p>FNEMC seeks further jurisdictional assessment – both in Canada and the US – for regions that are served by diesel or higher cost generation as well as regions that have low system densities (such as BPA's Low Density Discount Rate which is intended to afford greater equity to those consumers).</p> <p>In addition, FNEMC seeks future plans/strategy for further electrification in BC.</p> <p>FNEMC rejects Option 2 (Full Cost Recovery) since this imposes significant adverse bill impacts for NIA customers and departs from postage stamp pricing principles. In addition, FNEMC would like BC Hydro to undertake further bill impact analysis for Options 1 and 3.</p> <p>FNEMC welcome further dialogue with BC Hydro as it develops options and analysis for addressing NIA-related rates.</p>

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Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns).	
<p>C. Rates for Farm and Irrigation Services (discussed in slides 38 to 41 of Workshop 9B presentation)</p> <p>BC Hydro proposes to address farm and irrigation issues in 2015 RDA Module 2.</p> <p>Engagement Issues:</p> <ul style="list-style-type: none"> • How to simplify rate choice for farm customers: <ul style="list-style-type: none"> ➢ Should residential farms continue to be exempt from the RIB rate? ➢ Should BC Hydro change the eligibility criteria for the exempt Rate Schedule 1151 rate? ➢ Should larger residential farms be moved to Medium General Service / Large General Service default rates? • What should BC Hydro's metering policy be in the case where there is commercial activity on a residential farm? • Should golf courses and municipal pumping continue to qualify for the irrigation rate? <p>BC Hydro is seeking stakeholder feedback on the key engagement issues and its plan to consider farm and irrigation rate designs as part of 2015 RDA Module 2. Please provide reasons for your response in the column to the right.</p>	<p><i>FNEMC welcome further dialogue with BC Hydro as it develops options and analysis for addressing the Farm and Irrigation Services rates. As part of the 'Module 2' upcoming workshops, FNEMC seeks more information on the segmentation of the Farm and Irrigation Services customers and their associated loads. This information will help inform development of further options and analysis.</i></p>

Additional Comments:

FNEMC submits these comments to BC Hydro on a without prejudice basis.

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CONSENT TO USE PERSONAL INFORMATION

I consent to the use of my personal information by BC Hydro for the purposes of keeping me updated about the 2015 RDA. For purposes of the above, my personal information includes opinions, name, mailing address, phone number and email address as per the information I provide.

Signature: _____ Date: _____

Thank you for your comments.

Comments submitted will be used to inform the RDA Scope and Engagement process, including discussions with Government, and will form part of the official record of the RDA.

You can return completed feedback forms by:

Mail: BC Hydro, BC Hydro Regulatory Group – “Attention 2015 RDA”, 16th Floor, 333 Dunsmuir St. Van. B.C. V6B-5R3

Fax number: 604-623-4407 – “Attention 2015 RDA”

Email: bchydroregulatorygroup@bchydro.com

Form available on Web: http://www.bchydro.com/about/planning_regulatory/regulatory.html

Any personal information you provide to BC Hydro on this form is collected and protected in accordance with the **Freedom of Information and Protection of Privacy Act**. BC Hydro is collecting information with this for the purpose of the 2015 RDA in accordance with BC Hydro's mandate under the **Hydro and Power Authority Act**, the BC Hydro Tariff, the **Utilities Commission Act** and related Regulations and Directions. If you have any questions about the collection or use of the personal information collected on this form please contact the BC Hydro Regulatory Group via email at: bchydroregulatorygroup@bchydro.com

2015 Rate Design Application

April 28, 2015/May 21, 2015

Workshop Nos. 9a and 9b

**Electric Tariff Terms and Conditions/
Residential Inclining Block (RIB) Rate
and Other Residential Rates Issues**

**BC Hydro Summary and
Consideration of Participant Feedback**

Attachment 3

**BC Hydro to BCOAPO Draft Comparison of
OEB's Electricity Low Income Customer Rules
to Electric Tariff Terms and Conditions**

ONTARIO ENERGY BOARD (OEB) - Low-Income Consumer Terms and Conditions

1. Background

This note is to further discussion between BC Hydro and British Columbia Old Age Pensioners' Organization (BCOAPO) concerning the exploration of possible Electric Tariff Terms and Conditions for BC Hydro residential low income customers.

As a first step, BC Hydro undertook a Canadian electric utility jurisdictional review; the results to date are set out in section 1.2 of the 21 May 2015 Workshop 9B-related Discussion Guide.¹ Ontario and Nova Scotia Power appear to be the only Canadian jurisdictions that have electric utility terms and conditions for low income customers:

- Nova Scotia Power through section 6.6 of its Regulations,² which sets out the terms and conditions of service, does not require a deposit from customers receiving social assistance or similar types of income security payments unless there is a history of bad credit. If the customer is unable to pay a deposit, Nova Scotia Power will waive the requirement for a deposit. A deposit will be required if, following a waiver of the deposit, the customer has a subsequent default in payment, or is seeking reconnection following having been disconnected for non-payment and having had a security deposit previously waived with respect to the account that was disconnected;
- The OEB has several initiatives for low income electric utility customers as summarized in Part 2 and Part 3 of this note.

BC Hydro welcomes comments on this note. BC Hydro will expand its low income rate/Demand Side Management (DSM) program jurisdictional assessment to reference: (1) relevant legislation; and (2) U.S. jurisdictions, including those suggested by BCOAPO in its e-mail of 1 June 2015. BC Hydro anticipates providing BCOAPO with a draft of this jurisdictional assessment by the end of June 2015 for comment.

2. OEB Low Income Initiatives

1. Low-Income Energy Assistance Program – emergency financial assistance

- Up to \$500 for electricity bills (\$600 if there's electric space heating) and \$500 for gas bills;
- Only available if bill is in arrears; it's intended for emergency situations and is not meant to provide ongoing help with paying bill;
- Can't receive more than what is owing on the bill;

¹ <http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/2015-05-21-bch-2015-rda-wksp-9b-disc-gd.pdf>.

² <https://www.nspower.ca/site/media/Parent/Regulations%20January%201%202014.pdf>.

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- Emergency assistance payments are funded by the utility rate payers; social agencies may also raise money to supplement the funding.
 - The OEB financial assistance component is somewhat akin to the B.C. Ministry of Social Development and Social Innovation (**MSD**) crisis payments (referred to as the 'Crisis Supplement policy').
2. Energy conservation programs established by Independent Electricity System Operator or natural gas utility (these are akin to BC Hydro's two DSM low income programs).
 3. Proposed Ontario Electricity Support Program (OESP) - (would start January 2016 and entails monthly bill credits for low income customers)
 - In 2014, the Ontario Minister of Energy (the **Minister**) directed the OEB to provide recommendations for a support program to provide ratepayer-funded ongoing bill assistance for low-income customers;
 - OEB concluded that legislation is required to implement OESP;
 - In March 2015 the Minister announced a proposed program and the OEB is now working on the rate design and program implementation details for a January 1, 2016 effective date;
 - Opt-in program to provide on-bill monthly credits that will range from \$20 to \$50, with amount dependent on number of residents and household income; ratepayer impact estimated at less than one dollar a month;
 - Possible funding being considered for customers with specialized electrical requirements (e.g., medical devices, heating, etc.).
 4. OEB Electricity Low Income Customer Rules (these are akin to BC Hydro's Electric Tariff Terms and Conditions) – this is the subject matter of this note in Part 3;
 - Qualifying customers can utilize the rules;
 - Customers must go through one of the designated social agency partners for help (i.e., not through the OEB or the electric utility);
 - Social agency partner will contact the electric utility to indicate if social agency determines the customer is qualified or if application is denied.

Qualification

- Qualification as a low-income customer:
 - Income (Statistics Canada low income levels + 15%)
 - Community size
 - Number of people in the home

ONTARIO ENERGY BOARD (OEB) - Low-Income Consumer Terms and Conditions

- Required paperwork for social agency:
 - Identification
 - Current bills
 - Disconnection notice
 - Rental, lease or mortgage document copy
 - Proof of income for all adult members in home
 - Copy of recent bank statement

3. OEB Electricity Low Income Customer Rules

- Electricity Low-Income Customer Rules are shown in the table below along with BC Hydro comments;
- Implementation of terms and conditions similar in substance to the OEB Electricity Low-Income Customer Rules would require amendment to BC Hydro's Electric Tariff.

TERMS/ CONDITIONS	OEB ELECTRICITY LOW INCOME CUSTOMER RULES	BC HYDRO COMMENTS
Security Deposits	<ul style="list-style-type: none"> • Customer can request it be waived; • If paid, customer can request it be returned (if there are no arrears on the bill); • When returned it will be: <ul style="list-style-type: none"> ○ Credited to the account if it's less than the customer's average monthly bill; ○ Refunded by cheque if it's more than the customer's average monthly bill. 	<ul style="list-style-type: none"> • There are no security deposit waivers based on income; in situations where a security deposit request will create financial hardship for a deteriorated account a one-time waiver may occur; • Installment plans of up to 6 months are available to all customers to pay security deposits; • Security deposits are automatically returned after 24 months when the customer has maintained a good payment history for the last 12 months. The security deposit is applied to the customer's account but the customer can request a refund; • For customers in receipt of financial support from MSD, MSD usually pays the requested security deposit if the customer is in arrears.
Billing Errors	<ul style="list-style-type: none"> • If the electric utility erred and overcharged the customer, it will refund the money by cheque immediately; • If the electric utility erred and 	<ul style="list-style-type: none"> • Installment plans for the length of the back-billing period are available to all customers who have been under-billed, i.e., up to 6 months

ONTARIO ENERGY BOARD (OEB) - Low-Income Consumer Terms and Conditions

TERMS/ CONDITIONS	OEB ELECTRICITY LOW INCOME CUSTOMER RULES	BC HYDRO COMMENTS
	<p>undercharged the customer, the amount owing will need to be paid back but over a longer period of time than other customers.</p> <ul style="list-style-type: none"> The customer has two options if undercharged: <ul style="list-style-type: none"> Pay-back period is same time period as the customer was undercharged (to a maximum of two years); or +Over 10 months if the amount owing is less than twice the customer's average monthly bill or 20 months if it is more than twice the customer's average monthly bill. 	
Equalized Billing	<ul style="list-style-type: none"> The customer can request equalized billing (bills are spread out over 12 months) without having to pay by pre-authorized payment (other customers are required to pay by automatic withdrawal); Equalized Billing rule does not apply if the customer has a contract with a reseller or retailer, or is a customer of a sub-metering provider. 	<ul style="list-style-type: none"> Equal Payment Plan is available to all customers. Pre-authorized payment is optional and is not a requirement of the Equal Payment Plan; If sub-metered, BC Hydro does not have a supply arrangement directly with the customer.
Disconnection Grace Period	<ul style="list-style-type: none"> Disconnection process must be suspended for 21 days if the social agency partner advises the customer may be eligible for emergency assistance. 	<ul style="list-style-type: none"> MSD may consider additional funding under the Crisis Supplement policy and legislation; additional time before disconnection may be provided if MSD is involved; MSD may make payment arrangements with BC Hydro; this could be an installment plan or a deferral of charges depending on when the customer began receiving MSD financial support.
Arrears Payment Arrangement	<ul style="list-style-type: none"> Customers are allowed more time to pay outstanding balances: <ul style="list-style-type: none"> 8 months if amount is less than twice the customer's average monthly bill; 12 months if amount is more than 	<ul style="list-style-type: none"> Installment plans are typically up to three months and are available to all customers; If a customer defaults on the installment plan the plan cancels and the full balance

ONTARIO ENERGY BOARD (OEB) - Low-Income Consumer Terms and Conditions

TERMS/ CONDITIONS	OEB ELECTRICITY LOW INCOME CUSTOMER RULES	BC HYDRO COMMENTS
	<p>twice but less than five times the customer's average monthly bill;</p> <ul style="list-style-type: none"> ○ 16 months if amount is more than five times the customer's average monthly bill; • Customers may be required to pay a 10% down payment; • Arrears arrangement cancelled if customer defaults more than two times; • If service is disconnected the customer will not have to pay the disconnection/reconnection charge; non-payment fees and load control device charges are also waived; • Customers may only have one arrangement in 12 months. If a second arrangement is done within the 12 months it will be on the same terms as other customers. 	<p>becomes due immediately. The plan may be re-established if the customer does not have a history of failed installment plans.</p>

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**BC Hydro Summary and
Consideration of Participant Feedback**

Attachment 4

**BC Hydro Draft
Low Income Rate Jurisdictional Review**

Charts of Availability of Lifeline Rates in various Canadian and U.S. jurisdictions

Canadian Jurisdictions

Canadian Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
Manitoba Hydro	<p>Section 39(2.1) of <i>Manitoba Hydro Act</i> (C.C.S.M. c.H190): “rate charged for power supplied to a class of grid customers within the province shall be the same throughout the province”; see also section 39(1): “prices payable for power supplied by [Manitoba Hydro] shall be such as to return to it in full the cost to [Manitoba Hydro] of supplying the power ...”;</p> <p>Section 26(2)(b) of <i>Crown Corporations Public Review and Accountability Act</i> (C.C.S.M. c.C336) definition of “rate for services”: “prices charged by [Manitoba Hydro] with respect to the provision of power as defined in <i>The Manitoba Hydro Act</i>”;</p> <p>Section 82(1)(a) of <i>Public Utilities Board Act</i> (C.C.S.M. c.P280): discriminatory rates: “No owner of a public utility shall ... make, impose, or</p>	No – Low income bill credit/low income terms and conditions issue currently before Manitoba Public Utilities Board as part of Manitoba Hydro 2015/16 and 2016/17 General Rate Application	No	No	Yes [To be reviewed]

Canadian Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
	extract any unjust or unreasonable, unjustly discriminatory, or unduly preferential, individual or joint rate..."				
Nova Scotia Power	<p>Section 67 of <i>Public Utilities Act (NSPUA)</i> (R.S.N.S 1989, c.380): rates must "under substantially similar circumstances and conditions in respect of service of the same description be charged equally to all persons and at the same rate"</p> <p><i>BCH Note: No definition of the term 'rate' in the Nova Scotia Public Utilities Act</i></p>	<p>Yes – <i>Legal Aid Service v. Nova Scotia Power Inc.</i> 2007 NSCA 74, leave to appeal to SCC denied 364 N.R. 391 (note)</p> <p>Nova Scotia Court of Appeal held that Nova Scotia Utility and Review Board (NSURB) does not have jurisdiction to set a rate featuring credits for low income customers as the NSPUA did not authorize NSURB to set rates based on customer income level</p>	No	<p>Yes – Section 6.6 of Nova Scotia Power Regulations – security deposit requirement waived if customer is unable to pay</p> <p><i>BCH Note: This may not be a preferential term and condition for low income customers – to be discussed with BCOAPO</i></p>	Yes [To be reviewed]
New Brunswick Power	<p><i>Electricity Act</i> [now S.N.B. 2013 c.E-4.6], section 1: "rates includes tolls or charges";</p> <p>section 68: "It is declared to be the policy of the Government of New Brunswick ... (a)(i) that the rates charged by [New</p>	<p>Yes – <i>In the Matter of a Review of New Brunswick Power Distribution and Customer Care Corporation's Customer Care Policies</i>, 29 January 2007:¹</p> <p>"All customers who qualify for a particular service should</p>	No	No	Yes [To be reviewed]

¹ <http://142.166.3.251/Documents/Decisions/Electricity/E/2007%201%2029%20Disco%20Decision%20final%20E.pdf>.

Canadian Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
	Brunswick Power] for sales of electricity ... should be established on the basis of annually forecasted costs of the supply, transmission and distribution of the electricity ... (b)(ii) result in consumers I the Province having equitable access to a secure supply of electricity"; section 103(6)(a): "the Board shall approve the rates applied for, if satisfied that they are just and reasonable ..." see also sections 103(7) and 103(8)	pay the same rate for that service and there should be no undue discrimination between customers. The Board is aware of jurisdictions where the relevant legislation establishes policies that are clearly designed to assist certain customers. The Board considers this is the appropriate way for such policies to be established"			
Hydro One	Section 36 of <i>Ontario energy Board Act</i> , (S.O. 1998, c.15, Sch. B) (<i>OEB Act</i>): Ontario Energy Board (<i>OEB</i>) is granted the authority to use "any method or technique it considers appropriate" in approving "just and reasonable rates" under Part III (Gas Regulation)	Yes – <i>Advocacy Centre for Tenants-Ontario v. Ontario (Energy Board)</i> , 2008 O.J. 1970 Ontario Superior Court of Justice, Divisional Court Majority found that OEB has the jurisdiction to take into account the ability to pay in setting rates given the expansive wording of section 36 of the <i>OEB Act</i>	Yes – Monthly bill credits through proposed Ontario Electricity Support Program – Ontario Minister of Energy invoked section 35 of <i>OEB Act</i> to request OEB examination of development of a program designed to protect low income residential electricity customers	Yes – OEB initiated Customer Service Rules for Electricity ² <i>BCH Note: Refer to BCH's summary of OEB low income specific rules provided to BCOAPO on 3 June 2015 by e-mail</i>	Yes [To be reviewed]

² <http://www.ontarioenergyboard.ca/oeb/Consumers/Electricity/Customer%20Service%20Rules>.

Canadian Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
Newfoundland Power	<i>Public Utilities Act, RSNL 1990, c P-47, section 73 requires equality of utility rates; section 107 provides a penalty for undue preference or prejudice</i>	No	No	No	[To be reviewed]
Hydro Quebec	<p><i>An Act Respecting the Régie de l'Énergie, CQLR c R-6.01, section 49 allows Régie de l'énergie to consider rates that are 'fair and reasonable', and 'consider such economic, social and environmental concerns as have been identified by order by the Government'</i></p> <p><i>BCH Note: Décret 702-2006 (dated 1 August 2006) is a Government of Quebec order directing Régie de l'énergie to take into account circumstances of low income households in setting rates and conditions as part of section 49 considerations.³ See also the Government of Quebec's Energy Strategy 2006-2015, "Using Energy to Build the Quebec of Tomorrow" in which the</i></p>	No	No	<p>Yes - Special long-term payment arrangements for low-income customers;</p> <p>Moratorium from December 1 to March 31 on cutting off electric power to customers who heat their homes with electricity and have failed to pay bills</p>	[To be reviewed]

³ <http://www.mern.gouv.qc.ca/publications/lois/D-702-2006.pdf>.

Canadian Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
	<i>Government of Quebec sets out priorities of action to respond to low income household situations,⁴ which among other things sets out the prohibition against disconnection during the winter</i>				
SaskPower	Power Corporation Act, RSS 1978, c P-19	No	No	No	Yes [To be reviewed]
EPCOR and Direct Energy regulated Services (Alberta)	Section 121(2)(b) of <i>Electric Utilities Act (EUA)</i> , SA 2003, c.E-5.1 prohibits arbitrary/unduly discriminatory or unduly preferential rates	Yes- Alberta Energy and Utilities Board (AEUB) considered section 121(2)(b) in Decision 2004-066: ⁵ “ ... in the absence of express language in the <i>EUA</i> authorizing [AEUB] to set rates according to customer’s ability to pay, rather than according to the cost of serving those customers, lifeline rates may contravene section 121(2)(b) of the <i>EUA</i> . That section requires [AEUB] to ensure that a tariff is not unduly preferential, arbitrarily or unjustly discriminatory”	No	No	[No plans to review but seeking feedback from BCOAPO]
Yukon Energy	Public Utilities Act, RSY 2002, c	No	No	No	Yes [To be reviewed]

⁴ <http://www.mern.gouv.qc.ca/english/publications/energy/strategy/energy-strategy-2006-2015.pdf> (refer to pages XIV and 89).

⁵ <http://www.auc.ab.ca/applications/decisions/Decisions/2004/2004-066.pdf> (refer to section 9.2.6).

Canadian Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
	186; Rate Policy Directive, 1995, YOIC 1995/9				

US jurisdictions

State	U.S. Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
California	Southern California Edison Company; Pacific Gas and Electric Company; San Diego Gas & Electric Company	1975 <i>Warren-Miller Energy Lifeline Act</i> , California Stats 1975, Ch. 1010, section 1(a) as origin – added section 739 to California <i>Public Utilities Code</i> ; Relevant sections of <i>Public Utilities Code</i> are: section 382(b): “electricity is a basic necessity” and “all residents of the state should be able to afford essential electricity”; section 382(b) also directs the California Public Utilities Commission to ensure that low income ratepayers are not “jeopardized or overburdened by monthly energy expenditures”; section 739 defines baseline quantity; section 739.1 addresses the California Alternate Rates for Energy program and Family Electric Rate Assistance Program	No	Yes California Alternate Rates for Energy (CARE) - Provides a 30-35% discount on electric utility bills for low-income customers Family Electric Rate Assistance Program (FERA) - Families whose household income slightly exceeds the criteria for CARE may still be eligible for FERA discounts which bill electricity use at a lower rate	See CARE and FERA	[To be reviewed]

State	U.S. Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
Washington	Puget Sound Energy Seattle City Light	Chapter 80 RCW: Public utilities - 80.28.068 allows exception from general prohibition against preferential or discriminatory tariffs for low-income customers	No	<i>Puget Sound Energy:</i> Home Energy Lifeline Program - Up to \$1,000 annual credits against electricity bill for low income customers <i>Seattle City Light:</i> Utility Discount Program - Up to 60% discount on electric bills for qualified low-income customers Emergency Low-Income Assistance - Up to \$200 emergency assistance for customers who have received disconnect notice on electricity bills over \$250; once annually	None additional to programs	[To be reviewed]
Oregon	Pacific Power Oregon; Portland General Electric	ORS Chapter 757 – Utility Regulation - 757.310 prohibits preferential rates; 757.612(7)(f) allows reduced rates for low-income customers eligible for Low Income Home Energy Assistance Program (LIHEAP)	No	Oregon Energy Assistance Program (OEAP) – Statewide financial assistance for low-income customers funded through 3% public purpose rate rider on electric bills	None separate from OEAP	[To be reviewed]
Idaho	Idaho Power	Title 61: Public Utility Regulation Chapter 3: Duties of Public Utilities S 315 prohibits discriminatory or preferential rates.	<i>Re Energy Affordability Issues and Workshops,</i> ID.PUC 01/30/09 [PURbase 163087]	No	No	[To be reviewed]

State	U.S. Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
Colorado	Public Service of Colorado	<p>S 317 permits a sliding scale of charges if rates are set out and approved by Commission, but contains no additional information about how this can be implemented in a way consistent with s 315.</p> <p>Colorado Revised Statutes Title 40 Article 3: C.R.S. 40-3-106(1)(a) prohibits unreasonable rate differences, granting of preferences or advantages/disadvantages</p> <p>C.R.S. 40-3-106(1)(d) exempts commission approved low-income preferential rates</p>	<p>PUR 4th: Commission/ utility prohibited from discriminating in rates</p> <p>PUC Decision No. C22-1025 (2011): Commission has mandate to implement low-income programs</p>	Electric and Gas Affordability Programs - (EAP) Percentage of Income Payment Plan (PIPP), maximum 3% monthly income	See EAP	[To be reviewed]

State	U.S. Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
New Mexico	Public Service of New Mexico	<p>2014 New Mexico Statutes Title 62 Article 8: 62-8-6 – no discrimination; economic development, load retention rates and energy efficiency programs designed to reduce burden of energy costs on low-income customers are not discriminatory</p> <p>62-8-10 – Service to seriously ill person who cannot afford payment will not be discontinued</p>	<p><i>Mountain States Legal Foundation v. New Mexico State Corporation Commission</i>, 101 N.M. 657, 687 P.2d 92 (1984)</p> <p>The Court held that “although the Commission has been granted broad rate making powers by the New Mexico Constitution, the power to effect social policy through preferential rate making is not permitted. To find otherwise would empower the Commission to create a special rate for any group it determined to be deserving. The Commission lacks the authority to effect social programs through its rate making process”</p>	No	<p>Heating Season Shut-Off Protection - Moratorium on electricity shut-off for low-income customers between November and March</p> <p>Late payment charge exemption for LIHEAP eligible customers</p>	[To be reviewed]

State	U.S. Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
Pennsylvania	Pennsylvania Power & Light (PP&L); West Penn Power (WPP); Duquesne Light Co.	<p>Pennsylvania Consolidated Statutes Title 66</p> <p>§ 1304 – no discriminatory or preferential rates</p> <p>§ 2802(10) – continue policies that assist low-income customers</p> <p>§ 2804(9) – Commission shall ensure universal service policies are appropriately funded</p> <p>Pennsylvania Code Title 52 Ch 54.71 – Commission must ensure universal service</p> <p>54.73(2) – Universal service goal includes providing affordable electric service by making available payment assistance to low-income customers</p> <p>69.26 provides details on Customer Assistance Plans</p>	<p><i>Re Revisions to the Customer Assistance Program Policy Statement Made Pursuant to 52 Pa. Code Chapter 69 PA/PUC 04/09/99 [108651] PUR 4th</i></p> <p>Revised CAP policy statement (original statement adopted by Commission in 1992)</p>	<p>PP&L – onTrack</p> <p>Duquesne – Customer Assistance Plan (CAP)</p> <p>WPP: Low Income Payment and Usage Reduction Plan</p>	See CAP – rates and special terms for low-income customers	[To be reviewed]
Ohio	All regulated electric utilities	<p>O.R.C. Title 49 – Public Utilities</p> <p>4928.02 provides that it is state policy to make utilities available in a fair and non-discriminatory manner that protects at-risk populations.</p> <p>4928.51/2 establishes the Universal Service Fund and Universal Service</p>	No	Yes – PIPP	See PIPP	[To be reviewed]

State	U.S. Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
New Jersey	All regulated electric utilities	<p>Rider to fund low-income customer assistance programs</p> <p>2014 New Jersey Revised Statutes Title 48 – Public Utilities</p> <p>§ 14:3-3.1 Duty to furnish service in ‘non-discriminatory’ manner</p> <p>§ 48:3-60 Establishes Universal Service Fund</p> <p>§ 48:2-29.15 establishes Lifeline Credit Program</p> <p>§ 48:2-29.31 establishes Tenant’s Lifeline Assistance Program</p>	<p>Board of Public Utilities Docket No. EX00020091 (April 30 2003)</p> <p>Pursuant to N.J.S.A 48:3-49, the Board of Public Utilities created a permanent statewide Universal Service Fund program to be funded through a uniform Societal Benefits Charge on all bills.</p>	<p>Lifeline Credit Program - Annual credit against electric bill for customers receiving pharmaceutical or disability benefits or eligible to receive supplemental security income benefits</p> <p>Temporary Relief of Utility Expenses - One-time payment assistance program for low to moderate income households with a documented notice of overdue payment who are unable to pay a bill</p> <p>Payment Assistance for Gas and Electric - Annual assistance program for low to moderate income households experiencing economic hardship</p> <p>Tenant’s Lifeline Assistance Program - Annual tenant’s assistance payment for customers eligible for pharmaceutical disability</p>	<p>Fresh Start – Arrearage forgiveness program for low-income customers eligible for Universal Service Fund</p>	[To be reviewed]

State	U.S. Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
New Hampshire	All regulated electric utilities	New Hampshire Statutes Title 34 – Public Utilities New Hampshire statutes Chapter 374-F:3(V) provides that “electric service is essential and should be available to all customers”, and that “programs and mechanisms that enable residential customers with low incomes to manage and afford essential electricity requirements should be included as a part of industry restructuring”	No	benefits or supplemental security income EAP – statewide discount ranging from 9%-77% on monthly electric bill for low-income customers. Implemented through all electric utilities, including:	See EAP	[To be reviewed]

State	U.S. Electric Utility	Governing Legislation	Relevant Court or Commission Decisions	Lifeline Rate/Low Income Bill Credit	Low Income Terms and Conditions	DSM Low Income Programs
Illinois	Commonwealth Edison Company; Ameren; Mr. Carmel Public Utility Co.	(305 ILCS 20/) Energy Assistance Act - electric utilities should provide low-income energy programming, percentage of income payment plan	No	<p><i>Ameren</i> Percentage of Income Payment Plan - 6% of income payment plan, statewide</p> <p><i>Commonwealth Edison Company</i> Residential Special Hardship Program - Up to \$500 financial assistance every two years for qualified low-income individuals experiencing hardship (job loss, illness, disability, military, senior citizen)</p>	<p><i>Ameren</i> No deposit or winter service cut-off if eligible for LIHEAP</p> <p><i>Mt Carmel</i> Deferred payment agreement</p> <p>Preferred payment date</p>	[To be reviewed]
Maine	Central Maine Power Co.; Emera Maine	<p>Title 35-A M.R.S. – Public Utilities §7-703 allows reduced rates for ‘charitable or benevolent purposes.</p> <p>§3214 allows for the creation of assistance programs for low-income customers.</p>	No	<p><i>Central Maine Power Company</i> Electricity Lifeline Program - Eligible low-income customers receive credits on their bill until their allotted credit amount for the program year is exhausted</p> <p><i>Emera Maine</i> Low Income Assistance Program - One time annual benefit to reduce electric bill</p>	See assistance programs	[To be reviewed]

2015 Rate Design Application

April 28, 2015/May 21, 2015

Workshop Nos. 9a and 9b

**Electric Tariff Terms and Conditions/
Residential Inclining Block (RIB) Rate
and Other Residential Rates Issues**

**BC Hydro Summary and
Consideration of Participant Feedback**

Attachment 5

**BC Hydro Letter to Commission
dated October 27, 2014
Report on Control Group Re-establishment**



Janet Fraser
Chief Regulatory Officer
Phone: 604-623-4046
Fax: 604-623-4407
bchydroregulatorygroup@bchydro.com

October 27, 2014

Ms. Erica Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

RE: Project No. 3698761
British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
2013 Residential Inclining Block (RIB) Rate Re-pricing Application
(Application)
Report on Control Group Re-establishment

BC Hydro writes in compliance with Commission Order No. G-13-14 to report on its evaluation of RIB Control Group re-establishment.

As set out below, BC Hydro evaluated aggregate City of New Westminster (**New Westminster**) residential consumption data to determine whether it could be used to derive a reliable and comparative estimate of price elasticity under a flat rate, for the purpose of on-going evaluation of the RIB. BC Hydro determined that with the available aggregate data its estimate of the price elasticity of New Westminster residential customers cannot be used as a proxy for the price elasticity of BC Hydro residential customers under a flat rate. BC Hydro is investigating whether account level New Westminster data can be used to inform its next evaluation of the RIB rate scheduled for F2017.¹

Introduction

As part of the Application, BC Hydro applied to the Commission to dissolve the RIB control group as it was providing little value for evaluating the RIB. By Order No. G-13-14, the Commission approved dissolution of the RIB rate control group, effective April 1, 2014.

During the Application review process, the Commission and intervener groups raised questions about whether BC Hydro was planning to re-establish a control group. The

¹ The F2009-F2012 RIB evaluation report was submitted as Appendix C of the Application.



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 Ms. Erica Hamilton
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use of New Westminster residential consumption data was discussed as a potential option. New Westminster was proposed as a comparison group for analysis of the differences in customer price elasticity between BC Hydro's RIB rate and a flat rate structure because residential customers in New Westminster's service area are charged a flat rate. In its reply argument during the Application Stream-lined Review Process, BC Hydro sought to clarify expectations that a letter informing the Commission on RIB control group re-establishment "would be confined to how we think ... New Westminster would play out as an effective control group or not." By Order No. G-13-14, the Commission directed BC Hydro "to file a report with the Commission ... concerning its decision with regard to the Control Group re-establishment by or before the autumn of 2014".

BC Hydro understood that as a first step, New Westminster should be investigated as a potential comparison market. This letter documents the findings from an analysis of New Westminster residential consumption data. The objective of the analysis was to attempt to derive an empirical estimate of price elasticity under a flat rate to estimate "natural conservation" or reductions in consumption that would have occurred due to general electricity rate increases had the RIB rate not been implemented.

Elasticity Analysis of the City of New Westminster's Flat Electricity Price

As reported below, the analysis responds to four primary research questions:

1. Is aggregate residential consumption data available from New Westminster?
2. Is the data compatible with the econometric models used for the F2009-F2012 RIB evaluation?
3. Can the price elasticity of New Westminster residential customers be used as a proxy for the price elasticity of BC Hydro residential customers under a flat rate?
4. What (if any) additional data would need to be collected to estimate price elasticity under New Westminster's flat rate structure?

1. Is aggregate residential consumption data available from New Westminster?

In July 2014 New Westminster provided BC Hydro with the following data:

- Aggregate monthly electricity consumption of all residential customers from April 2004 through June 2014. This data was aggregated into two groups: single family dwellings, and multiple unit residential buildings (**MURBs**), which include apartments, row houses and town houses.
- Total customer accounts per billing period for each group
- Electricity price (energy charge) history from April 2004 up to June 2014

The consumption data was aggregated across large customer groups. The data did not contain personal information and there was no way to identify any individual customers. There were no privacy concerns.

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2. Is the data compatible with the econometric models used for the F2009-F2012 RIB Evaluation?

The data series provided by New Westminster extend to June 2014. BC Hydro analyzed data from April 2004 to March 2012, which is the same period used for the F2009-F2012 evaluation of the RIB rate. The main reason for selecting this period is that data of personal disposable income was not updated by Statistics Canada from 2013 onward. A summary of the data series available for BC Hydro's RIB model versus the New Westminster model is set out below in Table 1.

Table 1 Summary of Data Included in BC Hydro RIB Model vs. New Westminster Model

Data Series		RIB Model	New Westminster Model
Heating Degree Days (HDD)		✓	✓
Cooling Degree Days (CDD)		✓	✓
Disposable Income		✓	✓
BC Hydro historical Demand Side Management (DSM) expenditure per account		✓	✓
Space Heating Fuel (Electric/Non-electric)		✓	Unavailable
Dwelling Type	Single Family	✓	Estimated
	Apartment	✓	Estimated (Aggregate)
	Row/Townhome	✓	
	Mobile	✓	
	Other	✓	
Region (Lower Mainland, Vancouver Island, Southern Interior, North)		✓	n/a

Compared to BC Hydro, the electricity consumption data from New Westminster are not as detailed. The BC Hydro billing system includes information on primary space-heating type by account, and also separates accounts into one of five different dwelling types. New Westminster does not track or estimate the account space-heating fuel type, nor does it track dwelling type. To estimate a dwelling type, New Westminster used details in the account address field as a proxy. Accounts containing a suite or unit number are assigned to the multi-family dwelling group in aggregate, and those with a street address only are assigned into the single family dwelling group.

New Westminster consumption data is not compatible with the econometric models used for the F2009-F2012 RIB evaluation. Without separate data for space heating fuel or a more granular breakdown of dwelling type, the wide variation in

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consumption between housing types and space heating fuel, or the interactions of each of these two factors with weather, cannot be analyzed in as much detail as in BC Hydro's RIB evaluation.

3. Can the price elasticity of New Westminster residential customers be used as a proxy for the price elasticity of BC Hydro customers under a flat rate?

A reliable estimate of the price elasticity under New Westminster's flat rate could not be obtained with the available aggregate residential data, and therefore the estimate cannot be used as a comparable proxy for the price elasticity of BC Hydro residential customers under a flat rate. The limitations of the data series described above required BC Hydro to use a much simpler regression model specification than what was used in BC Hydro's RIB evaluation. The imprecise model specification does not explain well the overall electricity consumption changes by factors such as price, disposable income or DSM expenditures. The coefficients associated with these variables are not statistically significant, as summarized in Attachment A.

4. What (if any) additional data would need to be collected to estimate price elasticity under New Westminster's flat rate structure?

More detailed New Westminster customer data would be required to support a more reliable model of customer electricity consumption. At a minimum, primary heating fuel (electric or non-electric) would need to be identified for each account. An alternative approach would be to conduct econometric analysis of a sample of individual customers in New Westminster supplemented with data collected through customer surveys.

However, even with an enhanced data analysis there would be a risk that a reliable estimate of flat rate price elasticity could not be produced. Changes in the flat rate price in New Westminster have been in lock step with BC Hydro's rate changes prior to the RIB rate implementation, and in both cases the changes were small. Thus, the flat rate has not been altered enough to be detected as a significant factor to account for consumption change. BC Hydro might develop a satisfactory model to explain New Westminster residential consumption, but it might not indicate price as one of the main factors.

Furthermore, New Westminster's climate and the residential dwelling mix are different than those of many other regions in the province (about 60 per cent of BC Hydro's residential accounts are single family dwellings versus 25 per cent in New Westminster). These factors have impacts on how customers respond to electricity price changes and would likely result in different elasticity estimates between New Westminster and other regions.



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Next Steps

BC Hydro is continuing to investigate whether the New Westminster data can be used in other ways to inform its next evaluation of the RIB rate scheduled for F2017. One opportunity is to enhance New Westminster data by adding heating fuel type information to individual account records, which may result in a successful model of elasticity of demand, subject to the limitations noted above. BC Hydro is also investigating an alternative evaluation method that does not require elasticity of demand modelling. This method would compare consumption levels between homes in New Westminster and similar homes in other Lower Mainland municipalities. One limitation of this approach would be difficulty extrapolating the results to the entire population of BC Hydro customers.

For further information, please contact Gordon Doyle at 604-623-3815 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,

Original signed

Janet Fraser
Chief Regulatory Officer

rg/rh

Enclosure

Copy to: BCUC Project No. 3698761 (2013 RIB Rate Re-pricing Application) Registered Intervener Distribution List.

Results from Regression Models on New Westminster Data

Regression Model:

$$\ln(\text{Consumption}) = \alpha + \beta \cdot \ln(\text{Price}) + \omega_1 \cdot \text{CDD} + \omega_2 \cdot \text{HDD} + \theta \cdot \ln(\text{Disposable_Income}) + \ln(\text{DSM_Expenditure}) + \mu$$

1. Modelling results for Single Family Dwelling in New Westminster:

R-Square	0.6575
Adj R-Sq	0.6385

Parameter Estimates					
Variable	DF	Parameter Estimate	Standard Error	t Value	Pr > t
Intercept	1	4.03318	2.49212	1.62	0.1091
Ln_price	1	-0.17662	0.21352	-0.83	0.4103
CDD	1	0.00089618	0.00110	0.82	0.4170
HDD	1	0.00098467	0.00010277	9.58	<.0001
Ln_Disposable_Income	1	0.28823	0.20857	1.38	0.1704
Ln_DSM_Expenditure	1	-0.02466	0.02728	-0.90	0.3686

2. Modelling results for MURBs in New Westminster:

R-Square	0.7078
Adj R-Sq	0.6915

Parameter Estimates					
Variable	DF	Parameter Estimate	Standard Error	t Value	Pr > t
Intercept	1	-1.08795	2.92505	-0.37	0.7108
Ln_price	1	-0.25035	0.25062	-1.00	0.3205
CDD	1	0.00171	0.00129	1.33	0.1879
HDD	1	0.00126	0.00012062	10.42	<.0001
Ln_Disposable_Income	1	0.66967	0.24480	2.74	0.0075
Ln_DSM_Expenditure	1	-0.01941	0.03202	-0.61	0.5460

2015 Rate Design Application

April 28, 2015/May 21, 2015

Workshop Nos. 9a and 9b

**Electric Tariff Terms and Conditions/
Residential Inclining Block (RIB) Rate
and Other Residential Rates Issues**

**BC Hydro Summary and
Consideration of Participant Feedback**

Attachment 6

BC Hydro Responses to BCSEA's E-Plus Questions

REQUESTOR NAME: BC Sustainable Energy Association and Sierra Club BC
TO: BC Hydro
DATE: May 8, 2015
APPLICATION NAME: BC Hydro 2015 Rate Design Application (RDA)
Engagement; Dual Fuel Interruptible Service (E-Plus)
Rates

1.0 Topic: History of E-Plus
Reference: April 28, 2015 Discussion Guide, p.8

“E-Plus rates were introduced in 1987 to residential and commercial customers when BC Hydro had surplus electricity available. The purpose of the rates was to market surplus energy that would have been spilled because at the time consistent access to the export spot market was not available.”

1.1 Was the stated original purpose of the E-Plus rates -- to market surplus energy that would have been spilled because at the time consistent access to the export spot market was not available -- actually of value to (a) BC Hydro, (b) non-E-Plus customers, (c) E-Plus customers and/or (d) the Province as a whole during the 1987 to 1990 period? If so, why? If not, why not?

RESPONSE:

In BC Hydro’s view any value of E-Plus rate during the 1987-1990 period is not relevant for purposes of the 2015 RDA review. In section 5.2 of the Workshop 9b Consideration Memo BC Hydro sets out the current value of the Residential E-Plus rate to BC Hydro in both energy and capacity terms if Option 3 is pursued.

1.2 Were there other purposes of the E-Plus rates when they were introduced in 1987? If so, what were they? For each such purpose, please discuss the extent to which the purpose is valid in 2015 and going forward.

RESPONSE:

BC Hydro is not aware of any other purposes of the Residential E-Plus rate other than those set out in section 2.2 of the Workshop 9b Discussion Guide, namely the marketing of surplus energy to BC Hydro customers to avoid spills. Avoiding spills is no longer a compelling reason given that BC Hydro has access to export markets.

“The E-Plus residential rate was initially targeted to serve “those areas where natural gas is not available such as Vancouver Island, Sunshine Coast and certain communities in the Interior”“

- 1.3 Does this statement apply also to the E-Plus commercial rate? Was the E-Plus initially open to commercial customers? What was the initial target of the E-Plus commercial rate?

RESPONSE:

BC Hydro will review commercial E-Plus rates during RDA Module 2 to allow for further engagement with commercial E-Plus customers and to factor in the Commission's decision on default General Service (GS) rates to be determined through RDA Module 1, as one option is to terminate the commercial E-Plus rates and transfer accounts to the appropriate default GS rate.

- 1.4 Was the E-Plus residential rate later targeted more broadly? Please explain what "initially" means here.

RESPONSE:

Yes, to permit natural gas as an alternate back-up heating source (refer to British Columbia Utilities Commission (BCUC or Commission) Order No. G-68-88).

- 1.5 Are all E-Plus (a) residential and (b) commercial customers located in areas where natural gas is now not available? How many E-Plus customers are located in areas where natural gas is now available?

RESPONSE:

No. BC Hydro understands that some customers have access to natural gas service; however, BC Hydro does not have information as to the number and location of such customers.

"The [E-Plus] rates were closed to new customers in 1990 when energy conditions changed.¹⁷"

- 1.6 Were the E-Plus rates closed to new customers in 1990 because energy conditions changed? Please describe in what ways energy conditions had changed, how these changes related to the E-Plus rates and why these changes supported closing the E-Plus rates (if that is the case).

RESPONSE:

For purposes of responding to this question, BC Hydro reviewed its 10 October 1989 application to the Commission to close availability of the Residential E-Plus rate. Among other things, BC Hydro advanced three major reasons for proposing to close the availability of the Residential E-Plus rate:

1. The need for E-Plus rates in the Vancouver Island area was largely diminished as a result of issuance of an Energy Project Certificate for construction of Vancouver Island Pipeline;
2. Overall customer acceptance of the Residential E-Plus rate had been less than anticipated;
3. The Residential E-Plus interruptible load achieved was of questionable value.

BC Hydro also reviewed its 18 December 1989 responses to Commission information requests (IRs) concerning the above noted application. In 1989 BC Hydro was moving out of an energy surplus situation and was concerned about secondary energy availability (e.g., the energy provided to E-Plus customers for heating load).

BC Hydro also reviewed an extract of BC Hydro Board of Directors meeting minutes dated 16 October 1989 in which it was decided that the Residential E-Plus rate conflicted with BC Hydro's Demand-Side Management (DSM) program strategy. (The first significant suite of DSM programs were launched in 1989). This concern was brought to the attention of the Commission in a letter 22 December 1989.

The Commission approved BC Hydro's application pursuant to Order No. G-3-90. In response to Commission Order No. G-3-90 BC Hydro filed its E-Plus interruption criteria, which included:

- Interruption no longer than one year;
- Price no greater than two-thirds the cost of firm energy.

The Commission, pursuant to Order No. G-37-90, approved interruption criteria as follows:

"BC Hydro may, at any time and from time to time, interrupt the supply of energy under this Rate Schedule". [Emphasis added].

- 1.7 Were there additional reasons for the E-Plus rates being closed in 1990? If so, please describe them.

RESPONSE:

Please refer to BC Hydro's response to Question 1.6.

- 1.8 Who closed the E-Plus rates in 1990? BC Hydro? The B.C. government? The B.C. Utilities Commission? What sort of process if any occurred?

RESPONSE:

As noted in BC Hydro's response to Question 1.6, the Commission ordered the closure of E-Plus rates to new customers pursuant to Order No. G-3-90 dated 11 January 1990.

- 1.9 Was the closure of the E-Plus rates controversial? If so, what were the main issues and the positions of the various parties? If there was controversy, did it focus on whether the E-Plus rates should be closed rather than remaining open, or on whether the E-Plus rates should be ended (or both)?.

RESPONSE:

The Commission's review process of the 1989 application referenced in BC Hydro's response to Question 1.6 included a series of Commission staff IRs. Please refer to BC Hydro's response to Question 1.6.

- 1.10 When the E-Plus rates were closed in 1990, was the long-term future of the rates addressed? Was the expectation that the E-Plus rates would continue forever as a closed rate? Was the expectation that the E-Plus rate might be re-opened if energy conditions changed again? Was there a specific decision not to phase out the E-Plus rates?

RESPONSE: RG

Please refer to BC Hydro's response to Question 1.6. In its responses to Commission staff IRs, BC Hydro stated that the availability of the E-Plus rate had always been subject to the availability of energy and had never been tied to a specific date.

- 1.11 After 1990 when the E-Plus rates were closed it was some 17 years before BC Hydro applied in 2007 for Commission approval to phase out the E-Plus rates. During that period of time, why did BC Hydro not seek approval for changes to the E-Plus rates?

RESPONSE:

BC Hydro is not able to respond to this question, which BC Hydro believes to be of limited relevance to the review of the 2015 RDA.

- 1.11.1 How many rate design applications did BC Hydro make during that period (not including the 2007 Rate Design Application)?

RESPONSE:

One RDA was submitted in 1991; the 1991 RDA did not address E-Plus rates.

- 1.11.2 If there were any rate design applications during the 1990 to 2006 period, did BC Hydro address the E-Plus rates in any of them?

RESPONSE:

Please see BC Hydro's response to Question 1.11.1.

1.11.3 If so, what conclusions, options and proposals did BC Hydro present and what was the Commission's response? If not, why not?

RESPONSE:

Please see BC Hydro's response to Question 1.11.

1.11.4 Was BC Hydro's position on the E-Plus rates during the 1990 to 2006 period influenced by the B.C. government? If so, in what way?

RESPONSE:

Please see BC Hydro's response to Question 1.11.

1.11.5 During the 1990 to 2006 period, did the B.C. Utilities Commission ever ask BC Hydro to address the E-Plus rates. If so, what happened?

RESPONSE:

Please see BC Hydro's response to Question 1.11.

1.11.6 During the 1990 to 2006 period, did BC Hydro ever consider proposing to re-open the E-Plus rates to new customers? If not, why not?

RESPONSE:

Please see BC Hydro's response to Question 1.11.

1.11.7 If changes in energy conditions were the cause of the closure of the E-Plus rates in 1990, did the energy conditions ever change back during the 1990 to 2006 period to the state they were in before the E-Plus rates were closed? Have they changed back since 2006? What is the likelihood they will change back in the future?

RESPONSE:

With respect to the first part of the question, please see BC Hydro's response to Question 1.11.

BC Hydro's energy load-resource balance has changed since the 2007 RDA. Refer to the section 5.2 of the Workshop 9a/9b Consideration Memo which references the 2013 Integrated Resource Plan (IRP) and the need for energy with and without DSM initiatives.

1.11.8 During the 1990 to 2006 period, what was the purpose of the E-Plus rates?

RESPONSE:

Please see BC Hydro's response to Question 1.11.

1.12 Although the E-Plus rates were closed to new customers in 1990, is it correct that during the 1990 to 2006 period BC Hydro allowed new customers to take service under the E-Plus rates at premises where the previous customer had been on the E-Plus rate?

RESPONSE:

Yes, prior to 2008, E-Plus accounts could be transferred to new customers at an existing premise.

2.0 Topic: End of E-Plus, cost saving to BC Hydro
Reference: April 15-15 (v.3) BC Hydro 2015 Rate Design Application E-Plus Rate Q&A, Discussion Guide, Attachment 2

"Question 6: How much would BC Hydro intend to save by phasing out E-Plus?"

Answer: There will be no significant cost saving to BC Hydro from ending the E-Plus rate."

2.1 What does, "There will be no significant cost saving to BC Hydro from ending the E-Plus rate," mean?

RESPONSE:

Administration costs of the Residential E-Plus rate are *de minimis*. In addition, ending the Residential E-Plus rate would not achieve a cost saving to BC Hydro given that any under-recovered costs to serve E-Plus customers are recovered in the rates of other customers.

2.2 Is BC Hydro saying that it will recover its revenue requirement whether the E-Plus rate is ended or not? I.e., is BC Hydro saying there would be no significant cost saving to BC Hydro from ending the E-Plus rates, while implicitly noting that it is another question whether there would be significant cost savings to non-E-Plus customers from ending the E-Plus rates?

RESPONSE:

BC Hydro will recover its revenue requirement on a forecast basis whether the E-Plus rate is ended or not, subject to Commission approval.

2.2.1 Is it accurate to say that the financial issue regarding whether to end the E-Plus rates concerns cross-subsidization between some

BC Hydro customers and other BC Hydro customers, not cost savings to BC Hydro itself?

RESPONSE:

A financial issue with respect to E-Plus rates is cross-subsidization between E-Plus and non-E-Plus customers.

- 2.3 Is BC Hydro saying that ending the E-Plus rate would not reduce BC Hydro's cost of serving (former) E-Plus customers, separate from any associated (a) rates revenue or (b) trade revenue?

RESPONSE:

BC Hydro would not anticipate substantive administrative cost savings from ending the Residential E-Plus rate.

- 2.4 In stating that "There will be no significant cost saving to BC Hydro from ending the E-Plus rate" is the assumption that upon termination of the E-Plus rate 100% of the former E-Plus load (and load shape?) would remain? 0% of the former E-Plus load would remain? Some portion of the former E-Plus load would remain?

RESPONSE:

BC Hydro made no assumption about a change in Residential E-Plus load or load shape if the Residential E-Plus rate were to end. The response to the initial question received from an E-Plus customer was generally to convey that ending the Residential E-Plus rate would not be expected to result in any significant cost saving to BC Hydro.

- 3.0 Topic: Implementation of Commission's 2007 RDA Decision
Reference: Discussion Guide, April 28, 2015, 2. E-Plus Rates

- 3.1 The Commission's decision on BC Hydro's 2007 RDA directed BC Hydro to invest time and resources to ensure E-Plus customers comply with terms of service. What exactly does BC Hydro tell E-Plus customers are the terms of E-Plus service that require compliance?

RESPONSE:

As part of BC Hydro's request for confirmation of rate compliance, E-Plus customers are advised that their continued eligibility on the rate requires:

- **An installed permanent back-up heating system, using an alternative fuel other than electricity, or a permanent back-up independent electrical generating system;**
- **A back-up heating system in good working order with an adequate supply of fuel to continue heating operations if the supply of E-Plus electricity is interrupted;**

- A back-up heating system that is able to supply and meet all heating needs. In the event of an interruption, connection of portable heaters is not permitted; and
- Only heating loads be connected to the E-Plus service as no other loads are allowed.

3.2 Some residential E-Plus customers have said that some residential E-Plus customers have invested in efficiency measures associated with compliance with the terms of E-Plus service. What information does BC Hydro have about this? Does BC Hydro tell E-Plus customers that investment in efficiency measures is required by the terms of E-Plus service? Are investments in efficiency measures reasonably, if perhaps not legally, required for a residential E-Plus customer to comply with the terms of E-Plus service (i.e., to be able to properly heat the home with the non-electric energy source)?

RESPONSE:

Efficiency measures are not a condition of the Residential E-Plus rate.

3.3 It has been said in support of the E-Plus program that “the E-Plus program was an early example of setting higher standards for energy conservation.” Were efficiency measures a requirement of the original E-Plus program? Are they a requirement of the post-2007 RDA Decision E-Plus program?

RESPONSE:

Please see BC Hydro’s response to Question 3.2.

3.4 Would it be accurate to assume that there are three general categories of customer response to BC Hydro’s E-Plus compliance initiatives: (a) customer chooses to leave the E-Plus rate; (b) customer remains on E-Plus and makes changes to comply with the alternative heating source requirement; and (c) customer remains on E-Plus and makes no changes regarding the alternative heating source (presumably because none is required)? Alternatively, please explain.

RESPONSE:

It is not likely that a Residential E-Plus customer would choose to leave the E-Plus rate - category (a) - in response to BC Hydro’s request to verify rate compliance, given the level of the Rate Schedule (RS) 1105 energy charge (F2016: 5.22 cents per kilowatt hour (kWh) in comparison to the pricing of the Residential Inclining Block (RIB) rate (F2016: Step 1 – 7.97 cents/kWh; Step 2 – 11.95 cents/kWh). E-Plus customers who indicated non-compliance with the rate conditions were moved by BC Hydro to the appropriate default rate.

BC Hydro has no record of E-Plus customers who have made changes to their back-up heating systems - category (b) - or who did not need to make changes to their back-up heating systems - category (c).

Customers who did not verify their rate compliance, despite five requests for information during the last compliance initiative, were also moved off the rate. Accordingly, the general categories of responses are: (a) compliant; (b) non-complaint; and (c) non-responding. A summary of results for each category is shown below in BC Hydro's response to Question 3.5.

- 3.5 Please provide whatever estimates BC Hydro can make regarding the customers' responses to BC Hydro's E-Plus compliance initiatives, with reference to the categories discussed in the previous question.

RESPONSE:

E-PLUS CUSTOMERS	% OF E-PLUS CUSTOMERS
Compliant/Attrition ^{*1}	94%
Non-compliant	3%
Non-responding	3%

***1 Over the course of the compliance initiative activities, about 2,000 E-Plus customers have come off of the rate due to attrition.**

- 3.6 Please confirm, or otherwise explain, that BC Hydro's E-Plus compliance initiatives after the 2007 RDA Decision have a material impact on non-E-Plus customers mainly, if not exclusively, through the mechanism of E-Plus customers choosing to leave the rate.

RESPONSE:

Please see BC Hydro's response to Question 3.4.

- 3.6.1 To the extent that BC Hydro's E-Plus compliance initiatives have prompted certain E-Plus customers to make changes to their alternative heating source is there any material benefit to non-E-Plus customers?

RESPONSE:

Please see BC Hydro's response to Question 3.4.

- 3.7 Can BC Hydro say that as result of its E-Plus compliance initiatives it is in a position to interrupt E-Plus service that it was not in during the 1990 to 2006 period?

RESPONSE:

No. The compliance initiative reported that about 94 per cent of customers indicated compliance. As described in section 2 of the Workshop 9a/9b

Discussion Guide,¹ BC Hydro's practical inability to interrupt customers is related to the interruption provisions found in Special Condition 1 of RS 1105, not the level of customer compliance.

BC Hydro states: "The Commission approved restricting the ability to transfer the E-Plus rate to a new customer by amending the Availability clause to state that the E-Plus rate is available "only in Premises where there has been no change in customer since April 1, 2008." [Discussion Guide, p.9]

- 3.8 In BC Hydro's view, does "no change in customer" mean the same as 'no change in account holder'? If there is a difference, how does BC Hydro determine if there has been a change in customer?

RESPONSE:

Yes.

- 3.9 Do the terms of E-Plus service require the E-Plus account holder to be the same as the holder of the non-E-Plus account at the same premises? In how many cases are the account holders different (E-Plus and non-E-Plus at the same premises)?

RESPONSE:

The E-Plus and the non-E-Plus accounts do not need to be in the same name as a condition of the rate. However, the meters are typically on the same account and would therefore be in one name. Please refer to BC Hydro's response to Question 3.12 regarding the meter configuration.

- 3.10 What policies or practices does BC Hydro apply to changing the names of E-Plus account holders in circumstances such as: change of individual account holder name (e.g., upon marriage or legal name change), change of corporate account holder name, death of account holder and service retained by spouse, death of account holder and service retained by other family member?

RESPONSE:

If a Residential E-Plus customer becomes separated, divorced or deceased, the spouse remaining at the E-Plus premises may retain the E-Plus service with a request to be the account holder. A Residential E-Plus customer who changes his/her name may also retain the E-Plus service.

If the E-Plus account is in the name of a commercial entity, BC Hydro would need to review the details of the transaction changing the commercial

¹

<https://www.bchydro.com/content/dam/BCHydro/customer-portal/document/s/corporate/regulatory-planning-documents/regulatory-matters/2015-05-21-bch-2015-rda-wksp-9b-disc-gd.pdf>.

entity at the E-Plus premises in the event the customer asserts there has been no change in customer.

- 3.11 What policies or practices does BC Hydro apply to E-Plus accounts being maintained in the name of the E-Plus account holder in circumstances in which there would otherwise be a change of account holder, such as when there is a new occupant of the premises?

RESPONSE:

BC Hydro has no policies or practices in place for such a scenario; it is not a requirement or it is not known what the customer arrangement has been regarding responsibility for the BC Hydro account.

- 3.12 If an E-Plus account is closed for whatever reason, is the occupant (residential, commercial) allowed to continue to have two meters? If not, why not (in terms of terms of service)?

RESPONSE:

Typically the E-Plus metering configuration is such that all consumption is registered through a 'master' meter, including the E-Plus load. The separately metered E-Plus consumption is the 'deducting' meter. The 'deducting' meter consumption is billed at the E-Plus rate while the difference between the 'master' meter consumption and the 'deducting' meter consumption is billed at the applicable default rate. For this scenario, the E-Plus meter would be removed and replaced with a meter socket jumper cover when the E-Plus account is closed.

In some situations the E-Plus load is registered strictly on the E-Plus meter, a 'stand-alone' E-Plus meter. The meter would remain when the E-Plus account is closed and be billed on the applicable default rate.

- 3.13 If an E-Plus account is closed and two meters are replaced by one meter, who pays, BC Hydro or the customer, for changing (a) the meter(s) and (b) the wiring downstream of the meter?

RESPONSE:

BC Hydro pays the cost to replace the 'deducting' E-Plus meter with a meter socket jumper cover. Any change to the wiring downstream of the meter is the responsibility of the customer. However, wiring changes may not be required with use of the meter socket jumper cover.

- 3.14 In the hypothetical scenarios in which the E-Plus program is ended, has BC Hydro addressed who (BC Hydro or the customer) would pay for changing the wiring downstream of the meter?

RESPONSE:

Please see BC Hydro's response to Question 3.13. As is current practice, a customer would pay for changing the wiring downstream of the meter.

4.0 Topic: E-Plus metering and wiring

- 4.1 How are E-Plus customers metered and wired? Do they have two meters? Are these smart meters? Does the E-Plus customer have a separate circuit breaker box for heating loads (and a second circuit breaker box for non-heating loads)? Do any E-Plus customers have only one meter? If so, in what circumstances?

RESPONSE:

Please see BC Hydro's response to Question 3.12 regarding the meter configuration for E-Plus service. The E-Plus load is separately metered and the E-Plus meter typically feeds a separate panel with circuit breakers.

The meters would be smart meters unless the customer is on the Meter Choices Program. As of May 2015 there were 191 Meter Choices Program customers on the E-Plus rate; it has been assumed that both meters would either be a legacy meter or a radio-off meter.

- 4.2 What information does BC Hydro have on whether an E-Plus customer's heating load circuit breaker box serves only heating load? How is this determined?

RESPONSE:

BC Hydro does not have information on what the customer has connected to the E-Plus meter. However, the terms of the E-Plus rates indicate that service is for space and water heating (or industrial process heating for non-residential E-Plus service) and is only available to equipment served on the rate as at 15 January 1990; no other load is permitted.

- 4.3 What happens in terms of meters and wiring when an E-Plus customer leaves the E-Plus program?

RESPONSE:

Please see BC Hydro's responses to Question 3.12 and Question 3.13.

- 4.4 How many E-Plus customers have chosen the smart meter opt-out program? Of these, have all of them opted out for both meters?

RESPONSE:

Please see BC Hydro's response to Question 4.1.

- 4.5 Please confirm that for E-Plus customers the non-heat load meter is billed on the rate that would otherwise apply to the customer apart from the E-Plus participation, for example, that a residential E-Plus customer is billed for non-heat load on the standard two-tier residential rate, and a commercial E-Plus customer is billed for non-heat load on the applicable general service rate. Does an E-Plus customer receive one bill or two?

RESPONSE:

Confirmed.

Please also see BC Hydro's response to Question 3.12. If the E-Plus meter is set up as a 'master/deducting' configuration, the customer would receive one bill. If the E-Plus meter is set up as a 'stand-alone' configuration, the customer would receive separate bills if their billing is not consolidated.

- 5.0 Topic: E-Plus rate
Reference: Discussion Guide, p.8

"The F2016 RS 1105 [E-Plus residential] discounted energy rate is 5.22 cents per kilowatt hour (/kWh). The F2016 RIB Step 1 energy rate is 7.97 cents/kWh and Step 2 energy rate is 11.95 cents/kWh, and the exempt Residential RS 1151/1161 F2016 energy rate is 9.55 cents/kWh."

- 5.1 How exactly is the size of the E-Plus rate (cents/kWh) determined? What was the original E-Plus rate and how was it set? How much has the E-Plus rate increased over the years, and on what methodology? By how much and by what methodology (or constraints) will the F2016 E-Plus rate of 5.22 cents/kWh be increased in future years (in the absence of rate design changes)?

RESPONSE:

The E-Plus rate for residential customers was initially proposed and set at 2.5 cents/kWh. There is no record of the methodology for how the E-Plus residential rate was initially proposed and set.

Generally speaking, the rates have escalated over time by general rate increases (GRI). E-Plus Rate Option 1 (status quo) and Option 3 (revise interruptibility terms) would continue to see the escalation of E-Plus rates over time by GRI.

- 5.2 Do E-Plus customers pay a Basic Charge on each of two bills? If not, which bill has the Basic Charge?

RESPONSE:

There is no Basic Charge in the rates for E-Plus service. Residential and Commercial E-Plus customers pay a Basic Charge only in their rates for applicable default rate service.

- 6.0 Topic: Commercial E-Plus
Reference: Discussion Guide, April 28, 2015

“BC Hydro is seeking input as to: (1) whether there are any other E-Plus rate design options in addition to the three rate design options described in section 2.4 of this Discussion Guide; (2) which E-Plus rate option is preferred; and (3) if E-Plus Option 2 is preferred (transfer of E-Plus customers to the RIB), what the proposed transition period should be.” [p.7]

“Residential E-Plus customers take service under Rate Schedule (RS) 1105, while commercial E-Plus customers take service under RS 1205/1206/1207. (While this Discussion Guide focuses on RS 1105, observations concerning RS 1105 carry over to RS 1205/1206/1207 as the relevant Special Conditions 1 and 3 in the respective rate schedules are virtually identical).”

- 6.1 What is BC Hydro proposing or considering regarding commercial E-Plus rates? Please address the process within the development of the rate design application and any substantive proposals or options.

RESPONSE:

Please refer to BC Hydro’s response to Question 1.3.

- 7.0 Topic: E-Plus customer concerns
Reference: Discussion Guide, p.10

“Approximately 2,000 customers have so far responded to the letter with the vast majority supporting Option 1. Customer concerns include: the E-Plus rate is a contract between BC Hydro and the customer¹⁹; investments in back-up systems were made in good faith; the rate will end soon enough under natural attrition given the generally older age of E-Plus customers and that the rate is closed to new customers; and that BC Hydro has surplus hydro presently and E-Plus is a positive contribution to margin. Customers have also expressed concerns about electricity affordability, generally and in relation to if the E-Plus rates were to end.”

“19. In its 2007 RDA Decision, page 133, the Commission Panel determined that it was “not persuaded by the E-Plus Group’s argument that its members have “contracts” with BC Hydro that the Commission has limited jurisdiction to abrogate, or that those contracts are everlasting in nature with a guaranteed price cap. ... The Commission Panel is of the opinion that it had the jurisdiction to find Rate Schedules 1105 and 1205 to be in the public interest in 1987, to amend them in the public interest in 1992² and that that jurisdiction remains.”

² BCSEA: Please explain BC Hydro’s reference to 1990 as year the E-Plus rates were closed and the Commission’s reference here to 1992. BC Hydro: Please refer to BC Hydro’s response to Question 1.6; the correct date is 1990.

- 7.1 Regarding the E-Plus customer concern that “the E-Plus rate is a contract between BC Hydro and the customer” and BC Hydro’s footnote 19: What does BC Hydro say the Commission’s 2007 RDA Decision statements (quoted in footnote 19) mean for current proposals (if any) for changing the status quo regarding the E-Plus program?

RESPONSE:

In BC Hydro’s view the 2007 RDA Commission Panel correctly determined that RS 1105 is a rate, and that a rate can be changed by the Commission pursuant to its rate-setting powers in Sections 58-61 to the *Utilities Commission Act*.

- 7.2 Some residential E-Plus residents have said that there is a “social contract” between BC Hydro and E-Plus customers that affects future options for the E-Plus program. What is BC Hydro’s view of this argument?

RESPONSE:

Please refer to BC Hydro’s response to Question 7.1.

- 7.3 Regarding “investments in back-up systems were made in good faith,” does BC Hydro agree that investments by E-Plus customers in back-up systems that were made in order to comply with the E-Plus terms of service support to some degree a “fairness” consideration in terms of the Bonbright principles of rate design?

RESPONSE:

As described in BC Hydro’s response to Questions 3.1 and 3.4, the investment and maintenance of an appropriate back-up system is a condition of E-Plus service. E-Plus customer views are part of the Bonbright customer understanding and acceptance criterion. In contrast, the Bonbright fairness criterion relates to consideration of cost causation and ensuring that customers that cause the cost pay the cost. It is the jurisdiction of the BCUC to review and determine how the Bonbright criteria apply as well as the degree to which it would be fair from an investment recovery perspective if the E-Plus program were to end.

BC Hydro is of the view that the Commission’s 2007 RDA Decision did not ‘restart the clock’ on what would be fair from an investment recovery perspective. The requirement was to confirm compliance on the terms and conditions of service that date back to the inception of the Residential E-Plus rate.

BC Hydro has no comment on an appropriate phase-out period if RS 1105 were to end (hypothetically) in relation to any customer investments made to remain compliant with RS 1105. BC Hydro’s primary consideration in developing a phase-out period would be customer bill impacts.

- 7.3.1 If so, how does BC Hydro determine the degree to which the fairness consideration applies here? If the E-Plus program was to end (hypothetically), should there be a phase-out period during which an alternative heating source is not required? Should the length of this phase-out period be based on the size of the alternative heating source investment in relation to difference between E-Plus and non-E-Plus bills during the period after the alternative heating source requirement is removed?

RESPONSE:

Please see BC Hydro's response to Question 7.3.

- 7.3.2 If not, why not?

RESPONSE:

Please see BC Hydro's response to Question 7.3.

- 7.3.3 If the Commission determines that the E-Plus rates should be ended, what in BC Hydro's view should be the length of any phase-out period taking into account (a) investment recovery fairness, (b) rate shock, and (c) legal constraints on rate rebalancing and rate increases [discussed further, below]?

RESPONSE:

Please see BC Hydro's response to Question 7.3.

- 7.4 Did the Commission's 2007 RDA Decision requiring BC Hydro to confirm compliance with the E-Plus terms of service effectively restart the clock on the fairness argument?

RESPONSE:

Please see BC Hydro's response to Question 7.3.

- 7.5 Regarding the E-Plus customer concern that "the rate will end soon enough under natural attrition given the generally older age of E-Plus customers and that the rate is closed to new customers," and "BC Hydro's estimate of the natural termination of the E-Plus rate for residential customers is about 20 to 25 years":

- 7.5.1 Is there any support from within B.C. or other jurisdictions for a rate program being phased out based on attrition estimated at 20 to 25 years?

RESPONSE:

BC Hydro's Canadian electrical jurisdictional review revealed there is no other Canadian utility surveyed that provides its residential customers with an interruptible rate.

- 7.6 BC Hydro says "certain commercial customers on the [E-Plus] rate ... would likely never close account" [p.11]. Please confirm that these would be corporate entities. What does BC Hydro suggest regarding corporate commercial E-Plus account holders that would never close account?

RESPONSE:

BC Hydro expects that attrition may not apply to some corporate entities.

Please refer to BC Hydro's response to Question 1.3.

- 7.7 Regarding E-Plus customer comment that "BC Hydro has surplus hydro presently and E-Plus is a positive contribution to margin": what is BC Hydro's understanding of this argument and the underlying assumptions? Does BC Hydro understand this argument to be based on the assumption that in the absence of the E-Plus rate there would be zero electricity purchased for heating purposes that would otherwise have been met with E-Plus electricity? If that is the assumption, is it a realistic assumption? What is BC Hydro's estimate of the amount of the electrical energy load that would be retained if (hypothetically) the E-Plus program was ended?

RESPONSE:

When BC Hydro is in a period of energy surplus, one appropriate reference is the 2013 IRP spot market forecast. The 2013 IRP mid-spot market forecast is lower than the current RS 1105 energy charge. Please refer to section 5.2 of the Workshop 9a/9b Consideration Memo.

BC Hydro has no information available on how E-Plus customers would respond to any changes to the rate.

- 7.8 Some residential E-Plus customers have said that some residential E-Plus customers are low-income and would have financial difficulty paying for electricity on the regular Residential Inclining Block (RIB) rate. What information does BC Hydro have on the profile of low-income E-Plus customers compared to low-income RIB customers?

RESPONSE:

The following table, based on BC Hydro's 2014 Residential End-Use Survey, compares the distribution of low-income customers as between E-Plus accounts and the Residential class as a whole, as measured by whether customers are within the Low-Income Cut-off (LICO) defined by Statistics Canada.

LICO Status	E-Plus	All Residential
No	95%	90%
Yes	5%	10%

- 7.9 Does BC Hydro have any information suggesting that there is a low-income concern associated with the E-Plus commercial rate?

RESPONSE:

BC Hydro has no information suggesting that there is a low-income concern associated with the E-Plus commercial rate. Residential E-Plus customers have stated that affordability is one of their concerns with Option 2 (end of Residential E-Plus rate and transfer).

- 7.10 It has been said that “phasing out E-Plus would force many of the current users from “clean” electric heat on to wood or fossil fuel heating systems.” What is BC Hydro’s response?

RESPONSE:

BC Hydro has no information available on how E-Plus customers would respond to any changes to the rate.

- 7.10.1 Please provide an estimate of the types and proportions of non-electric alternative heating sources maintained by E-Plus (a) residential and (b) commercial customers, e.g., conventional wood stove, wood pellet, oil, propane, etc.

RESPONSE:

BC Hydro does not maintain comprehensive records of the types of back-up heating systems that E-Plus customers have.

- 7.10.2 What are BC Hydro’s estimates of the usage the E-Plus customers make of their non-electric heating sources, by type? For example, do E-Plus customers with oil alternative heating routinely use electric heating? Is this different for E-Plus customers that have, say, wood pellet alternative heating?

RESPONSE:

BC Hydro does not have records of E-Plus customers’ back-up heating system usage and is unable to provide an estimate.

- 7.10.3 What is BC Hydro’s understanding of the type of electric heating used by E-Plus customers? Is it baseboard heating, electric furnace, electric water heater, electric heat pump?

RESPONSE:

BC Hydro understands that the type of electric heating used by Residential E-Plus customers is mainly electric baseboards and electric furnace.

- 7.10.4 In a hypothetical scenario in which the E-Plus rates were ended, please provide an estimate or a qualitative discussion of the extent to which (a) residential and (b) commercial E-Plus customers would switch from electric to non-electric heating sources.

RESPONSE:

BC Hydro has no information available on how E-Plus customers would respond to changes to the rate.

- 7.10.5 Would BC Hydro consider a program that would provide a financial incentive to E-Plus customers to switch from a carbon-intensive alternative heating source (such as oil) to an efficient electric heat pump heating system that would mitigate the financial impact on the customer of transitioning from the E-Plus rate to the RIB rate (or the default commercial rate)?

RESPONSE:

To date, BC Hydro has not considered such a program. BC Hydro notes that the B.C. Government is in the process of developing Climate Action 2.0³ and direct BCSEA's attention to that forum given the references to carbon intensity in the question.

- 8.0 Topic: E-Plus cost of service
Reference: Discussion Guide, Table 3 E-Plus Cost of Service

- 8.1 Please briefly explain what the cost of service revenue/cost (R/C) ratio means in the present context.

RESPONSE:

Table 3 of the Workshop 9b Discussion Guide presents three alternative methods to estimate the cost of serving Residential E-Plus load under different planning assumptions (whether the load is firm or non-firm). As shown in Table 4 of the Discussion Guide, the estimated revenue from E-Plus Residential heating load is independent of the method under which costs are assigned. Under all assumptions there is an under-recovery of costs.

- 8.2 Please confirm that the three methods of determining a revenue/cost ratio for the E-Plus program produced results of about 45%, about 45% and about 65%.

³ <http://engage.gov.bc.ca/climateleadership/>.

RESPONSE:

Confirmed.

- 8.3 Is there any other reasonable way of determining the revenue/cost ratio for E-Plus program that would produce a higher revenue/cost ratio figure? If so, please explain the method and provide the estimate.

RESPONSE:

In BC Hydro's view the three alternatives advanced in the Discussion Guide are reasonable. No stakeholder has provided feedback that indicates otherwise.

- 8.4 Do the BC Hydro cost of service (revenue/cost ratio) figures for E-Plus mean that E-Plus customers as a whole pay for at most 65% of BC Hydro's cost of providing electrical service to them? Alternatively, please provide the correct interpretation.

RESPONSE:

The interpretation is correct in respect of the estimated 65 per cent revenue-cost (R/C) ratio.

- 8.5 How does the revenue/cost ratio for E-Plus compare to the revenue/cost ratio for the regular Residential Inclining Block (RIB) customers?

RESPONSE:

The R/C ratio for the Residential class as a whole is forecast to be 93.6 per cent (F2016) using the proposed F2016 Cost of Service study methodology.

- 8.6 If E-Plus customers pay for 65% of the cost of providing service to them, who pays for the rest of the cost of providing service to the E-Plus customers?

RESPONSE:

Generally speaking, all other BC Hydro ratepayers in the same rate class pay the under-recovered costs of serving E-Plus customers.

- 8.7 Do the E-Plus revenue/cost ratio estimates include both residential and commercial E-Plus? Can BC Hydro separate the two? Can it be assumed that the revenue/cost ratio estimate for residential E-Plus would be the same as for commercial E-Plus?

RESPONSE:

The estimates provided are for Residential E-Plus heating load only. Commercial estimates have not been prepared at this time. It cannot be assumed that the estimates would be the same as for Residential.

Please refer to BC Hydro's response to Question 1.3.

- 9.0 Topic: E-Plus rate change bill impacts
Reference: Discussion Guide, s. 2.3.4 Bill Impacts

- 9.1 Please provide an estimate of the annual bill increases, (a) for an average E-Plus residential customer, and (b), for the E-Plus residential customers as a whole, "if the residential E-Plus rate were to end and customers were transferred from RS 1105 to the RIB...not including general rate increases."

RESPONSE:

The estimated annual bill for the average E-Plus residential customer would increase by about 42 per cent if RS 1105 were to end in one year; or, as described in the Discussion Guide, an annual increase of about 10 per cent if the rate were to end over 4 years, an annual increase of about 4 per cent if the rate were to end over 10 years, etc. Table 5 of the Discussion Guide reports the distribution of estimated bill increases for the E-Plus residential customers as a whole.

- 9.1.1 Please provide the same for E-Plus commercial customers.

RESPONSE:

BC Hydro has not done the same analysis for Commercial customers.

Please refer to BC Hydro's response to Question 1.3.

- 9.2 Would it be accurate to interpret the estimated annual bill increases in the previous questions as being the cost to other BC Hydro ratepayers of the residential and commercial E-Plus program against which to weigh the benefits to BC Hydro and other ratepayers of the residential and commercial E-Plus program? If not, why not?

RESPONSE:

The estimated bill increases should be interpreted as the expected increase in cost to E-Plus customers in percentage terms of transferring their heating load to the RIB rate.

- 9.3 What is BC Hydro's view regarding how statutory constraints on rate rebalancing (e.g., *Utilities Commission Act*, s. 58.1), and legal constraints on general rate increases, affect whether and how an end to the E-Plus rates could be phased in?

RESPONSE:

In BC Hydro's view, the recent amendment to Direction No. 7 (B.C. Reg. 140/2015) preventing the Commission from setting rates for BC Hydro for the purpose of changing the R/C ratios for a class of customers does not apply in the context of Option 2 (ending RS 1105 and transferring) because Residential E-Plus customers are not a separate rate class.

With respect to GRI, section 16(4) of Direction No. 7 makes clear that the F2017-F2019 rate caps do not prevent the Commission from making determinations in the 2015 RDA with respect to rate design.

10.0 Reference: Discussion Guide, 2.4 E-Plus Rate – Residential Options

"Option 2 would end RS 1105 and transition all E-Plus heating load to the applicable residential rate, in large part to the RIB." [p.17]

- 10.1 Please explain what portion of E-Plus residential heating load would be transitioned to a rate other than the RIB.

RESPONSE:

About 200 Residential E-Plus customers are served under Residential Exempt RS 1151 for their non-heating load, representing about 2.5 per cent of total Residential E-Plus customers and about 3 per cent of total Residential E-Plus heating load.

BC Hydro states: "In addition to strong E-Plus customer opposition, Option 2 is complicated by the current circumstances of available surplus energy and low market prices. BC Hydro heard from some E-Plus customers that they perceive their use of "non-firm" BC Hydro electricity for heating with the F2016 energy rate of 5.22 cents/kWh is a net benefit to BC Hydro due to current low market prices, even though that may not necessarily always be the case given BC Hydro's access to mature energy markets."

- 10.2 Please restate the above points with a distinction between what is BC Hydro's view and what is some E-Plus customers' view.

RESPONSE:

As noted in the above quotation, it is BC Hydro's view that Option 2 is complicated by the current circumstances of available surplus energy for a period of time and low spot market prices. It is also BC Hydro's view that assuming E-Plus service is truly non-firm and provided on an as available basis, it would not necessarily always be the case that the service would be a net benefit to BC Hydro given its access to mature energy markets; for example, if comparing the provision of service to the value of a forgone market opportunity.

- 10.3 Does BC Hydro agree with the position that in the short-term the E-Plus residential rate is a net benefit to BC Hydro due to current low market prices? If so, why?

RESPONSE:

BC Hydro does not agree, given BC Hydro's practical inability to interrupt service as a result of Special Condition 1 of RS 1105.

- 10.4 If not addressed above, please explain whether BC Hydro assumes that in the absence of the residential E-Plus rate all E-Plus heating load would be met by non-electrical sources.

RESPONSE:

BC Hydro has no information available on how E-Plus customers would respond to any changes to the rate.

- 10.5 BC Hydro has no doubt examined the various reasons for the "strong E-Plus customer opposition" to ending the E-Plus rate. Please list these reasons and provide BC Hydro's evaluation of the strengths and weaknesses of each.

RESPONSE:

In response to stakeholder engagement with Residential E-Plus customers to date, E-Plus customers reiterated the reasons advanced in the 2007 RDA for opposing Option 2. As noted in BC Hydro's response to Question 7.1, the Commission did not accept the contractual argument advanced by E-Plus customers in the 2007 RDA. BC Hydro accepts that Residential E-Plus customer concern around investment informs the Bonbright customer understanding and acceptance criterion, which is to be traded off with the Bonbright fairness criterion (cost-causation). Other applicable Bonbright criteria include rate stability and efficiency.

- 11.0 Reference: Discussion Guide, "Interruption Provisions and BC Hydro's LRBs"

- 11.1 In the hypothetical event that the E-Plus rates were changed to a fully interruptible service (such as the Shore Power Rate), can BC Hydro provide a realistic example of a scenario in which BC Hydro would actually interrupt power to one or more E-Plus customers?

RESPONSE:

The 2013 IRP forecasts a need for capacity in F2019 even with continuation of existing DSM initiatives. This is one of the reasons why BC Hydro is interested in Option 3 which would permit the rate to serve a useful purpose. As discussed in section 5.2 of the Workshop 9a/9b Consideration Memo, Option 3 aligns with 2013 IRP Recommended Action 2, which is to explore capacity-focused DSM initiatives.

- 11.1.1 Please confirm that E-Plus customers are located on feeder lines co-mingled with non-E-Plus customers. Under what combination of system conditions would there be a problem providing energy to one or more feeder lines that would be solved by interrupting service to E-Plus customers on those feeder lines or elsewhere?

RESPONSE:

Confirmed. The co-mingling of E-Plus and non-E-Plus customers on the same feeder is not an issue for the interruption of the E-Plus service. Special Condition 3 of RS 1105 allows for service interruption to be done manually or automatically or called by written notice. The manual or automatic means of interruption would be at the meter.

- 11.1.2 Is it correct that in contrast, Shore Power load is typically a large single load at the end of a line where situations can arise such as maintenance in which interrupting the Shore Power load is actually a viable solution to what would otherwise be a problem?

RESPONSE:

Please refer to BC Hydro's response to 11.1.1.

- 11.1.3 Would BC Hydro agree that even if the E-Plus terms of service allowed unlimited interruption there would be substantial, if not insurmountable, public relations challenges with actually interrupting certain people's electrical heating power – challenges that do not arise with a commercial rate such as the Shore Power rate where the customer has a confirmed alternative source of energy?

RESPONSE:

BC Hydro acknowledges that there could be public relations challenges with interrupting E-Plus service.

- 11.2 Would BC Hydro agree the main problem with the nominally interruptible aspect of the E-Plus rate is not merely that the wording of the existing terms of service inhibit BC Hydro from readily exercising interruption rights but that the possibility of interrupting the service to this small number of scattered tiny loads has no material system or financial benefits to BC Hydro?

RESPONSE:

BC Hydro has considered the relatively small size and nature of the E-Plus load for purposes of Option 3.

The size of the Residential E-Plus load is less of an issue than the ability to readily call on it. This is because aggregation is a possibility. As noted in section 5.2 of the Workshop 9a/9b Consideration Memo, as part of 2013 IRP

Recommended Action 2, BC Hydro initiated a Residential DSM capacity-focused DSM pilot in Sidney, Vancouver Island that among other things is testing aggregating scattered, small loads. Aggregation of many small loads, including Residential E-Plus loads, could have a material benefit for localized constraints and/or contribute to overall tactics to address system level needs. Thus a truly interruptible E-Plus rate could be one of many tools in the toolbox for load curtailment purposes.

The Sidney pilot entails testing curtailment of small loads (water heaters) using wireless controls that would allow BC Hydro to initiate and conclude control events directly with no customer intervention. This mechanism potentially provides greater reliability of response from the load as opposed to a relying on a customer to curtail his or her own equipment.

Option 3 could entail E-Plus curtailments enacted remotely by BC Hydro for those Residential E-Plus customers with smart meters that have remote disconnect/reconnect capability.

12.0 Reference: Discussion Guide, 2.4.3 Option 3 – Amend RS 1105 to make the rate interruptible

12.1 Please confirm, or otherwise explain, that it would be entirely unrealistic for BC Hydro to actually deliberately interrupt E-Plus residential customers' heating service during the winter heating season.

RESPONSE:

Confirmed under the current wording of Special Condition 1 of RS 1105.

Not confirmed if Option 3 is implemented, although as noted in BC Hydro's response to Question 11.1.3, public relation challenges is a consideration with Option 3. Among other things, E-Plus customers would continue to be required to have an alternative heating source in good working order.

12.2 Please provide an estimate of the (a) financial and (b) system benefits to BC Hydro of the ability to interrupt E-Plus (c) residential and (d) commercial heating load at BC Hydro's sole discretion, on the assumption that such interruption was feasible.

RESPONSE:

Section 5.2 of the Workshop 9a/9b Consideration Memo sets out the potential value to BC Hydro of Option 3.

13.0 Reference: Discussion Guide, 2.4.4 Other Possible Changes

“For Options 1 and 3, the E-Plus energy rate could be increased by revenue requirement increases. The E-Plus energy rate could also be re-priced under Options 1 or 3.” [p.18]

- 13.1 Option 1 is the status quo E-Plus rate. Are there no revenue requirement increases in the status quo E-Plus rate scenario? Please explain.

RESPONSE:

Under Option 1, E-Plus rates would continue to be escalated by GRI.

- 13.2 Should BC Hydro develop an option, for discussion, in which the E-Plus residential rate is made non-interruptible and there is no requirement for a non-electric heating source?

RESPONSE:

BC Hydro observes that under the suggested option, E-Plus service would be firm service and the discounted RS 1105 energy rate would be indefensible. Accordingly, among other things, some end date would be required for the suggested option.

- 13.2.1 Would such an option have the benefit of allowing future consideration of the status of the E-Plus residential rate to be done in the context of the ‘investments recovery fairness argument’ being limited to the period of time in which the non-electric heating source requirement was in place?

RESPONSE:

Please refer to BC Hydro’s response to Question 13.2.

- 13.2.2 Please confirm, or otherwise explain, that making the E-Plus residential rate non-interruptible and removing the requirement for a non-electric heating source would have no material net cost for BC Hydro or for non-E-Plus customers (except to the extent that making the E-Plus rate non-interruptible and removing the requirement for a non-electric heating source was a substitute for ending the E-Plus rate).

RESPONSE:

Please refer to BC Hydro’s response to Questions 13.2.

- 14.0 Reference: E-Plus customer comments

An E-Plus residential customer says that “From the information provided by Hydro we had already estimated the percentage of total power supply that is

used by residential E-Plus customers; it is a fraction of one percent and will of course drop substantially in coming years. Clearly Hydro is correct in their statement that the impact of phasing out E-Plus would be 'insignificant'.

- 14.1 Is it BC Hydro's view that the impact of phasing out E-Plus would be insignificant? If so, insignificant in relation to what?

RESPONSE:

Costs to BC Hydro would not a material consideration for Option 2; please see BC Hydro's responses to Question Series 2.0 above.

With respect to Residential E-Plus customer bill impacts, please see BC Hydro's response to Question 9.1 and Workshop 9b Discussion Guide, page 16.

An E-Plus residential customer says that "considering the small numbers involved and the uncertainty around what E-Plus customers would do if the rate were not available, it is likely impossible for Hydro to make an accurate estimate of the effect of such a small customer group on their financial or demand situation."

- 14.2 Is BC Hydro able to make an accurate estimate of the financial effect on non-E-Plus (a) residential and (b) commercial customers of ending the E-Plus rates?

RESPONSE: RG

Ending the Residential E-Plus rate would eliminate the current subsidization of Residential E-Plus service, estimated between approximately \$3 million to \$6 million per year; please refer to the Workshop 9b Discussion Guide, page 16. BC Hydro has not estimated the subsidization associated with Commercial E-Plus service.

- 14.3 Is it accurate to say that the E-Plus financial issue centres around whether there is a cross-subsidy between non-E-Plus customers and E-Plus customers, whether it is justified and what if anything should be done about it; and that the E-Plus financial issue is not about whether BC Hydro itself loses money because of E-Plus? If not, please explain.

RESPONSE: RG

Yes. Please see BC Hydro's responses to Question Series 2.0 above.

An E-Plus customer has recently said to BCSEA-SCBC that "Remember when this started they [BC Hydro] planned to just leave E-Plus alone. E-Plus is only under scrutiny now because of 'stakeholder' interest. As far as I can tell you are the only stakeholder remaining."

- 14.4 In their feedback response to BC Hydro's May 8, 2014 workshop presentation, BCSEA-SCBC said that the E-Plus rate "should be phased out if it does not serve a useful function." In BC Hydro's view, does the E-Plus rate serve a useful function?

RESPONSE:

No. The current wording of Special Condition 1 of RS 1105 frustrates the interruptible nature of the E-Plus rate.

BC Hydro also notes that the Commission has the jurisdiction to review the Residential E-Plus rate as part of the 2015 RDA, regardless of stakeholder feedback.

2015 Rate Design Application

April 28, 2015/May 21, 2015

Workshop Nos. 9a and 9b

**Electric Tariff Terms and Conditions/
Residential Inclining Block (RIB) Rate
and Other Residential Rates Issues**

**BC Hydro Summary and
Consideration of Participant Feedback**

Attachment 7

**BC Hydro Residential E-Plus-related
Engagement to Date Documents**



Attachment 1

<Name>
 <Address>
 <City> <Province> <Postal Code>

MMM DD, YYYY

Account Number: <Account Number>

Re: Your feedback on the E-Plus Rate

BC Hydro is currently reviewing all of its rate structures in preparation for filing a Rate Design Application (RDA) with the B.C. Utilities Commission (BCUC) in late summer 2015. As part of this review, BC Hydro is asking for your feedback on the E-Plus rate. BC Hydro will be making a decision on its proposal regarding the E-Plus rate after June 30, 2015, and your feedback will help inform that decision.

Why is BC Hydro reviewing the E-Plus rate?

During a RDA BC Hydro reviews all its rates to ensure that they are fair, efficient and balance the needs of all customers. As part of this process, BC Hydro consults with customers and stakeholder groups to gather their feedback, and then proposes any changes to its rates through a RDA filed with the BCUC for approval.

What options is BC Hydro considering for the E-Plus rate?

BC Hydro is considering two options for the E-Plus rate:

- Option 1 – maintain the E-Plus rate
 In this case, the current discount would continue under the same terms and conditions.
- Option 2 – phase out the E-Plus rate
 In this case, the rate discount would be phased out over a period of time (e.g. 5-10 years), after which you would pay the applicable default rate for all consumption.

Based on E-Plus customers' feedback during the previous 2007 RDA, BC Hydro expects that you will be in favour of Option 1 – maintain the E-Plus rate. We would still appreciate your feedback on both options, the reasons you support or do not support each option, and the potential phase-out period for Option 2.

Why would BC Hydro consider phasing out the E-Plus rate?

E-Plus rates were introduced in 1987 when BC Hydro had surplus electricity. A discount on standard rates was offered to customers who invested in back-up heating systems and accepted the possibility of a potential power interruption to their heating system.

Since its introduction the E-Plus supply has never been interrupted. The cost of providing electricity through the E-Plus service is not covered by the revenue collected through the rate, so the supply is subsidised by other BC Hydro customers.

**2015 Rate Design Application (RDA)
 Residential Rate Workshop - April 28, 2015
 RDA Workshop 9**

**2015 Rate Design Application
 April 28, 2015/May 21, 2015
 Workshop Nos. 9a and 9b
 RIB Rate and Other Residential Rates Issues
 BC Hydro Summary and Consideration of Participant Feedback**

Attachment 1

How can you provide feedback on the E-Plus rate options?

BC Hydro appreciates that as an E-Plus customer you will be most impacted by any change to the rate. Your feedback will be included in BC Hydro's considerations for a proposal on the E-Plus rate. Please provide your feedback by June 30, 2015 through one of the following ways:

1. Online – by completing an online form at bchydro.com/2015RDA. You will need your account number, which can be found at the top of this letter and the attached form.
2. By mail – by completing the enclosed feedback form and mailing it to the address listed at the top of the form.
3. In person – by attending one of two drop-in sessions to be held in:
 - Nanaimo - on April 1, 2015 at the Coast Bastion Hotel (11 Bastion St), please drop in between 5.00 pm - 8.00 pm; or
 - Victoria - on April 2, 2015 at the Hotel Grand Pacific (463 Belleville St), please drop in between 5.00 pm - 8.00 pm.

When will a decision be made and how will you hear about it?

In addition to E-Plus customers' feedback, BC Hydro is also meeting with stakeholder groups to discuss the E-Plus rate. In spring 2015 BC Hydro will discuss the two options set out above for the E-Plus rate with stakeholder groups who typically represent residential, commercial and industrial customers in BCUC proceedings.

Once BC Hydro reviews your feedback and feedback from stakeholder representatives, it will:

- summarise the feedback provided and post this summary online at bchydro.com/2015RDA shortly after June 30, 2015; and
- decide which option it will propose for the 2015 RDA. BC Hydro's decision and the reasons for the choice will be posted online at bchydro.com/2015RDA prior to submitting the 2015 RDA to the BCUC for its review in the late summer 2015.

BC Hydro will inform you when the application is filed and how you can participate in the public review process. Following the public process, the BCUC will make its decision on the E-Plus rate and we will write to you again to notify you about this decision.

Thank you in advance for providing your feedback on BC Hydro rates. If you have any questions about this letter, please call BC Hydro at 1 800 BCHYDRO (1 800 224 9376).

Sincerely,



Keith Anderson
General Manager, Customer Service

**2015 Rate Design Application (RDA)
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**2015 Rate Design Application
April 28, 2015/May 21, 2015
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RIB Rate and Other Residential Rates Issues
BC Hydro Summary and Consideration of Participant Feedback**

Attachment 1

Customer Name: <Name>
 Account Number: <Account Number>

You can provide your feedback online at bchydro.com/2015RDA or by returning this form to the following address by June 30, 2015:

BC Hydro Regulatory & Rates
 333 Dunsmuir Street, 16th Floor
 Vancouver, BC V6B 5R3

In your opinion, which option should BC Hydro pursue for the E-Plus rate? (Tick one)

- ☐ Option 1 – maintain the E-Plus rate
 The current discount continues under the same terms and conditions; your heating costs are charged a discounted rate.
- ☐ Option 2 – phase out the E-Plus rate
 The rate discount is phased out over a period of time. You pay the applicable default rate for all consumption following the phase out.

Why should BC Hydro pursue the option you have chosen? (Attach additional paper if needed.)

Please do not provide personal information or any information that could identify you or third parties.

If BC Hydro pursued Option 2

1. What's a reasonable time frame to phase out the E-Plus rate? _____ years.
2. What would be the fairest way to do this? (Attach additional paper if needed.)

Please do not provide personal information or any information that could identify you or third parties.

Thank you for your feedback. Please ensure it reaches BC Hydro by June 30, 2015.

BC Hydro is collecting your personal information on this form to inform its 2015 RDA filing. This information is collected to further BC Hydro's mandate under the Hydro and Power Authority Act, the Clean Energy Act, and the BC Hydro Electric Tariff, as regulated by the BCUC under the Utilities Commission Act and related Regulations and Directions. If you have any questions about how BC Hydro collects, uses or discloses your personal information with regards to this form, please contact Customer Service at 1 800 BCHYDRO (1 800 224 9376).

**2015 Rate Design Application (RDA)
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**2015 Rate Design Application
 April 28, 2015/May 21, 2015
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 RIB Rate and Other Residential Rates Issues
 BC Hydro Summary and Consideration of Participant Feedback**

**Question 1**

How many E-Plus Customers were there on the date of the BCUC October 26, 2007 decision and order with respect to the 2007 RDA (or the last billing prior to that date)?

Answer:

On October 26, 2007 there were 12,155 E-Plus accounts.

Question 2

For each year from 2008 through 2014, how many E-Plus customers were there as of December 31 (or the last billing prior to that date)?

Answer:

Date as of	Residential E-Plus Accounts	Commercial & Industrial E-Plus Accounts	Total E-Plus Accounts
31 Dec 07	11,765	356	12,121
31 Dec 08	11,120	325	11,445
31 Dec 09	10,482	301	10,783
31 Dec 10	9,963	280	10,243
31 Dec 11	9,455	268	9,723
31 Dec 12	8,997	254	9,251
31 Dec 13	8,621	239	8,860
31 Dec 14	8,177	232	8,409

Question 3

For each year from 2008 through 2014, what was the annual electric usage (in kWh) of E-Plus customers for heating as shown by the separate E-Plus metering?

Answer:

Date As Of	Residential E-Plus Heating (kWh)	Commercial & Industrial E-Plus Heating (kWh)	Total E-Plus Heating (kWh)
31 Dec 2008	145,893,308	37,929,004	183,822,313
31 Dec 2009	129,985,390	34,935,784	164,921,174
31 Dec 2010	114,153,697	32,643,248	146,796,946
31 Dec 2011	119,354,060	34,444,956	153,799,015
31 Dec 2012	105,465,559	30,839,172	136,304,731
31 Dec 2013	96,197,589	29,618,353	125,815,942
31 Dec 2014	86,320,107	27,970,845	114,290,951

Question 4

I would like to know how many households in BC are able to use [E-Plus] and if possible an idea of the age range of the residents in those homes

Answer:

The total number of Residential E-Plus accounts as of 31 December 2014 was 8,177, as shown in the response to Question No. 2. The rate was closed to new customers in April 2008. Please see the response to Question No.5, which sets out the age range of E-Plus customers.

**Question 5**

Have you gathered any information on the age of E-Plus customers? If so, provide that information.

Answer:

Based on the results of BC Hydro's Residential End-Use Survey (REUS), the estimated age distribution of Residential E-Plus customers in percentage terms is as follows. For comparison, the estimated age distribution of all BC Hydro Residential customers in percent is also reported.

Age Category (Years)	E-Plus Residential Customers Percent By Category	All Residential Customers Percent By Category
18 to 24	0.1	1
25 to 34	0.6	9
35 to 44	2.8	12
45 to 54	12	18
55 to 64	30	24
65 or older	54.5	36
Total	100	100

Question 6

How much would BC Hydro intend to save by phasing out E-Plus?

Answer:

There will be no significant cost savings to BC Hydro if the E-plus rate is eliminated. Presently, under-recovery of the costs to serve E-Plus customers is recovered in the rates of other customers.

Question 7

What was the exact reason why the previous request for E-Plus to be terminated was rejected and why is BC Hydro raising this again?

Answer:

BC Hydro periodically reviews all rates charged to customers to ensure that they are fair, efficient and balance the interests of all customers. Any proposed changes are included in a Rate Design Application (RDA) filed with the BC Utilities Commission (BCUC) for review. In 2007 BC Hydro filed an RDA with the BCUC, proposing to phase out E-Plus service. The BCUC turned down BC Hydro's request because they believed BC Hydro had not adequately supported the proposal. You can read the Commission's decision (Order G-130-07) on BC Hydro's 2015 RDA website <http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/bcuc-order-g-130-07-and-reasons-for-decision.pdf>. Refer to pages 133 to 136. BC Hydro is currently preparing to file another RDA with the BCUC. As part of this process, BC Hydro is consulting with customers and stakeholder groups to gather their feedback, and some stakeholders have raised concerns about the continuance of the E-Plus rate. BC Hydro is currently engaging with E-Plus customers about the E-Plus rate and will make a decision, after June 30, 2015, regarding whether phasing out the E-Plus rate will be proposed in the next RDA.

**Question 8**

Does BC Hydro know what alternative heating fuels [are] available to users of the E-Plus plan?

Answer:

BC Hydro does not record information about which alternative fuels E-Plus customers use, however, natural gas, oil, propane, butane, wood or coal from a customer-owned or rented storage facility located on the premises, are potential fuels.

The rate has never been interrupted, and E-Plus customers have never been required to use an alternative heating source.

Question 9

Currently the E-Plus program is not transferable. This means that over the next decade or 2, the plan will fade away anyway. How many E-Plus users were there in 2007 compared to now?

Answer:

Please refer to the response to Question No. 2 above.

Question 10

What is the estimate of natural termination of the E-Plus program?

Answer:

A reasonable estimate of the natural termination of the E-Plus rate for Residential customers is about 20-25 years. Residential E-Plus accounts close for a variety of reasons. The table below sets out the annual attrition (reduction) in the number of E-Plus accounts between 2008 and 2014. From the table the average annual reduction (attrition) in the number of Residential E-Plus accounts since 2008 is 513 accounts. The number of

Residential E-Plus accounts at the end of 2014 was 8,177, which divided by the average annual reduction of 513 accounts equals 16 years.

Year	Residential Accounts	Commercial & Industrial Accounts	Total
2008	645	31	676
2009	638	24	662
2010	519	21	540
2011	508	12	520
2012	458	14	472
2013	376	15	391
2014	444	7	451
Average Annual Attrition	513	18	530

Question 11

What will "the cost of providing electricity through the E-Plus service not covered by the revenue collected through the rate" be each year over the extinction period for all remaining E-Plus accounts combined? I am interested in the differential in the actual energy cost not simply the rate comparison that includes costs of transmission, capital and dividends paid to government.

Answer:

BC Hydro has not interrupted any E-Plus residential customers since the E-Plus residential rate was implemented in 1987. Given that there have been no interruptions, the energy cost to serve E-Plus residential customers is the same as for all BC Hydro residential customers.

BC Hydro 2015 Rate Design Application E-Plus Rate

April 23-15 (v.4)

2015 Rate Design Application (RDA) Residential Rate Workshop - April 28, 2015 RDA Workshop 9

Question 12

If possible, could you tell me the areas of the province where E-Plus service was originally offered for the period, I believe it was 1987-1990? Is this correct?

Answer:

Yes, the period in question was 1987-1990. The rate was closed to new customers in 1990. The table below highlights the percentage distribution of E-Plus Residential and All Residential accounts by region.

Region	<u>E-Plus Residential</u> Percent By Region	<u>All Residential</u> Percent By Region
Lower Mainland	6.3	57.8
Vancouver Island	70.9	21.5
Southern BC	15.7	11.9
Northern BC	7.1	8.9
Total	100	100

Question 13

Who are the Commercial and Industrial accounts, do they include the province of BC, and did they all receive a copy of the February 24, 2015 letter with the attached questionnaire?

Answer:

The following table reports the number of Commercial and Industrial E-Plus accounts by premise type. All E-Plus customers received a copy of the letter and questionnaire.

Commercial E-Plus Account Premise Type	Number of Accounts
Apartment Building	17
Boarding, Rooming, Lodging House	5
Church	11
Entertainment, Amusement, Recreation	41
Government	11
Hospital	5
Hotel, Motel, Resort	18
Irrigation Account or Bona Fide Farm	8
Manufacturing, Resources	14
Merchandising, Wholesale & Retail	31
Nursing, Retirement Home	2
Office Building, Business Block	41
Restaurant	7
School	15
Transp., Communication, Other Utilities	6

E-Plus Homeowners Group

Gary McCaig – 9277 Faber Road, Port Alberni B.C. V9Y 9C3 eplusbcgroup@gmail.com

June 9, 2015

Keith Anderson – General Manager Customer Service
BC Hydro Regulatory and Rates
333 Dunsmuir Street, 16th Floor
Vancouver, BC V6B 5R3

Dear Sir

The E-Plus Homeowners Group was formed in 2007 in response to the proposal made by BC Hydro at that time to phase out the E-Plus rate for residential customers. Our group was recognized at the subsequent British Columbia Utilities Commission hearings as interveners representing E-Plus customers throughout the Province, and we were provided with legal counsel who assisted us in making our submissions.

BC Hydro's 2007 proposal to phase out the E-Plus rate was refused after a very comprehensive and detailed review by the BCUC. BC Hydro did receive permission to end "transferability" when E-Plus homes were sold to new owners, and as a result the number of customers on the program has been decreasing rapidly. In view of this our members were surprised and disappointed to receive letters dated Feb. 24, 2015, indicating that BC Hydro is again considering ending the rate.

This letter provides the response of the E-Plus Homeowners Group to BC Hydro's request for input on the future of E-Plus.

There are strong arguments why the Residential E-Plus rate should not be terminated

In 2007 the E-Plus Homeowners Group presented arguments for the retention of the rate that hold true today. These are discussed in detail in an attachment. Briefly:

- BC Hydro should respect their agreements with E-Plus customers
- Homeowners have made considerable investments to qualify and remain on E-Plus
- Ending the E-Plus program would impose a considerable financial hardship on users, almost all of whom are seniors
- E-Plus rates are associated with energy conservation
- The small group of households on the E-Plus program do not measurably impact power supply or costs in the province

These arguments, are strong, well substantiated and cannot be ignored.

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There is no credible opposition to BC Hydro's proposal to maintain the E-Plus Program

While not conceding that BC Hydro has the right to arbitrarily “review” a program based on written agreements with individual customers, our Group has endeavoured to understand why they would even consider doing so, and why the current review process was undertaken. According to the BC Hydro Q&A document dated April 23, 2015, a review of E-Plus has been undertaken because, “some stakeholders have raised concerns about the continuance of the E-Plus rate”. According to material posted on the BC Hydro website workshops were held, beginning over a year ago, at which the residential E-Plus rate was discussed. It appears that 22 groups identified as “stakeholders” were invited, and in some cases received financial support to attend; however we understand that **no individual E-Plus customers, or groups representing the over 8000 E-Plus customers were included in this invitation.**

At a workshop held in May of 2014, BC Hydro stated that their proposal for the residential E-Plus program was, “maintain attrition approach”. Subsequently, two of the 22 groups present gave feedback saying they disagreed with Hydro's proposal, which would have left E-Plus in place.

- (1) **“BCPSO (BC Pensioners and Seniors Organization) et al”**. This response was given by a group called the **BCPIAC (BC Public Interest Advocacy Centre)**, which according to their website and other sources is a “non-profit” law firm representing a number of groups in dealings with BC Hydro and is a frequent intervener in regard to BC Hydro matters. Their input was simply, “All E-Plus rates should be phased out by 2018 at the latest”. They gave no reason for taking this position.
- (2) **BCSEA (BC Sustainable Energy Association) / SCBC (Sierra Club of BC)**. This group's input regarding E-Plus was, “This should be phased out if it does not serve a useful function”. This qualified response appears to indicate that the responder knew little about the program and was looking for more information on it.

We do not believe the feedback from just two groups at this workshop justified undertaking a review of the residential E-Plus program. More specifically we do not accept that third parties such as the BCPIAC or BCSEA/SCBC are “stakeholders” in E-Plus, let alone that their representative's unsupported and unchallenged objections to residential E-Plus rates should have been given so much weight as to initiate a long and costly review process that has caused considerable personal stress for E-Plus customers.

BC Hydro was aware of the E-Plus Homeowners Group from our participation in the 2007 hearings and could have invited our group to participate in workshops. This is not just a matter of fairness or good practice; the absence of a strong voice presenting the customers' side undoubtedly affected the tone, the content, and likely the outcome of any discussions. Our group has attempted to address this oversight by directly contacting those groups “opposing”

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E-Plus in order to learn more about the reasons, if any, for their opposition and to better inform them regarding the E-Plus program.

- It immediately became apparent that the BCPIAC's feedback was based on serious misunderstandings and did not reflect the priorities of, or instructions from, the BCPSO and other client groups they represented. Subsequently, after receiving direction from their clients, BCPIAC withdrew their opposition and **are no longer asking for phase out of the residential E-Plus program.**
- The BCSEA and Sierra Club directed us to Mr. Tom Hackney, BCSEA's Policy Director for BC Hydro, who personally provided the workshop feedback referred to above. Another member of our Group and I met with Mr Hackney to inform him about E-Plus and to learn more about his concerns. We have continued to communicate with him since that time. It appears that Mr. Hackney's concerns are not specific to the residential E-Plus rate, but are part of a much wider agenda. He has described his priorities as encouraging electricity rates that send the "appropriate conservation price signal" as well as "overall fairness of rates, the Bonbright principles of ratemaking, [and] rate impacts (rate shock) when rates are changed".

Mr. Hackney admitted that his knowledge of the E-Plus program was limited, and his main objective at this time was to learn more about it, as indicated in his workshop feedback. He has since provided us with a copy of a 12 page list of over 100 questions he has submitted to BC Hydro regarding E-Plus, including many that dealt with the most basic aspects of the program and others that appeared to challenge information previously provided by BC Hydro.

In separate discussions with members of the two organizations Mr. Hackney represents, we were unable to find any who supported the phase out of E-Plus or were even aware of the position being taken on their behalf. It is unclear whether Mr. Hackney's views reflect the considered position of those he advocates for, or are his personal ones. In any case, Mr. Hackney specifically related his feedback to whether the E-Plus rate serves a "useful function". The information he is being provided by both BC Hydro and the E-Plus Homeowner's Group should adequately address that concern. In short, the E-Plus program has provided many years of increased sales and revenue to BC Hydro while decreasing use of fossil fuels.

Other "Options" suggested by BC Hydro are unacceptable

According to the Discussion Notes and Guide for the 2015 RDA, dated April 28, 2015, BC Hydro is now considering a "third option" to the phase out or retention of the E-Plus program. This is described as "amending interruption and notice conditions to provide practical alternatives". This appears to be a proposal to deliberately create additional situations where E-Plus supply could be curtailed, since it has never been necessary to curtail it under current terms.

Presumably this would be done in order to create inconvenience, cost and personal suffering for E-Plus customers, forcing many to relinquish the rate. **E-Plus Customers have never been**

notified that such a proposal was being considered, nor have they have been asked for input on it.

The current terms for interruption are long-standing and clear, “a lack of surplus energy and no other economical supply”. Additionally it has been stated that “the export market would be first to be cut off, then large industrial customers, then commercial and finally the homeowners”. These are the fundamental underpinnings of the E-Plus program, and have been communicated several times since the program was first introduced including at the 2007 BCUC hearings.

We have not found any record of this “third option” being advanced by others so we assume it is a BC Hydro initiative. It is unacceptable and in fact shameful, and we are shocked that BC Hydro would consider it. We see a sharp contrast between BC Hydro’s on-going insistence that customers abide by the terms of the E-Plus agreement and their implication that they can modify or ignore these at their discretion.

In the same material there is also a suggestion that “other changes” might be considered, including arbitrarily “re-pricing” E-Plus power at higher rates. As BC Hydro has already acknowledged that the current financial impact of E-Plus is insignificant, any such increases could only be interpreted as attempts to force users off the rate.

Impact of potential phase out on individual E-Plus customers

Twice in the last 8 years E-Plus customers have gone through the painful process of facing the potential loss of the rate, with the personal financial cost that would entail. Almost all of the remaining 8000 customers are seniors, over half are over 65 and many are now in their 80’s or 90’s.

I hear almost daily from E-Plus customers who are extremely concerned about the potential loss of this BC Hydro program. In many cases their investment in E-Plus formed a key part of their retirement planning. Many say they simply cannot afford increased rates if the rate is lost, nor can they afford new heating systems. They tell me of the stress they are feeling, their sense of being “betrayed”, even the impact on their health. Some say it will drive them out of their homes much sooner than they had planned. We fear that even if BC Hydro does not push for the phase out of E-Plus at this time they will raise it again and again in future years.

Our group has few resources available, and many of us are elderly, on our own or in poor health. If a request to phase-out E-Plus is taken to the BCUC we would be at a great disadvantage in presenting our case compared to typical interveners which are large organizations represented by paid professional staff.

Summary

The E-Plus Homeowners Group understands that at the end of the current review period BC Hydro will make a decision whether to pursue the phase out of the E-Plus program. In that regard, we ask that they carefully consider the points made in this letter as well as the input of individual E-Plus customers. The E-Plus program has served a useful function over the almost

thirty years since it was introduced. To phase it out now would create a serious financial hardship for a small group of customers while providing no measurable offsetting advantages. Before undertaking the review process BC Hydro made a proposal to support the outcome of the 2007 BCUC hearings that would allow E-Plus to terminate naturally through attrition. Only two “stakeholder” representatives opposed BC Hydro’s proposal. One has since retracted their opposition, to align with their client’s wishes. The representative of the second group is pursuing a broad agenda in the current RDA, one that is largely unrelated to the E-Plus program. It would be wrong for BC Hydro to reverse their previous position, and ask for phase out of the E-plus rate when there are no stakeholders making a credible argument for them to do so, and there are such strong arguments in favour of retaining the rate.

BC Hydro should hold to their initial proposal to maintain the E-Plus program and allow it to terminate naturally through attrition. In doing so they would honor both the letter and the spirit of the program and the agreements they have made with individual customers. We look forward to hearing that they have done so.

Yours truly,

Gary McCaig – for E-Plus Homeowners Group

cc. Greg Reimer – BC Hydro, Executive Vice President, Transmission, Distribution and Customer Service
Gordon Doyle – BC Hydro, Regulatory Manager

Hon. Bill Bennett – Minister of Energy and Mines
Adrian Dix – NDP Opposition Spokesperson for BC Hydro
Isobel Mackenzie – Seniors Advocate

June 9, 2015

**THE RESIDENTIAL E-PLUS RATE SHOULD BE LEFT IN PLACE
TO TERMINATE THROUGH ATTRITION**

1. **BC Hydro should respect their written agreement with E-Plus customers.** BC Hydro introduced the E-Plus program in 1987 with objectives that included increased sales and revenue and decreased use of fossil fuels for home heating. **The program has met those objectives for almost 30 years and continues to meet them today.** The provision of E-Plus rates is subject to a written agreement between BC Hydro and homeowners, and this is supported by a number of other documents that describe all aspects of the program. In none of these is there any suggestion that the program could or would be modified or terminated. BC Hydro prepared the terms of the agreement and was free to include whatever provisions they wished. They knowingly chose not to provide for future termination but instead described the E-Plus program as “permanent”. Homeowners who joined the program made major financial and personal commitments based upon this understanding. They should not be penalized because conditions have changed and made the E-Plus program less attractive to BC Hydro than it may have been in previous years.
2. **Homeowners have made considerable investments to qualify and remain on E-Plus.** Our members have provided us with many examples, some of which were presented as evidence at the 2007 hearings, of the substantial expenses they incurred to qualify for E-Plus including constructing energy efficient homes, and installing backup heating systems. Some homes were “purpose built” to meet E-Plus standards. Many homeowners have incurred additional expenses over the years to maintain or upgrade their backup systems. In some cases total E-Plus related expenses ran to tens of thousands of dollars. Since the loss of “transferability” of the E-Plus program in 2008 homeowners will not recoup these expenditures when they sell their homes. The value of their homes has dropped as electric heat has moved from being a selling feature to a liability.
3. **Ending the E-Plus program would impose a considerable financial hardship on users.** Electric heating costs could rise to as much as 230 % of current levels (assuming Step 2 rates). For the majority of those now on the program this would add between \$500 and

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\$1000/ year to their heating costs, without factoring in the general increases planned by BC Hydro in coming years. Considering the magnitude of this increase most would endeavour to move from “clean” electric heat to cheaper but less environmentally friendly (increased fossil fuel usage and lower air quality) heating systems. Some would attempt to manage using their back-up systems, often wood heaters, as a primary heat source, even though most were not designed for long-term use. Those who could afford to would go to the considerable expense of installing oil furnaces, or gas furnaces if they were fortunate enough to live in areas where natural gas was now available (E-Plus was offered only in areas not serviced with natural gas) . In some cases, for example where homes are built on concrete slabs, the cost of installing alternate heating systems could be prohibitive. As over 50 % of E-Plus users are over 65, many are on fixed incomes and are unable to absorb added electricity costs or the costs of installing alternative full-time heating systems. Some would be forced to give up their homes.

4. **E-Plus rates are associated with energy conservation.** In order to qualify for E-Plus, customers were required to have homes that meet high standards of energy efficiency. Even on reduced E-plus rates, electric heating costs are substantial, and homeowners are conservation minded, particularly the older ones who form the majority of E-Plus customers. While we have seen no information that compares energy use of E-Plus customers to those in similar homes (detached homes, electric heat, no NG) who are not on the rate, information provided in a Q.A. sheet issued by BC Hydro and dated April 23, 2015, indicates that the average E-Plus homeowner was using 20% less power in 2014 than in 2008.
5. **The small group of households on the E-Plus program do not measurably impact power supply or costs in the province.** BC Hydro has stated clearly that “there will be no significant cost savings to BC Hydro by ending the E-Plus rate”. This is not surprising. The 8000 or so households left on the program use only a fraction of one percent of the power consumed in BC, and that amount falls every year. **If E-Plus rates are terminated most current users would not pay higher rates, they would shift to other heating systems and revenue would be lost to BC Hydro.** As BC Hydro ended transferability in 2008, the number of homes on the program is decreasing by over 500 each year (a 30% drop since 2007). While complete attrition could take up to 25 years, considering that **85% of those on the program are over 55 years old**, and are entering the time of life when many are changing their living arrangements, it seems clear that within a much shorter time frame there will be very few households on the E-Plus program.

2015 Rate Design Application

April 28, 2015/May 21, 2015

Workshop Nos. 9a and 9b

**Electric Tariff Terms and Conditions/
Residential Inclining Block (RIB) Rate
and Other Residential Rates Issues**

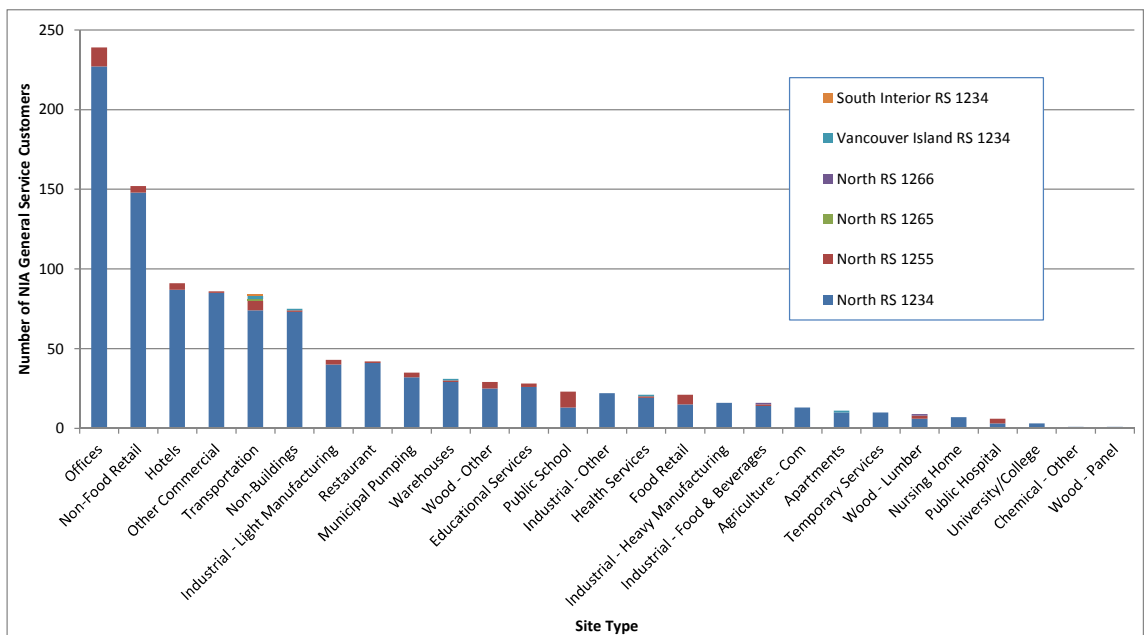
**BC Hydro Summary and
Consideration of Participant Feedback**

Attachment 8

**Estimated Number of General Service Customers
in Zone II Non-Integrated Areas,
by Site Type, Region and Rate Schedule**

Estimated Number of General Service Customers in Zone II Non-Integrated Areas, by Site Type, Region and Rate Schedule

Region and Rate Schedule	North	North	North	North	Vancouver Island	South Interior	Total
Site Type	RS 1234	RS 1255	RS 1265	RS 1266	RS 1234	RS 1234	
Offices	227	12					239
Non-Food Retail	148	4					152
Hotels	87	4					91
Other Commercial	85	1					86
Transportation	74	6	1		2	1	84
Non-Buildings	73	1			1		75
Industrial - Light Manufacturing	40	3					43
Restaurant	41	1					42
Municipal Pumping	32	3					35
Warehouses	29	1			1		31
Wood - Other	25	4					29
Educational Services	26	2					28
Public School	13	10					23
Industrial - Other	22						22
Health Services	19	1			1		21
Food Retail	15	6					21
Industrial - Heavy Manufacturing	16						16
Industrial - Food & Beverages	14	1		1			16
Agriculture - Com	13						13
Apartments	10				1		11
Temporary Services	10						10
Wood - Lumber	6	2		1			9
Nursing Home	7						7
Public Hospital	3	3					6
University/College	3						3
Chemical - Other	1						1
Wood - Panel	1						1
Total	1040	65	1	2	6	1	1115



Summary of Total Consumption of General Service Customers in Zone II Non-Integrated Areas

Energy Consumption	Minimum	25th Percentile	Median	75th Percentile	Mean	Maximum
kWh	1	3,680	11,700	29,640	33,565	1,217,401

2015 Rate Design Application

April 28, 2015/May 21, 2015

Workshop Nos. 9a and 9b

RIB Rate and Other Residential Rates Issues

BC Hydro Summary and Consideration of Participant Feedback