

# Presentation to AMPC re: RDA Proposals - Transmission Service Rates

15 September 2015



FOR GENERATIONS

# RS 1823 – Proposals in RDA

- Pricing Principle
  - Apply Revenue Requirement Increases to Tier 1 and Tier 2 equally for F2018 and F2019
    - F2017 – more of the increase will go to Tier 2 to get it in the LRMC range
  
- Revenue Neutrality
  - Continue with Bill Neutrality approach
  
- Demand Charge
  - No changes proposed (continue with HLH definition -0600 to 2200 Mon.-Sat. except stat. holidays).

# Freshet Rate

Non-firm - no demand charge

Incremental consumption at market rather than RS 1823 rate

Topics for today:

- Update on the wheeling charge
- High level billing Example
- RS 1892 rate schedule and Special Condition

# Wheeling Fee

- BC Hydro agrees with AMPC's proposal for a \$3/MWh fee
- We see the wheeling fee as a balanced approach between the interests of participating customers and non-participants

## Cost Rationale:

- Intended to reflect the fact that incremental freshet load will likely be served from a combination of higher imports, reduced exports, and storage.
- Recovers a notional portion of import related costs.

## Risk Rationale

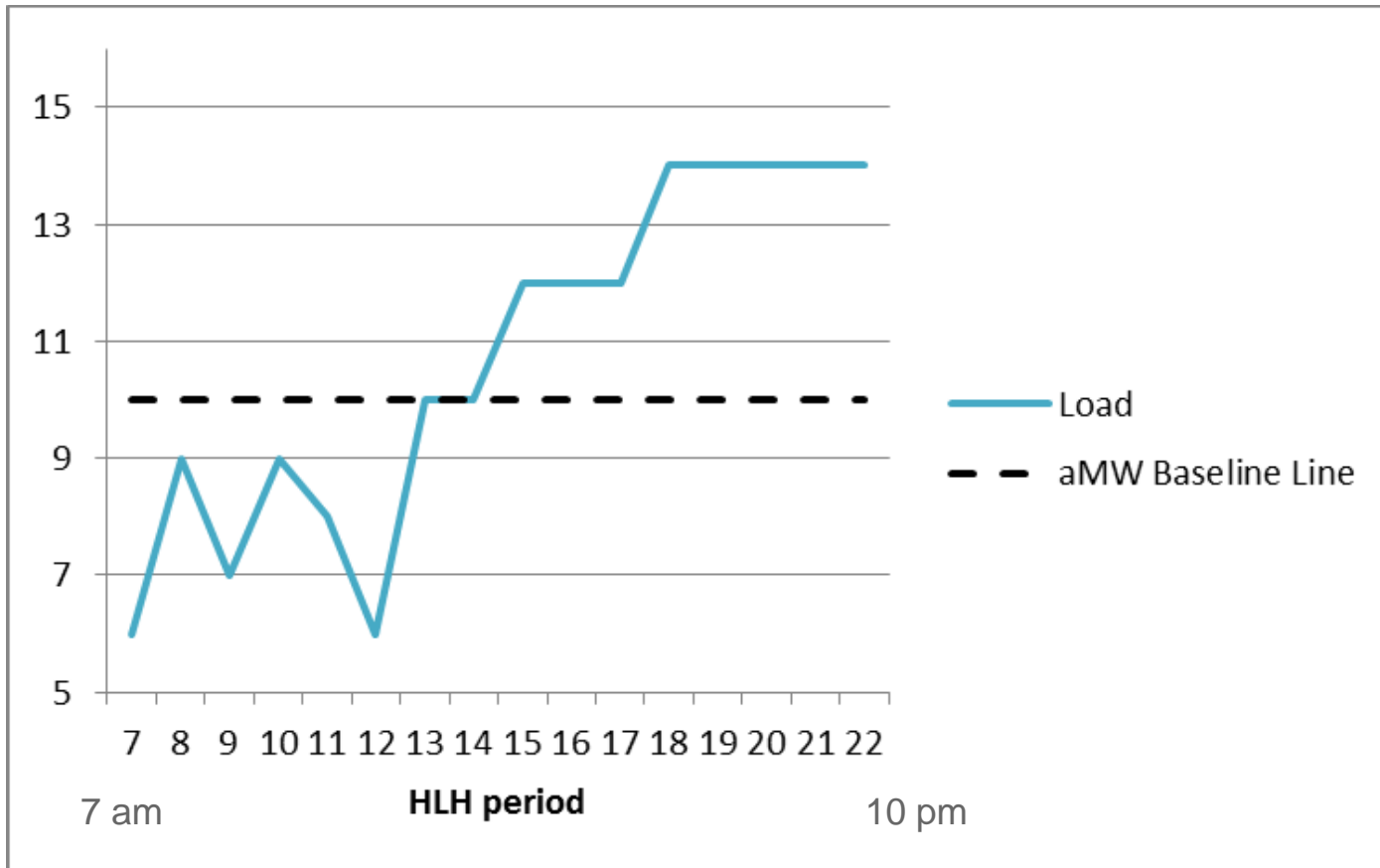
- Compensates for risk to non-participating customers:

### Price and volume risk

- If there are differences between the real time market and the day ahead prescheduled market
- Freshet rate does not compel customers to notify BC Hydro of large volume increases

### Opportunity cost risk

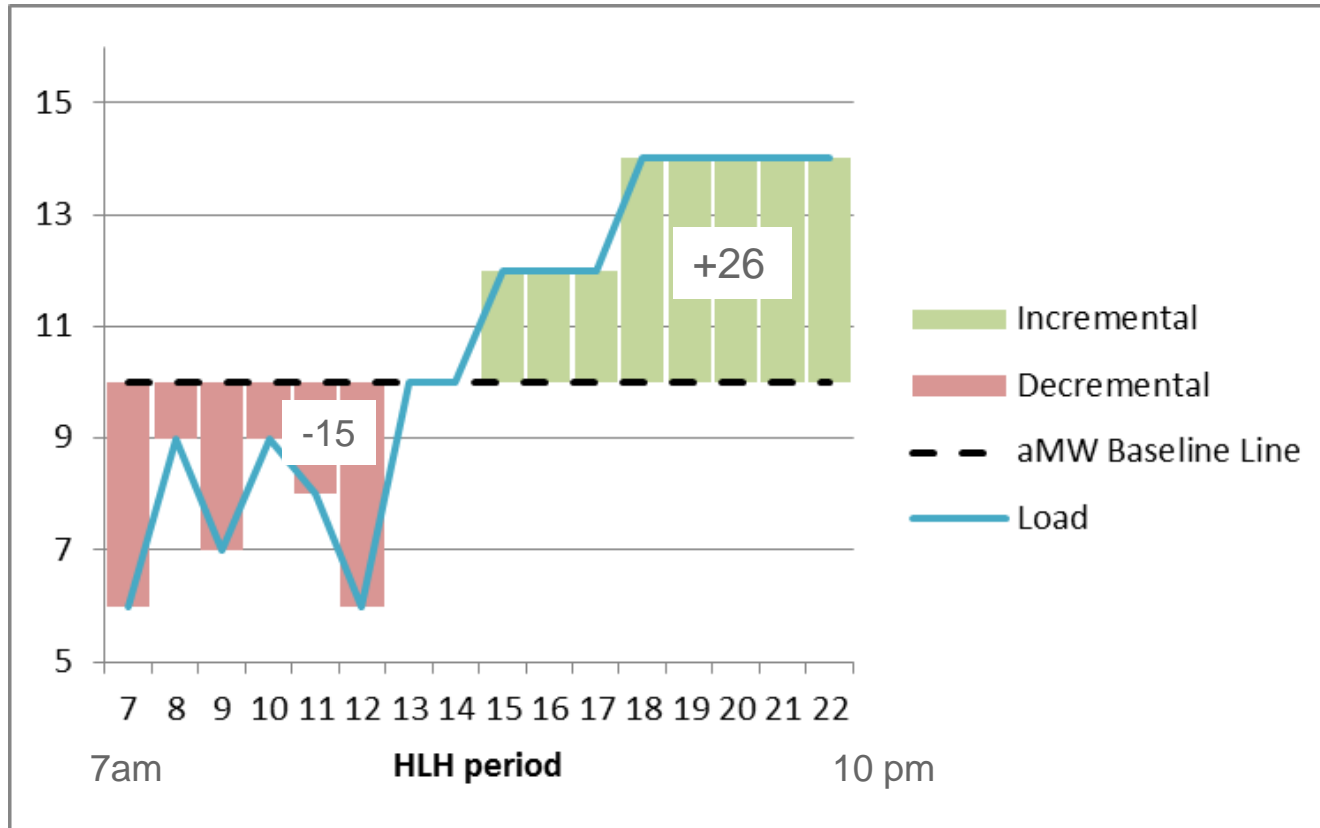
- If intertie unavailable and storage used to supply freshet energy



Customer initially consumes below the baseline and then above the baseline

# RS 1892 Energy billing example

Imagine the freshet consisted of a single 16 hour HLH period.



At the end of the freshet BC Hydro calculates there's been a net gain of 11 MWh

Incremental consumption on RS 1892 in hours 15 to 22 is multiplied by a Net-to-Gross Ratio of 11/26. Remaining volumes on RS 1823.

# Additional Special Condition added to RS 1892

Electricity will not be available under this Schedule to a Customer if:

- (a) the Customer has an electricity purchase agreement (EPA) with BC Hydro, and
- (b) the Customer has exercised a right pursuant to the EPA to elect to change the Seasonal, Monthly or Hourly GBL in accordance with the EPA and BC Hydro has consented to such change, and
- (c) the GBL change became effective during 2016 or 2017.

- Ensures customers benefit from the freshet rate only if there's an actual behavioral change
- Without this condition, a customer with an EPA could lower their seasonal GBL during the freshet which would:
  1. result in higher EPA sales to BC Hydro
  2. result in less self-generation and incremental purchases priced at the cheaper RS 1892 rate.

# LGS – RDA Proposals

- Energy Charge
  - Eliminate 2-Part energy charge structure and move to a flat energy charge
- Demand Charge
  - Eliminate tiered demand charge and move to flat demand
- Demand Charge cost recovery
  - Move from approx. 50% cost recovery to 65% recovery
  - Better offsets bill impacts
- Extra Large General Service Rate Class
  - Commitment to explore as part of Module 2

BC Hydro Preferred LGS (65% demand cost recovery)	
Energy rate (cents/kWh)	5.37
Demand charge (\$/kW)	10.83
Basic charge (\$/day)	0.2347



# RDA Process

- Freshet Rate
  - Requesting approval for the freshet rate pilot by 1 February 2016.
  - BC Hydro proposes that the freshet rate pilot regulatory review process consist of one round of IRs followed by a SRP in early January 2016 so that the Commission can issue an order no later than 1 February 2016.
  
- RS 1823 and other Transmission Service Rates
  - BC Hydro is of the view that the issue of the RS 1823 pricing principles for F2017-F2019 does not warrant an oral hearing.
  - BC Hydro suggests one round of IRs followed by a SRP in early January 2016, in conjunction with the proposed freshet rate pilot SRP

Proposed Regulatory Timetable	
Filing of Application	24 September 2015
Commission issues Regulatory Timetable	6 October 2015
Round 1 Commission IRs	16 October 2015
Round 1 Intervener IRs	23 October 2015
BC Hydro responses to Round 1 IRs	2 December 2015
Procedural Conference	17 December 2015