Rate Design Application (RDA) Module 2 – March 3, 2017  
Optional Rates, Street Lighting, Non-integrated Areas, Irrigation - Feedback Form

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| **Name/Organization:** |
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| ***Optional Rates - Residential*** |  |
| 1. **Optional Residential Rates - General** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slide 7 – BC Hydro provided a list of optional rates that could provide customers with rate choices that reflect how they use electricity:   * Voluntary Time of Use (no access to natural gas and with electric space heating; efficient end uses installed; more control over energy costs) * Voluntary Flat Rate (no access to natural gas and with electric space heating; efficient end uses installed)   **Do you have any general comments on optional time of use (TOU) or flat rates as a way for BC Hydro to meet residential customer needs?**  **What other types of optional rates do you think BC Hydro should consider?** |  |
| 1. **Voluntary Residential TOU Rate Features** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slide 24 – We discussed features from other utility TOU programs:   * On peak to off peak ratio > 3:1 * Peak duration 4 – 6 hours * Include enabling technology * Include customer education and regular communications * Offer first year bill guarantee   **What features do you think are important for a voluntary residential TOU rate? Please explain why.** |  |
| 1. **Voluntary TOU Rate Design Principles** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slide 25 – The following TOU rate design principles were reviewed:   * Economic efficiency includes providing price signals that encourage electricity usage away from high-cost times to lower cost times. * Fairness includes minimizing impacts on non-participants. It also includes considerations of how different participants are impacted by the voluntary TOU rate. * Practicality includes having a rate be simple for customers to understand and practical for BC Hydro to administer.   **Do you have any comments on the principles for voluntary TOU rate design?**  **Are there any other considerations that BC Hydro should take into account when developing voluntary TOU rate designs?** |  |

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| 1. **Voluntary Residential TOU Rate Design Approaches** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slides 26 - 38 – We reviewed illustrative one part and two part voluntary TOU rate options:   * The one part voluntary TOU rate is designed to be revenue neutral based on the average customer consumption and load profile. * The two part voluntary TOU rate is designed to maintain customer revenue neutrality at each customer’s historical consumption and load profile through the balancing amount. This rate design is also designed to maintain class revenue neutrality.   **Are there any other voluntary TOU rate designs that BC Hydro should consider besides the one part and two part rate designs?**  **Do you have any comments on the one part rate design approach ?**  **Do you have any comments on the advantages and disadvantages of the one part rate approach?**  **Do you have any comments on the two part rate design approach?**  **Do you have any comments on the advantages and disadvantages of the two part rate approach?** |  |

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| 1. **Voluntary Residential TOU Rate Pricing and Periods** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slide 30 – We provided information on the voluntary TOU rate pricing and periods as follows:  There are two seasons – Winter (Nov-Feb) and Non-Winter (Mar-Oct).  Winter:  The voluntary TOU peak price applies to consumption during the peak period (4pm-9pm), on weekdays (excluding statutory holidays).  The voluntary TOU off peak price applies to consumption during the off peak period (7am-4pm; 9pm-11pm), on weekdays (excluding statutory holidays) and on weekends and statutory holidays (7am-11pm).  The voluntary TOU super off peak applies to consumption during the super off peak period (11pm-7am) every day.  Non-Winter:  The voluntary TOU off peak price applies to consumption during the off peak period (7am -11pm) every day.  The voluntary TOU super off peak applies to consumption during the super off peak period (11pm-7am) every day.  **Do you have any comments on the illustrative TOU seasons and TOU periods?** |  |

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| ***Optional Rates – General Service*** |  |
| 1. **Optional General Service Rates - General** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slide 43 – BC Hydro has identified a voluntary TOU rate for further development for the large general service (LGS) class.  **Are there any other types of optional rates do you think BC Hydro should consider for this rate class?** |  |
| 1. **Voluntary TOU Rate Design Principles** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slide 54 – The following voluntary TOU rate design principles were reviewed:   * Economic efficiency includes providing price signals that encourage electricity usage away from high-cost times to lower cost times. * Fairness includes minimizing impacts on non-participants. It also includes considerations of how different participants are impacted by the voluntary TOU rate. * Practicality includes having a rate be simple for customers to understand and practical for BC Hydro to administer.   **Do you have any comments on the rate design principles with respect to LGS voluntary TOU rate design?**  **Are there any other considerations that BC Hydro should take into account when developing a voluntary LGS TOU rate**? |  |
| 1. **Voluntary LGS TOU Rate Design Approaches** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slides 55 – 66 - We reviewed illustrative one part and two part voluntary TOU rate options for LGS customers.  **Are there any other LGS voluntary TOU rate designs that BC Hydro should consider besides the one part and two part rate designs?** |  |

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| 1. **Voluntary One Part LGS TOU Rate Pricing and Periods** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slide 60 – We provided information on the voluntary TOU rate pricing and periods as follows:  There are three seasons – Freshet (May-Jul), Winter (Nov-Feb) and All Other Months (Mar-Oct).  Freshet:  Flat rate (4.5 c/kWh) applied to all consumption  Winter:  The voluntary TOU peak price (12 c/kWh) applies to consumption during the peak period (4pm-9pm), on weekdays (excluding statutory holidays).  The voluntary TOU off peak price (5 c/kWh) applies to consumption during the off peak period (7am-4pm; 9pm-12pm), on weekdays (excluding statutory holidays) and for all hours on weekends and statutory holidays.  All Other Months:  Flat rate (5.5 c/kWh) applied to all consumption  **Do you have any comments on the one part voluntary illustrative TOU pricing and periods?** |  |

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| 1. **Voluntary Two Part LGS TOU Rate Pricing and Periods** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slides 64 - 66 – We provided information on the voluntary TOU rate pricing and periods as follows:  There are three seasons – Freshet (May-Jul), Winter (Nov-Feb) and All Other Months (Mar-Oct).  Freshet: Flat rate (4.5 c/kWh) applied to all consumption  Winter: There are four integrated voluntary TOU rate options which vary by peak period duration and by peak to off peak price ratio.  Peak Period Duration  Options A and B have a Winter 5 hour on peak period (4 pm – 9 pm). Options C and D have a Winter 9 hour on peak period (7 am – 11 am and 4 pm – 9 pm).  Peak to Off Peak Price Ratio  Options A and C have a standard peak price of 12 c/kWh and a peak to off peak price ratio of approximately 2.5.  Options B and D have a high peak price of 15 c/kWh and a peak to off peak price ratio of 3.3 and 3.75.  All Other Months:  Flat rate (5.5 c/kWh) applied to all consumption  **Do you have any comments on the voluntary two part illustrative LGS TOU price options, seasons and periods?** |  |
| 1. **LGS Rate Billing Demand** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slide 69 – BC Hydro is considering changing the LGS rate billing demand definition from the highest kW demand in the billing period to the highest kW demand during the High Load Hours (HLH) in the billing period. The HLH period is defined as the hours from 06:00 to 22:00 Monday to Saturday, except for BC Statutory Holidays.  Slide 70 – BC Hydro is considering the change in LGS demand definition as a possible rate option on a mandatory basis under the default LGS rate and/or under an optional one part TOU rate.  **Do you have any comments on these rate options?**  Slide 70 – Under the proposed two part voluntary LGS TOU rate, the demand charge does not apply to incremental load above historical demand. The demand charge is applied to historical kW load which is included in the balancing amount.  **Do you have any comments on this rate option feature?** |  |

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| ***Street Lighting*** |  |
| 1. **Recovery of Net Book Value** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slides 93 – 96 – BC Hydro explained that it would like to begin transitioning street lights that it owns to provide service under Rate Schedule 1701 to using LED lights. This will require an ability for BC Hydro to recover the costs of the net book value of the portion of existing street lights to be retired.  **Do you have any comments or considerations on how the net book value should be recovered?** |  |

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| ***Non-integrated Areas*** |  |
| 1. **Timing of Zone IB Rate Options Review** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slides 107 - 108 – Regarding Zone IB, BC Hydro explained that in the 2007 RDA [Phase II and III] Decision, the Commission was persuaded that the declining block price structure of the energy purchase agreement between BC Hydro and CCPC (now Boralex Ocean Falls Limited Partnership; Boralex) [for energy from the Ocean Falls hydroelectric facility that serves Bella Bella] constituted a rationale for finding that the inclining block feature of BC Hydro’s Zone II rate schedules was inappropriate for Bella Bella. The Commission ordered that Bella Bella customers be placed on Zone I rates.  BC Hydro also explained that the long-term EPA between Boralex and BC Hydro expired on December 31, 2016 and that a six month extension of the EPA to June 30, 2017 was signed to allow BC Hydro and Boralex to continue negotiations.  **Given the historical context of the rates being applied to Bella Bella (Zone IB) customers and the Ocean Falls EPA, should the review of Zone IB rates be postponed until a long-term supply arrangement is finalized with Boralex and approved by the Commission?** |  |
| 1. **Residential Customer Characteristics** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slides 120 - 121 - In our presentation we explained that in 2012 BC Hydro oversampled the population of Non-Integrated Area customers when it undertook its Residential End Use Study. The results of that study were linked with consumption information to identify factors associated with high residential electricity use in Zone II (see slide 120).  On Slide 121, we described differences in housing type and water heating fuel choices between Zone II and Zone I residential customers which may explain some of the difference between median residential usage.  We also explained that the 2017 Residential End Use Study is currently underway and that we are in the process of sampling a large proportion of Non-Integrated Areas customers to understand current factors associated with higher electricity use and differences between Zone I and II residential customers.  **In order to help us to better understand Zone II and Zone IB electricity use, please identify any other factors, issues or customer characteristics that you think we should be considering.** |  |

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| 1. **Zone II 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)** |
| Slides 125 - 132 – BC Hydro described four potential rate options for Zone II customers:  Option 1 – Status Quo (slides 126-127)  Option 2 – Apply Zone I rates in Zone II (slides 128-131)  Option 3 – Increase rates so that they fully recover the cost of service from Zone II customers (slide 132)  Option 4 – Retain separate rates for Zone II customers but consider making changes to the rate structure (energy charges or thresholds) (slide 132)  **To advance the review of Zone II rate options, BC Hydro is interested in hearing if you have any general comments related to the rate design for Zone II.** |  |
| 1. **Zone II Small General Service and General Service Rates** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slides 122 - 124 – We presented information on the Zone II Small General Service and General Service rates and provided information on the number of customers and their mid-point (median) annual electricity usage for different customer segments within each rate classes.  During the presentation, we also commented that consumption is quite varied and that there are differences (heterogeneity) between customer segments that make it difficult to identify factors corresponding to higher electricity usage.  **Regarding the above, is there additional information on Zone II Small General Service or General Service customers which you think we should be considering?** |  |

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| ***Irrigation*** |  |
| 1. **Eligibility, Terms and Conditions, Billing Frequency** | **Comments (Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns)** |
| Slides 76, 78 and 79 – The slides provide an overview on the Eligibility, Terms and Conditions and Billing Frequency for Irrigation Rate customers.  **Do you have any comments on these items** **that BC Hydro should be considering?** |  |
| 1. **Rate Review 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)** |
| Slide 87 - We outlined the following preliminary rate options that we are considering which are:   * Reviewing the cost of service basis for the Irrigation Rate to determine whether changes to the eligibility criteria are appropriate:   + Reviewing each of the customer segments;   + Reviewing the current 746 watt minimum motor load requirement. * Reviewing the appropriateness of the minimum charge:   + Should it be based on or include a measure of actual demand?   + Should it be replaced with a basic charge per customer and set to cover a portion of customer service costs?   We also stated that in accordance with Direction 7, BC Hydro is not considering inter-class rate rebalancing options.  **Do you have any comments on the options that we have identified? Are there any additional options or areas that you believe we should be considering?** |  |

**Additional Comments:**

*Please do not identify third-party individuals in your comments. Comments bearing references to identifiable individuals will be discarded due to privacy concerns.*

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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. I consent also to the posting on the internet of this feedback form and the personal information it contains. 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: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
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| 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](mailto:bchydroregulatorygroup@bchydro.com)  Form available on Web: [www.bchydro.com/2015rda](http://www.bchydro.com/2015rda) |
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