Summary Notes

BC Hydro Transmission Service Rate Design Workshop

October 12, 2018

BC Hydro Office – Prince George

Type of Meeting	Transmission Service Rate Design Workshop – Customers
Agenda	Welcome and Agenda Workshop Objectives and Opening Remarks 1. Rate Primer 2. RS 1823 – Pricing Principles 3. Market Reference Priced Rates 4. Load Attraction Rate 5. Load Retention Rate Closing and Next Steps The workshop session was facilitated by David Keir.

Abbreviations

BCH	BC Hydro	HQ	Hydro Quebec
BCUC	BC Utilities Commission	IPP	Independent Power Producers
BPA	Bonneville Power Administration	kVA	Kilovolt-Ampere
CBL	Customer Baseline Load	LLH	Low Load Hours
COS	Cost of Service	LRMC	Long Run Marginal Cost
CP	Coincident Peak	MW	Megawatt
ESA	Electric Service Agreement	MWh	Megawatt Hour
F2020	Fiscal 2020	RDA	Rate Design Application
F2024	Fiscal 2024	RS	Rate Schedule
FX	Exchange Rate	RTP	Real Time Pricing
GWh	Gigawatt Hours	TSR	Transmission Service Rate(s)
HLH	High Load Hours	TX	Transmission

Meeting Minutes

Welcome and Introductions – David Keir

David started the workshop by welcoming everyone attending, followed by a round of introductions. David went over the objectives for the day – he reviewed the agenda for the workshop and the objective to obtain feedback on 2 existing and 3 new transmission service rates. He recognized the experience in the room and advised that feedback matters – feedback is valuable and important to help inform BC Hydro's rate proposals. David explained the process to provide feedback (verbal questions and comments at today's workshop) and written feedback (feedback form and/or written submission to be provided at end of workshop or sent back to BCH by October 24th, 2018).

Opening Remarks

David provided background and context for the rates workshop. He explained the key pressures which are impacting BCH's business and resource-dependent large industrial sectors. David emphasized BCH's strategic focus is on providing customers with affordable rates. Key initiatives to achieve this include surplus energy optimization and industry diversification. He provided context on how BC Hydro is working to provide such opportunities, including through the provision of innovative industrial rates. He reaffirmed that the workshop is part of a consultative and collaborative engagement with existing and new industrial customers and impacted stakeholders. The purpose is to get feedback on BCH's rate proposals with the objective to advance innovative rate options to the BCUC that make sense and benefit all customers.

1. Agenda Item 1 Transmission Rates Primer

David provided on overview of BC Hydro's portfolio of transmission service rates and tariffs for electricity supply. He identified the key billing determinants for rate-making (energy charge and demand charge) and cost-of-service principles used to determine these charges. He explained the distinction between firm and non-firm service. He described the system conditions that contribute to surplus energy and framed the opportunity for increasing domestic electricity sales as an alternative to export market sales during a period of surplus. David set out the core rate-making principles which are foundational to BCH's rate proposals and sought feedback on these principles. He advised that all rate proposals are subject to review and approval by BCH's regulator, the BCUC. He stressed that, to work as intended, rates need to be practical to implement and harmonize with customer operations.

	Feedback	BC Hydro Response
1.	**Gary Bradshaw, Husky Oil** **Question -** In relation to the indirect connection service, would these customers buy electricity from BC Hydro or from the market?	Customers will purchase electricity from BCH. This is not retail access. Market-reference priced rates will provide a signal for domestic customers to buy more electricity when market prices are low and BCH might otherwise be exporting energy into low-priced markets.
2.	**Matt Warkentin, Canadian Forest Products Ltd.** **Question -** Could BCH participate either through incentives or programs in order to provide support/assistance to build transformers to help the indirect connections along? *NOTE: Question was asked in the context of driving indirect interconnections at existing customer brownfield sites and where additional investment in electrical infrastructure might be required (such as to rebuild or upgrade an existing transformer).*	Advised that BCH tariffs don't contemplate this and there are no current incentives/programs for customer infrastructure. Applying to the government for infrastructure funding may be one approach to consider.
3.	**Doug Rooke, Conifex** **Comment -** If you remove pulp and paper from the historical load chart, load is stable and shows some growth. Pulp and paper loads are the "big swingers" to the profile.	Acknowledged.

2. Agenda Item 2 RS 1823 (Stepped Rate) – Default Rate for Transmission Customers		
David gave an overview of the RS 1823 Stepped Rate, including background on RS 1823 energy pricing principles and the 2015 RDA decision. He explained the illustrative rate impacts of re-pricing RS 1823 Tier 1 and Tier 2 Energy Charges if the Tier 2 rate is set to reflect a lower LRMC value. He described BCH's RS 1823 energy pricing principles proposal for F2020 and asked the audience to consider the question – "do you support maintaining 'status quo' RS 1823 pricing principles for F2020 (i.e., increase demand and energy charges uniformly by the general rate increase for F2020)"? Comments and observations followed.		
	Feedback	**BC Hydro Response**
1.	**Quinn Miller, West Fraser** **Question -** With reference to slide 15, how is the $65/MWh electricity charge derived?	$65/MWh represents the "all in" price for electricity under RS1823 – it includes the energy charge, demand charge and Rate Rider. The energy charge is based on the RS 1823A flat rate. The price drops by ~$5/MWh to ~$60/MWh if all energy is at RS 1823 Tier 1 only.
2.	**Robert Thew, Canfor Pulp** **Questions -** 1) Who determines the LRMC? 2) Is there a chance it could go up? 3) What factors drive the LRMC down?	BCH determines the LRMC for energy and capacity. There are many complex inputs and assumptions used to determine the LRMC. The current view is that the LRMC of energy is trending down. The updated LRMC will reflect the best long-term planning information currently available regarding the cost of acquiring, integrating and delivering firm energy.
3.	**Robert Thew, Canfor Pulp** **Comment -** If Tier 2 is set to a new lower LRMC, with associated Tier 1 increase, this will have a massive impact on customers. We have invested a lot in conservation measures and increasing the Tier 1 price would erode all of the conservation efforts/investments that we have made over the years.	Acknowledged.
4.	**Quinn Miller, West Fraser** **Question -** If LRMC is going down and regulated rates are set to recover BCH costs, then lower energy costs should result in lower rates. So why are rates going up?	BC Hydro's regulated rates reflect embedded costs, including fixed costs, which are recovered through RS 1823 energy and demand charges. All else being equal, if BCH's energy costs are lower, rates will be lower.

	Feedback	BC Hydro Response
	Question - What are the drivers causing LRMC to go down?	Some of the drivers of generation costs that are recovered from ratepayers through energy charges include generation from heritage assets, long-term IPP purchases and market purchases. There are many complex inputs and assumptions that impact the LRMC.
5.	**Robert Thew, Canfor Pulp**	
	Question - Tier 1 rate is going up based on what?	The repricing of Tier 2 lower means that Tier 1 goes up. Tier 1 repricing is calculated residually to achieve revenue and bill neutrality with RS 1823A flat energy rate at 100% of CBL consumption.
	Question - How do we plan for our business without knowing what will happen if Direction 7 is not amended? We did the work / made the investments to reduce Tier 2 and all our efforts would be undone.	Current RS 1823 pricing principles expire on 31 March 2019. BCH will be applying for status quo for one year – i.e., for F2020. We think this approach is reasonable and are seeking your support for this.
	Question - How does demand get tied to the LRMC?	RS1823 demand charges reflect demand-related costs (e.g., transmission network infrastructure, wires and substations, and a portion of generation capacity). For transmission customers, only transmission network costs are included (e.g., no distribution costs).
	Question - If the cost of demand is tied to the cost of infrastructure, and most of our industrial infrastructure has been there for a long time, should demand costs be coming down?	Per current COS methodology, demand-related costs are allocated based on total TSR peak load as a percentage of total domestic peak load during the four winter months (called '4CP' – 4 Coincident Peaks).
	Question - What's happening with demand re-pricing? *NOTE: Context for question was prior discussions with AMPC and government regarding RS 1823 energy and demand repricing to better reflect COS recovery (i.e., over-recovery on energy / under-recovery on demand).*	We are proposing status quo pricing for next year. But we do need to turn our mind to COS recovery and pricing for the following year(s). For example, we need to be thoughtful about the drivers and timing of peak system demand – and how these costs are determined and allocated to and between classes.
6.	**Rod Albers, West Fraser**	
	Comment - Demand is "silent killer" in our industry. In Alberta there are 12 coincident peaks (i.e., 1 for each calendar month). We can avoid high monthly demand charges if we can curtail to avoid the CP.	Industrial customer loads in BC are relatively flat – they are not driving system peaks in the same way as residential and commercial customers. Repricing based on current COS methodology would lower the energy charge and increase the demand charge.

3. Agenda Item 3 Market Reference Priced Rates (Seasonal) - RS 1892 Freshet Rate Pilot		
David provided an overview of the Freshet Rate pilot and the system conditions that drive an energy surplus during the freshet period of May-July. He presented information regarding system conditions, market pricing and baseline determination. He explained how the Freshet Rate design overlays non-firm freshet service with firm RS 1823 service and how incremental energy is determined and priced. He provided a summary of results for years 1-3 of the pilot and reviewed the rate economics (gross and net benefits). David walked participants through questions specific to the Freshet Rate on Slide 37 and asked for comments and feedback.		
	Feedback	**BC Hydro Response**
1.	**Matt Warkentin, Canadian Forest Products** **Question -** Under the Incremental Energy Rate how would BCH deal with potential load shifting? **Question -** What's the impact/difference between doing a monthly reconciliation for freshet instead of the current seasonal reconciliation?	It's important to set baselines that have been normalized for abnormalities. The determination of true incremental load requires us to get the baselines right. The monthly (net: gross) ratios would change. Preliminary analysis indicates an increase in net freshet energy for a monthly vs seasonal reconciliation - some of which may reflect a load shift from RS 1823. The original decision to reconcile seasonally was a rate making rationale premised on concern for shifting load into freshet from RS 1823 (e.g., no net increase in load) and paying less for it. The proposed solution is to leave Freshet Rate as is (i.e., seasonal reconciliation with seasonal average baselines). For customers seeking monthly settlement, the proposed Incremental Energy Rate would use monthly reconciliation with monthly baselines to ensure an apples-to-apples comparison.
2.	**Robert Thew, Canfor Pulp** **Question -** How will this incremental rate affect RS 1880 and will it essentially replace RS 1880 in the same way as freshet? **Question -** Has BCH done an analysis of what the pricing would look like on a forward-looking basis? Can BCH provide these prices to customers?	RS 1880 is a non-firm interruptible rate for transmission customers with self-generation. Customers cannot call for RS 1880 during freshet. We're proposing a similar provision for the Incremental Energy Rate. So RS 1892 Freshet and the new Incremental Energy Rate would reflect an alternative to RS 1880 service. Yes, we are using Mid-C price forecasts in our rate analysis. Annual average forecast prices smooth out the highs and lows and so may be less meaningful to customers. We will review daily Mid-C pricing from prior years and consider how we might make this historical information available to customers for trend and risk analysis.

	Feedback	BC Hydro Response
	Question - How would you establish a baseline year (for both Freshet and Incremental Energy Rate)?	For the seasonal Freshet Rate, customers would maintain their existing approved baselines. For the Incremental Energy Rate, our current thinking is to use F2018 as the baseline year to determine the 12 calendar monthly baselines (i.e., use most recent year prior to rate implementation).
3.	**Craig Thomson, Canfor Pulp** **Comment -** Higher market prices could drive BCH to no longer provide this rate.	 Acknowledged.
4.	**Rod Albers, Quesnel River Pulp** **Question -** How would customers change their load "behavior" if BCH was to move to monthly reconciliation as opposed to the current seasonal reconciliation for the Freshet Rate?	 BCH needs to better understand the impacts to participants and non-participants of such a change. For example, would monthly settlement provide customers with a more efficient price signal to use more in certain months? What would customers do differently? Would there be rate optimization potential?
5.	**Gary Bradshaw, Husky Oil** **Question -** Does it cost extra in maintenance to spill versus paying customer to take back *NOTE: Question was asked in the context of whether the $0 price floor is appropriate.* **Comment -** If the wheeling rate is $3, you could take the price floor down to -$3 and BCH may be no worse off.	 All else being equal, BCH would spill rather than pay customers to take electricity (when market prices are negative and exports are forced). We don't know what the internal costs are to spill offhand. BCH is proposing the status quo on the $3 wheeling rate. This pricing concept is based on a negotiated settlement for the initial design (~ 50% of then C$6/MWh Bonneville Power Administration wheel fee to move power from Mid-C to the BC border). The pricing reflects a risk adjustment/contribution to margin rather than an actual wheeling fee. This helps to balance the risks and benefits for all ratepayers.
6.	**Craig Thomson, Canfor Pulp** **Question -** Will the wheeling rate change during freshet if we move to monthly settlement? **Question -** What are the opt-out provisions and what happens to demand when you opt out?	 The wheeling rate applies to net energy volumes (HLH and LLH) during the Freshet Period and so it is independent of seasonal or monthly settlement. Customers can opt-out of freshet at any time between 1 May and 31 July. Our practice has been to re-bill only energy volumes and not kVA demand so as not to create undue risk for participants retroactively.

4. Agenda Item 3 Market Reference Priced Rates (Annual) RS XX Incremental Energy Rate		
David provided background and context for BCH prior "Real Time Pricing" (RTP) Rate from 1996/97. RTP was an annual rate option available to all transmission customers which priced load above an established baseline at market-referenced prices. He provided a high-level explanation of how the RTP rate worked. He highlighted similarities and differences with the Freshet Rate. David further explained the proposed principles for an annual market priced rate (non-firm service) that would overlay with the RS 1823 Stepped Rate (firm service). David then presented a 'strawman' rate design to facilitate a discussion re: the proposed elements and criteria of the Incremental Energy Rate. Refer to Slides 42 and 43 in the presentation.		
	Feedback	**BC Hydro Response**
1.	**Rod Albers, Quesnel River Pulp** **Question -** Would BCH still maintain the Stepped Rate with the new rates? What's the size threshold?	Yes, the Stepped Rate would remain as the firm service underlay with the new rates. The proposed minimum size is 5 MW ESA Contract Demand. We are seeking to ensure that both existing and new customers have a minimum firm service commitment above which the rate would apply for incremental load.
2.	**Quinn Miller, West Fraser** **Question -** Any crypto currency concerns? Is the purpose of the rate to attract new load or to grow existing customer loads?	The intent of the rate is to provide a price signal to grow load at existing RS 1823 customer sites (e.g., use idle capacity, make more energy-intensive product, turndown generation, etc.). Potential new customers would need to meet the 5 MW minimum size criteria. Customers need to understand the proposed service is non-firm.
3.	**Rod Albers, Quesnel River Pulp** **Question -** Will all hours of the month be used for the baseline determination?	Yes. For each unique calendar month, BCH will determine a HLH and LLH energy baseline and reference demand. So 3 baselines per month equals a total of 36 baselines. For example, HLH energy baseline would reflect total HLH energy volume / total HLH hours in that calendar month. The same approach is used for LLH.
	Question - What is baseline determination period? What adjustments will be allowed?	Our current thinking is to use the most recent 12 month period prior to rate inception instead of 3 year average used by RTP to determine the baselines. This is a discussion item. Customers can request baseline adjustments. Our proposed approach is to use TS 74 (CBL Determination Guidelines) for eligible adjustment events. All baseline adjustments would be subject to Commission approval.
4.	**Robert Thew, Canfor Pulp** **Question -** Does the $6 wheeling fee / monthly adder represent the charge for delivering power to	The proposed $6/MWh adder is a proxy based on the US $5.15/MWh BPA wheel fee (FX adjusted

	Feedback	BC Hydro Response
	California?	to ~C$6/MWh). The $6/MWh adder is proposed to apply in all non-freshet months; the existing $3/MWh adder would apply for the freshet months of May-July. The BPA wheel fee is specific to Point-to-Point transmission between Mid-C and the BC border. Energy deliveries to/from California would involve additional transmission. For simplicity, we're using $6/MWh as a starting point for discussion. The adder needs to be sufficient to address risk and contribution to margin.
5.	**Gary Bradshaw, Husky Oil**	
	Question - If you ask us to curtail and we don't should the penalty be closer to the RS 1823 price?	The service is non-firm and interruptible. However, BCH does not have direct load control. So, if there's a system event that impacts energy and/or capacity availability, customers will be asked to reduce load to baseline levels. If they don't, the proposed penalty is market price x 1.5. For reference, RTP penalty was market price x 1.25.
	Question - Should pricing and/or the penalty be capped at Tier 2? Where there's a floor, there's usually a cap.	RS1823 is the rate for firm service. This is a proposed rate for incremental non-firm service. The pricing and provisions (such as interruption) are proposed to apply to each distinct service.
	Question - What happens if the incremental load is still within my ESA Contract Demand – can it still be interrupted? *NOTE: Based on follow-up discussion, confirmed that where customer is taking additional load, but still operating within site ESA Contract Demand, a Tier 2 price cap should be used to reflect pricing of energy that could otherwise have been purchased under RS 1823 (with no risk of interruption) rather than being exposed to a full market reference-priced penalty.*	Maximum Demand (85% of ESA Contract Demand) would need to be considered for this.
6.	**Robert Thew, Canfor Pulp**	
	Question - Do high-priced market export sales opportunities constitute a potential interruption under this rate? That is, what qualifies as an eligible event of interruption for BCH – is it physical or financial?	Existing rates for non-firm service state that electricity will be provided "…. *to the extent that energy and capacity is available.*" This implies a physical requirement for interruption.
	Comment - It would not be good if the monopoly utility which is supposed to be serving the needs of British Columbians chooses to sell to California rather than making the power available for domestic customer use.	Acknowledged.

	Feedback	BC Hydro Response
7.	**Quinn Miller, West Fraser** **Question -** If an existing customer site meets the criteria and wants to expand and sell power to a new business that is co-located on the same site, would the incremental load be eligible under this rate?	Yes, a new load could co-locate at an existing site provided there is Tx infrastructure capacity and available real estate. Option 1 would be to connect the new load behind your infrastructure and resell. The co-located load becomes your customer. Option 2 is that the new load can take indirect service from BCH and become a separate BCH Tx customer. There are some important service considerations: • Depending on the service requested, you would either flow through 1823 charges or flow through non-firm rate charges. Resale requires BCUC authorization. • To receive firm service, you (as host customer) would need to ensure your ESA Contract Demand is sufficient to serve the new load. Load would be served under RS 1823. • Alternatively, the new load could be served electricity (via the host customer) on a non-firm basis under the Incremental Energy Rate. The host customer would get the bill and need to separately meter and allocate charges to the co-located load. The new/incremental load would be exposed to market price risk and to possible interruption. You would need to consider these risks in your commercial agreements for power supply and billing with the co-located load.
8.	**Rod Albers, Quesnel River Pulp** **Comment -** Customers may want to try the annual rate option first – so if we need to do a pilot, then do it sooner rather than later. **Comment -** If we have both the Freshet RS 1892 Rate and the Incremental Energy Rate we should do both as pilots to see how they interplay together. You may find that freshet isn't needed or people move to the annual rate.	Please respond via written feedback regarding whether you prefer the Freshet Rate to be filed as a permanent rate or as pilot for another 3 years together with the Incremental Energy Rate.

5. Agenda Item 4 Load Attraction Rate

David provided a high-level overview of the rationale, principles and objectives for a Load Attraction Rate. He advised that regulated utilities in other jurisdictions offer load attraction and retention rates. He emphasized that our current environment provides opportunities to attract new loads and diversify the industrial customer base.

David explained potential pricing, availability, term, caps, risk mitigation and performance, evaluation and reporting criteria. The emphasis for review and discussion was on availability criteria and principles of fairness / undue discrimination / free ridership as between new and existing customers in the same industry.

	Feedback	BC Hydro Response
1.	**Rod Albers, Quesnel River Pulp** **Comment -** Hydro Quebec has a mandate for economic development; BCH should consider it.	Acknowledged.
2.	**Robert Thew, Canfor Pulp** **Question -** Who would win with a big energy discount – high load factor customers or other?	All else being equal, if the load attraction rate features a large energy discount and a fixed demand charge, the high load factor customer would be better off.
3.	**Rod Albers, Quesnel River Pulp** **Question -** Is the Load Attraction Rate interruptible? **Comment -** If you aren't in surplus, it doesn't make sense. Maybe only offer during surplus period then.	No, this rate concept is a discounted firm service. Acknowledged.
4.	**Craig Thomson, Canfor** **Question -** What type of load were they trying to attract in Quebec?	We understand that HQ was seeking to attract new long-term industry loads such as large data centres (Amazon, Google, Facebook, etc.) with locational choice. HQ did not exclude loads such as cryptocurrency/blockchain in the first instance, but has subsequently acted to do so.
5.	**Doug Rooke, Conifex** **Question -** How do you deal with projection of surplus? What is the projected surplus size and duration?	The energy surplus varies from year to year and on a planning basis vs actual basis. Forecast is based on average water. Actual depends on system conditions - which are highly variable. For context, the surplus energy volume from most recent fiscal year (F2018) was ~ 5,000 GWh. We will describe the surplus in our rate application.
6.	**Robert Thew, Canfor Pulp** **Comment -** For customers who are established and have been here for decades, it doesn't seem fair that prospective new customers might have a	Acknowledged.

	Feedback	BC Hydro Response
	discounted rate option that's not available to us.	
7.	**Craig Thomson, Canfor Pulp**	
	Comment - There is no benefit for loyalty. For example, when signing up for telecommunication services, people bounce back and forth to get better deals every few years when their contract expires (free TV, special pricing, etc.), but the person who stays with the same provider gets nothing except higher rates. That's the price of loyalty.	Acknowledged.
	Question - What is the risk that a mobile load such as block chain will simply unplug and leave once they reach the end of the discount term and move to a different jurisdiction (i.e., to the next discount provider)?	This speaks to the costs that each unique customer might impose on the system and how those costs might be recovered through the rate. For example, the cost to serve a load that does not impose any system reinforcement will be lower than a load that triggers reinforcement costs. We need to be mindful of these distinctions in the rate design.
	Comment – I don't really care about a block chain company that doesn't impose system costs. But I do care about rate impact – I am indifferent if my rates don't go up, but I am opposed if they do.	Acknowledged.
	Comment - The first few years of business start-up are the hardest. Consider a rate that provides an initial term discount for start-up, but is then higher in later years (repayment premium).	Acknowledged.
	Comment - Government should play a role in offering rate discounts – power is only 1 puzzle piece.	Acknowledged.
David asked participants to consider eligibility criteria and provide feedback – with a specific focus on the competitive impact of new entrants to an existing industry (e.g., forestry, mining, electrochemical, etc.).		
8.	**Craig Thomson, Canfor Pulp**	
	Question - Are you ok giving this Load Attraction Rate to a new customer in an existing industry? *NOTE: Question was posed to participants.*	BCH will consider this question when establishing the eligibility criteria.
9.	**Gary Bradshaw, Husky Oil**	
	Comment - If the industry is already here, they would be competing so it's unfair. If the industry is new (i.e., no existing industry), then it is ok. If it doesn't weaken your competitive position and lowers overall rates, then it should be ok. *NOTE: Clarified this comment to mean that - provided an existing customer has the same rate*	Acknowledged.

	Feedback	BC Hydro Response
	as a new customer in the same industry, then the rate is fair.	
10.	**Tony Mogus, Dunkley Lumber** **Comment -** If I was worried that a new saw mill could take my site next door and get access to this new rate then why can't I set up a new saw mill next door and get this rate?	Acknowledged.
11.	**Quinn Miller, West Fraser** **Question -** What about offering a fixed term for the "new" customer? How does the rate term apply (i.e., is it a fixed 5 year window that the discounted rate applies to? Or is it a fixed 5 year term starting from when the new load takes service?)	Our current thinking is that an eligible/approved customer would get the discounted rate for a fixed term (e.g., 5 years) starting on the date they commence service, but with a hard end date to possibly align with the end of the planning surplus.
12.	**Robert Thew, Canfor Pulp** **Comment -**"Crypto" might be a new load but is not true economic development – e.g. there would be no material increase in jobs, taxes, economic benefits, etc. Many of the companies have overseas ownership and no local interest. Further, if there is crypto industry already in BC, there will be losers.	Acknowledged.
13.	**Rod Albers, West Fraser** **Question -** Who determines if it (new load) is socially acceptable or not? BCH needs to be careful about social engineering. **Comment -** If you are going to attract load, why not attract it from "us", your existing loads. We (industry) do not presently have a discounted firm service option for expansion of existing loads.	The BCUC will determine if the new rate is in the public interest. Acknowledged.
	Comment - Consider the potential for a discounted firm service to act as a "bridge". You can manage your initial costs for the first few years and then move to one of the standard tariffs.	Acknowledged.
14.	**Robert Thew, Canfor Pulp** **Question -** If an existing customer has a new firm load expansion opportunity - and if you can demonstrate that you need the discount to make the load viable – are you eligible?	That's one of the eligibility criteria that we're seeking your feedback on.

	Feedback	BC Hydro Response
	Comment - The current approach (e.g., RS 1823 blended rate for new load) is not an incentive. But this (load attraction rate) could be an incentive to get a new project investment across the line.	Acknowledged.

6. Agenda Item 5 Load Retention Rate		
David provided an overview of the Load Retention Rate from BCH 1996 Industrial Service Application (which was incorporated into BCH RTP Rate – RS 1848). He discussed eligibility criteria, CBL adjustment considerations and special conditions for load retention. He reviewed Hydro Quebec's load retention rate eligibility criteria and pricing. He asked participants to review and consider the questions on Slide 63.		
	Feedback	**BC Hydro Response**
1.	**Rod Albers, West Fraser** **Question -** What is the criteria for financial difficulty – how do we assess this? Does the customer need to have filed for bankruptcy or creditor protection? **Comment -** We've seen customers file for creditor protection, get a reprieve, pay out 10 cents on the dollar, and then turn around and buy new assets. We need to be careful that any load retention rate rewards the right behaviors and not the wrong ones. **Comment -** What BCH did with the mining customers through TS 90 was fair. The customers got a break on their current invoice, but still had to repay with interest. Consider an approach like this rather than using discounts.	BCH will consider these questions. Acknowledged. Acknowledged.
2.	**Craig Thomson, Canfor Pulp** **Comment -** Similar to TS 90, open up to an industry that is struggling – open for everyone who is in that particular business.	Acknowledged.
3.	**Gary Bradshaw, Husky Oil** **Comment -** Consider helping customers through a rough time "rather than cutting their throats". Private companies can do a lot of things to conserve cash.	Acknowledged.
4.	**Robert Thew, Canfor Pulp** **Comment -** Anytime government props up an industry, it hurts the industry. Consider Air Canada and Canadian – the government propped up Air Canada and Canadian went broke. When government meddles, it causes problems. Let the market do its thing. Stop messing with market	Acknowledged.

	Feedback	BC Hydro Response
	forces.	

Closing and Next Steps
David thanked everyone for their attendance and participation in the workshop and provided a timeline for next steps. • Deadline for submission of feedback forms is October 24, 2018. • Summary notes (minutes) of the session will be circulated to participants for review and comment. • Next rate design workshop will be in Vancouver only (target date November 19, 2018).