BC Hydro Rate Design Application - Module 2
Stakeholder Meeting

Summary | 5 January 2017 | 10:00am to 11:30am | BC Hydro - Dunsmuir

TYPE OF MEETING	Stakeholder Meeting
FACILITATOR	Gordon Doyle
PARTICIPANTS	Commercial Energy Consumers – David Craig
BC HYDRO ATTENDEES	Gordon Doyle, Manager, Regulatory, Daren Sanders, Manager, Customer Service, Nan Dai, Senior Resource Planning Engineer, Energy Planning, Jane Christensen, Specialist, Regulatory and Allan Chung, Specialist, Regulatory
AGENDA	1. Discuss BC Hydro Presentation on Voluntary Time of Use (TOU) Rate Options 2. Next Steps

MEETING MINUTES	
ABBREVIATIONS	BCH….BC Hydro BCUC..BC Utilities Commission CEC…..Commercial Energy Consumers' Association of BC LGS…..Large General Service Rate RS.....Rate Schedule T&D ...Transmission and Distribution

1. Slide Presentation Discussion

This is a follow-up meeting to the November 8, 2016 meeting with CEC and the November 15, 2016 meeting with Dewdney Area Improvement District (DAID). BC Hydro committed to meet with CEC and present more detail around potential rate options including a voluntary TOU rate and changing the LGS rate billing demand definition.

LGS Billing Demand Definition

BC Hydro explained that an option to mitigate the demand impact on low load factor customers such as DAID is to explore changing the LGS billing demand definition to 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. This is the definition used for billing demand under the transmission service stepped rate RS 1823.

CEC believes the load drops off on the weekend and should consider revising proposed definition. BC Hydro will review and consider this suggestion by examining what the peak looks like on weekends. For now it has used the current RS 1823 definition which uses the Mid-C market forward definition of HLH.

CEC to discuss with greenhouse growers further on changing the LGS billing demand definition.

BC Hydro needs to do further work to examine the revenue impact of and implementation feasibility of changing the LGS billing demand definition. For now, BC Hydro has included this as a possible rate design option on a mandatory basis under the default LGS rate or under an optional TOU LGS rate.

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Voluntary TOU Rate Options

BC Hydro stated that it cannot implement mandatory TOU rates for residential and commercial classes because of government policy as stated in the 2015 Rate Design Application.

BC Hydro outlined its needs for load management rates since the winter peak drives T&D infrastructure needs and there is also a need for winter generation capacity. CEC indicated the winter peak also drives generation needs too, to the extent it is driven by coincident peak.

Regarding principles for voluntary TOU rate design, BC Hydro indicated that one way to look at fairness could be to adopt a rate design that avoids windfall gains to some and losses to others. CEC indicated that this is an unusual concept of fairness since a customer that contributes less to the peak should pay less on a cost basis than a comparable customer with more peak consumption.

Regarding TOU pricing periods, CEC mentioned that at some point BC Hydro should consider three pricing periods including a super-peak which was used in some of the previous call processes. BC Hydro will review if the current proposed defined peak coincides with the super-peak period used in previous calls.

CEC enquired about whether we know anything about customers peaking overnight. BC Hydro will examine the data to see if there are any customer segments that experience this.

CEC has reservations about the two part rate and suggests keeping things simple. CEC suggests that parameters in the TOU rate may preclude the need for a balancing amount. For example, the lost revenue may be incorporated in the basic charge leaving the TOU rates the same and the rate would be revenue neutral and administratively simple.

BC Hydro indicated that it needs to do the analysis to determine potential revenue loss and how to recover it under a one part rate.

CEC commented that incorporating the freshet period in the one part rate has the same issues as those already avoiding capacity i.e., those already using freshet energy may lead to revenue issues and others having to pick up the difference and a balancing amount may work better. However, CEC cautioned not to complicate rates.

Regarding the proposed two part rate, CEC indicated if the minimum charge is eliminated BC Hydro could encourage load in the off-peak period. BC Hydro indicated that the demand charge is captured in the historical balancing amount. This means that whether the current minimum charge is in the balancing amount depends on the customer's monthly demands in the historical period. However, the two part rate proposed does encourage load growth in the off-peak period since the off-peak rate is lower and there is no incremental demand charge for off-peak load growth. CEC indicated this may work well for the greenhouse growers and the flood control customers.

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CEC indicated that the charts for the two part rate show two different times for the morning peak period 6 a.m. – 10 a.m. and 7 a.m. – 11 a.m. BC Hydro has confirmed that the intended time period is 7 a.m. – 11 a.m.

CEC Update

CEC is working with DAID on a model to determine pump operations under a TOU rate. DAID has begun discussions with the rest of the flood control customer group. CEC could run similar models for the rest of the group. BC Hydro indicated the information would be useful to see how much load they could move off-peak. CEC can also follow-up with BOMA.

BC Hydro to vet TOU concepts internally and confirm illustrative pricing that might be shared with stakeholders.

CEC would like to keep non-firm interruptible rate in play which would benefit load building and economic development. However, this option would not be as urgent as current TOU development. CEC to continue to work with this potential customer economic development opportunity.

CEC mentioned the other rate design issue is demand charges, which BC Hydro has effectively addressed in its proposed rate options.

Regarding electrification, hospitals have been looking to get off natural gas to move to heat pumps. CEC to continue discussion with customer contact regarding any opportunity. BC Hydro is looking for any rate concepts that might work for low carbon electrification.

CEC to provide Oregon rate concept regarding conservation/efficiency and which deals with incentive without requiring a baseline.

2. Next Steps

BC Hydro indicated it will discuss potential TOU rates with broader intervener groups in February.

CEC will continue to work with customer groups to gather information and discuss rate concepts.

BC Hydro will continue meeting with CEC after the February workshop to develop options and analyze impacts in greater detail.