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BC Hydro Rate Design Workshop

SUMMARY 2014-SEPTEMBER-30 2 PM TO 4 P.M. Mining Association of British Columbia 900 – 808 West Hastings St. Vancouver

TYPE OF MEETING	Topic Specific 1:1 Meeting: Mining Association of British Columbia (MABC) – Transmission Service Rate and Connections Policy Changes
FACILITATOR	Sam Jones, BC Hydro
PARTICIPANTS	MABC, Taseko, Graymont, KGHM/Ajax, HD Mining, Yellowhead Mining, Dave Newlands (consultant)
BC HYDRO ATTENDEES	Sam Jones, Frank Lin, Kathy Lee, Gordon Doyle, Greg Simmons
AGENDA	*1.* Welcome & Introductions *2.* Transmission Extension Policy Update *3.* Transmission Service Rates

MEETING MINUTES

ABBREVIATIONS	RDA..... Rate Design Application BCH ..... BC Hydro BCUC..... BC Utilities Commission CBL..... Customer Baseline	IEPR.....Industrial Electricity Policy Review MABC.....Mining Association of British Columbia RS.....Rate Schedule TS#6.....Tariff Supplement No. 6

1. *Welcome and Introductions* SUMMARY

Sam Jones outlined that the purpose of the presentation was to seek initial feedback from MABC on Transmission Extension Policy issues and provide MABC an opportunity to comment on the items BC Hydro has identified for the October 22nd Transmission Service Rate workshop.

2. Presentation: Transmission Extension Policy Update

Sam Jones described the current Contribution Policy offset calculation and walked through other options for calculating offsets.

	FEEDBACK	RESPONSE
1.	Current calculation is understandable and didn't find any of the options more understandable than the current model which generally works other than the 150 MV.A threshold.	While the current calculation may be understandable, the IEPR Task Force background paper on Transmission Contribution Policy[1] notes that the current calculation rebates new customers for some or all system reinforcement costs based on a more expansive definition of revenue than costs.
2.	Having a threshold (150 MV.A) is unique to B.C. Not aware of other jurisdictions who have a threshold.	BC Hydro is only aware of one other jurisdiction that has a threshold. Hydro Quebec has a 50 MW threshold for service to minimize rate impacts of connecting new large industrial loads. BC Hydro notes that the October 2013 IEPR Task Force Final Report[2] found that the 150 MV.A threshold presents a cost barrier not found in other jurisdictions, and sends a signal that new large electric loads are not supported in B.C. There is also an acknowledgment that the threshold is intended to protect existing ratepayers from unreasonable electricity cost increases. BC Hydro will look at alternatives to the current treatment of loads above 150 MV.A while still protecting ratepayers from unreasonable electricity cost increases. The 150 MV.A threshold should not be reviewed in isolation from the overall Contribution Policy, including the offset calculation.

1 Copy available at http://www.empr.gov.bc.ca/EPD/Documents/Task%20Force%20Issue%20Paper-Transmission%20Contribution%20Policy-FINAL.pdf.

2 Copy available at http://www.newsroom.gov.bc.ca/downloads/Industrial_Electricity_Policy_Review_Task_Force_Final_Report.pdf.

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3.	One company noted that they are currently looking at a project in the 200 MV.A range and that due to the 150 MV.A threshold they are exploring the option of connecting 150 MV.A to the BC Hydro system and the remainder be managed by an on-site cogeneration facility.	Generation and bulk system costs are not automatically assigned to load exceeding 150 MVA. It will depend on how the system is at the time. The best thing for a proponent is to speak to BC Hydro as opposed to automatically try to set the demand below 150 MVA.
4.	Has BCH considered making only demand above 150 MV.A subject to the extra costs (i.e., generation capacity and bulk system costs)?	Yes. This is one option BC Hydro has identified. However, further changes may be required to the offset calculation.
5.	Does BC Hydro have a model that customers could use for project evaluation based on average costs including costs incurred above the 150 MV.A threshold?	BC Hydro does not have such a model. The model would need to take into account a number of factors including regional differences and other project specific data.
6.	Will BC Hydro model provincial economic development impacts of any proposed changes to TS#6?	BC Hydro is unsure how it would model provincial economic impacts as a result of TS#6. At a high level, consideration of economic impacts would include not only effects related to investment and to the level of economic activity of the particular load but also the impact of rate increases that must be borne by existing ratepayers.
7.	Having the customer who triggers the generation capacity and bulk system upgrades pay for these costs simply because of the timing of their connection does not seem fair.	That is one of the reasons why the 150 MVA threshold is being reviewed.
8.	Could BCH provide a cost breakdown of studies over the past few years at the October 15th interconnection process workshop?	Yes.
9.	The engineering review process and the time it takes for BC Hydro connections takes too long. Proponents are willing to pay additional costs to accelerate this process. Secondly the inability to provide a defined schedule and associated costs for utility connection and ongoing consumption is making it very difficult for proponents to determine the financial viability of the project.	BC Hydro acknowledges the concern and held an informational workshop on Oct 18/14 to discuss the interconnection process and factors affecting timelines and costs. Additional stakeholder engagement sessions on these topics will be conducted through to filing of the RDA extension policies. Regarding the second question, cost are supplied at the System Impact Study phase and refined at the Facilities Study phase. A detailed implementation schedule is developed during the Facilities Study.

3. Presentation: Transmission Service Rates - RS 1823 – Potential Areas of Review

Greg Simmons described the potential areas of review for RS 1823: (1) looking at the definition of revenue neutrality (the transmission rate class has a unique revenue neutral definition – it is designed to be revenue neutral for individual customers assuming they consume their entire CBL load) ; (2) options for the application of General Rate increases as the current pricing principles expire after F2016; (3) the 90/10 Tier 1/Tier 2 split, although this would require amending section 3 of Direction No. 7 to the BCUC, which requires the BCUC to set RS 1823 consistent with the Heritage Contract Inquiry Report and Recommendations #8 to #15; and (4) definition of billing demand (Slides 21-28).

	FEEDBACK	RESPONSE
1.	There is no appetite to relook at the 90/10 split.	BCH notes that this is consistent with most of the submissions to the IEPR Task Force and with RDA stakeholder engagement feed-back to date.
2.	Can BC Hydro please provide the revenues for residential and transmission class customers?	Yes; Please refer to Appendix A.

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3. Transmission Rates – Flexible Options

Kathy Lee described the objectives of a load curtailment program, what resource characteristics would influence pricing, as well as providing some high level information on other jurisdictions' load curtailment programs. Gord Doyle spoke to the use of RS 1852 as an option for dealing with regional constraints.

	FEEDBACK	RESPONSE
1.	Load curtailment is difficult for mining operations. Typically they need to be running when it is cold.	
2.	Has BC Hydro looked at a scheduling or load management rate?	BC Hydro is looking at the development of a Freshet rate that would encourage increased energy use during the May-July freshet period. BC Hydro is interested in any other suggestions MABC may have.

8. Closing Comments

Gord Doyle expressed that BC Hydro would appreciate MABC's feedback on the Contribution Policy issues identified as well as the proposed scope for the Transmission Services Rates workshop and that further feedback can be provided following the workshop.

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Appendix A

Appendix A – Breakdown by customer class