



IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

British Columbia Hydro and Power Authority
Rate Schedule 1849 – Price Dispatched Curtailment Program

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair)
P.G. Bradley, Commissioner) October 28, 1999
B.L. Clemenhagen, Commissioner)
K.L. Hall, Commissioner)

O R D E R

WHEREAS:

- A. The Commission, by Order No. G-64-99, approved British Columbia Hydro and Power Authority's ("B.C. Hydro") Rate Schedule 1849 Price Dispatched Curtailment ("PDC") Program, effective June 1, 1999, on a temporary basis until a permanent PDC Program could be approved by the Commission in the fall of 1999, and ordered B.C. Hydro to file an application for a permanent PDC Program by August 13, 1999; and
- B. By letter dated August 9, 1999, B.C. Hydro stated that notwithstanding Order No. G-64-99, it was B.C. Hydro's decision whether or not to offer a PDC Program, and that the essence of the PDC Program was not a service regulated under the Utilities Commission Act; and
- C. The letter also stated that B.C. Hydro did not intend to file an application for a new PDC Program at that time, and that it intended to begin negotiating on a one-to-one basis with interested individual customers; and
- D. Further, B.C. Hydro suggested that "the PDC Pilot Program be extended until 31 December, 1999" by the Commission; and
- E. By a letter dated August 19, 1999, counsel for the Joint Industry Electricity Steering Committee ("JIESC") submitted that the existing PDC Program was a tariff item clearly within the Commission's jurisdiction and requested that the Commission direct B.C. Hydro to comply with the Commission's direction and, failing compliance, that the Commission review the PDC Program as filed and require such modifications as the evidence and submissions presented during the review might require; and
- F. By letter dated August 25, 1999, B.C. Hydro stated that it had begun discussions with several customers regarding individual contracts on market based load curtailment opportunities; and
- G. On September 8, 1999, the Commission issued Order No. G-91-99, and directed that an oral public hearing to consider the PDC Program should be held in two phases – Phase I to consider the Commission's jurisdiction to order such a program and/or any modifications to the PDC Program, and Phase II to determine if any modifications to the existing PDC Program are warranted by the evidence; and

- H. By letter dated October 1, 1999, B.C. Hydro advised the Commission that at the Pre-hearing Conference it would make applications for the adjournment of the hearing, for an amendment to the preliminary list of issues attached as Appendix C to Order No. G-91-99, for resolution of jurisdictional issues prior to requiring submissions on substantive program issues, and for an extension of the time for filing its submission; and
- I. The Commission considered the B.C. Hydro applications and determined that they would consider the applications on an expedited basis, and directed staff to canvass parties at the Pre-hearing Conference regarding the most appropriate method of hearing the views of all interested parties on the issues raised in B.C. Hydro's October 1, 1999 letter; and
- J. The Pre-hearing Conference was held as scheduled on October 5, 1999; and
- K. The Commission issued Order No. G-104-99 dated October 6, 1999, and directed parties other than B.C. Hydro to file written submissions, if any, by October 12, 1999 regarding the applications made by B.C. Hydro in its October 1, 1999 letter, and B.C. Hydro to file its written reply by October 14, 1999; and
- L. Participants to the PDC proceeding, including Commission staff, met on Friday, October 8, 1999 and reached a tentative Settlement Agreement Proposal on certain issues prior to the filing of submissions; and
- M. In accordance with the deadlines established by Order No. G-104-99 and amended by Order No. G-112-99, the JIESC, the Consumers' Association of Canada (B.C. Branch) et al., and B.C. Hydro all filed letters of support for the Settlement Agreement Proposal as subsequently amended by the JIESC and the disposition of the hearing as suggested in the JIESC's letter dated October 19, 1999; and
- N. The Commission has reviewed the Settlement Agreement Proposal (attached as Appendix A) and the submissions of B.C. Hydro and Intervenors and has determined that adjournment of the PDC Hearing is in the public interest.

NOW THEREFORE the Commission orders as follows:

1. The Commission hereby adjourns the public hearing into the PDC Program and the related jurisdictional issues established by Order No. G-91-99.
2. The Commission confirms that neither the Settlement Agreement Proposal nor any Order referencing the Settlement Agreement Proposal, will be a factor in any subsequent deliberations by the Commission regarding its jurisdiction over the PDC Program.
3. The Commission hereby approves Rate Schedule 1849, as currently approved on a temporary basis, as a permanent rate schedule.
4. The Commission hereby rescinds item 4 of Order No. G-91-99 prohibiting modifications to the existing PDC Program.

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of November 1999.

BY ORDER

Original Signed by

Peter Ostergaard
Chair

~~**CONFIDENTIAL AND WITHOUT PREJUDICE**~~

SETTLEMENT AGREEMENT PROPOSAL

**BRITISH COLUMBIA HYDRO AND POWER AUTHORITY ("B.C. HYDRO")
PRICE DISPATCHED CURTAILMENT ("PDC") PROGRAM**

DEFINITIONS

"PDC Program" means:

1. Rate Schedule 1849;
2. The PDC Program Agreement as modified in accordance with this Agreement;
3. PDC (Customized) Agreements, entered into between B.C. Hydro and customers for the purpose described below; and
4. Any rate schedules similar to Rate Schedule 1849 prescribing a rate for the delivery of electricity from B.C. Hydro to a customer which are ancillary to PDC (Customized) Agreements.

"event" means: an offer by B.C. Hydro for some or all customers participating in the PDC Program to curtail their consumption of electricity during a specific window of time.

PURPOSE

The purpose of the PDC Program is to take advantage of situations where the market price of electricity is high and B.C. Hydro has transmission capacity to reach the export market. The PDC Program is designed to benefit Program participants, B.C. Hydro and non-participating customers when market opportunities exist for the sale of energy.

PRINCIPLES GOVERNING THIS AGREEMENT

1. The PDC Program should be beneficial to both B.C. Hydro and Program participants.
2. The PDC Program should have a positive overall impact on non-participating customers.
3. The PDC Program should be responsive to changing market conditions.
4. The question of entitlement to B.C. Hydro's embedded cost resources is also outside the scope of this Agreement.
5. Nothing in this Agreement, nor any Order of the Commission referencing this Agreement, prejudices the right of any party to raise issues regarding the Commission's jurisdiction over the PDC Program. The parties to this Agreement shall not use this Agreement, or any Order of the British Columbia Utilities Commission which references this Agreement, as the basis for an argument that the Commission either has jurisdiction, or does not have jurisdiction, over the PDC Program. This Agreement is conditional on the British Columbia Utilities Commission agreeing that neither this Agreement nor any Order referencing this Agreement will be a factor in its deliberations, if any, regarding its jurisdiction over the PDC Program.
6. This Agreement is limited to the PDC Program and shall not be expanded to include any other services (such as an interruptible rate) between B.C. Hydro and its customers.

PROGRAM DESIGN

1. Term

This Agreement ends March 31, 2002.

2. Evaluation

During the term of this Agreement, B.C. Hydro will provide to the Commission PDC evaluation reports within 30 days following each April 1 and October 1, and following March 31, 2002. The reports will be public documents and will provide, at a minimum the following information:

- The initial date and duration of each event
- The market prices which occurred during the event
- The number of PDC Program participants offered to curtail and the number who did participate in the event
- The aggregate revenue associated with each event showing:
 - the aggregate customer required minimums
 - the B.C. Hydro costs
 - the effective sharing of net revenues

3. Contracts

- (a) During the term of this Agreement Rate Schedule 1849 will remain in place. However, this Agreement anticipates that B.C. Hydro may negotiate contracts with individual customers that govern the nature of the specific arrangements between the customer and B.C. Hydro.
- (b) For the term of this Agreement, the individual PDC (Customized) Agreements will not be filed with the Commission.

4. Revenue Sharing

- (a) Revenue sharing in PDC (Customized) Agreements and PDC Program Agreements shall follow that used in the original PDC Program Agreement with the additional feature that the customer's required minimum (expressed in cents/kWh) will be removed prior to revenue sharing. The customer's required minimum may be varied quarterly.
- (b) This Agreement contemplates that revenues after deductions will be shared on a 50/50 basis between B.C. Hydro and the participating customer. Parties agree that this sharing is appropriate for the purpose of this Agreement but this implies no determination as to the appropriate sharing basis beyond the term of this Agreement.
- (c) In the event that B.C. Hydro undergoes a revenue requirement hearing during the term of this Agreement, the parties agree that the Commission should recognize PDC Program revenue to B.C. Hydro for the purpose of that hearing.

5. Calling of Events

The terms and conditions governing the notice and confirmation of events will be the subject of individual PDC (Customized) Agreements between B.C. Hydro and the customer. However, parties agree that in all cases the decision to call events shall belong exclusively to B.C. Hydro.

6. Penalties for Non-Compliance

PDC (Customized) Agreements may contain provisions requiring customers to make payment to B.C. Hydro in compensation for losses suffered by B.C. Hydro as a result of a failure of a customer to curtail load as promised.