

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-103-12**

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

and

**British Columbia Hydro and Power Authority
Application to Amend Tariff Supplement No. 74 –
Customer Baseline Load Determination Guidelines and
Customer Baseline Load Adjustment Tariff Practices**

BEFORE: C.A. Brown, Commissioner

July 25, 2012

ORDER

WHEREAS:

- A. On August 19, 2011, British Columbia Hydro and Power Authority (BC Hydro) filed to the British Columbia Utilities Commission (Commission) an Application to Amend Tariff Supplement No. 74 – Customer Baseline Load (CBL) Determination Guidelines (Application);
- B. By Letter L-79-11 dated September 22, 2011, the Commission invited BC Hydro Transmission Service Rate (TSR) customers to comment on the proposed amendments in the Application and invited BC Hydro to respond to any comments;
- C. By October 12, 2011, the Commission received comments from seven TSR customers expressing support for the amendments;
- D. The Commission also received comment from one TSR customer, Catalyst Paper Corporation, that demand-side management (DSM) persistence and how it applies to customer-funded DSM projects remains an issue;
- E. The Commission also received comment from the Association of Major Power Customers of British Columbia (AMPC) that DSM persistence and treatment of plant turndowns and returns to normal activity not associated with full or partial equipment shutdowns remain as issues;
- F. By Order G-203-11, the Commission established a Regulatory Timetable to review the Application. That Order limited the scope of the proceeding to the two issues identified by AMPC:
 - the Energy Savings Persistence Amendment described at pages 5-6 of the Application; and

- the Treatment of Plant Turndowns and Returns to Normal Activity not Associated with Full or Partial Equipment Shutdowns described at pages 2-3 of AMPC's October 12, 2011 letter;
- G. On March 7, 2012, BC Hydro made submissions to the Commission on a further review process of the Application and requested delaying the process for three weeks in order to engage with AMPC regarding outstanding issues, with a view to finding a mutually acceptable solution;
- H. On April 27, 2012, BC Hydro filed with the Commission amendments to Appendix B and Appendix C of the Application (Amended Application);
- I. On May 4, 2012, AMPC filed its letter of support for the approval of BC Hydro's Amended Application;
- J. By letter dated June 18, 2012, the Commission invited comments from TSR customers and interested stakeholders on the Amended Application. The Commission received no comments on the Amended Application.
- K. The Commission has reviewed all submissions received.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves the proposed amendments to the BC Hydro Tariff Supplement No. 74 – CBL Determination Guidelines in the Amended Application, effective April 1, 2012, as set out in the Reasons for Decision attached as Appendix A to this Order
2. BC Hydro must comply with all directives in the Reasons for Decision attached to this Order.
3. BC Hydro is directed to send a copy of Tariff Supplement No. 74 approved by this Order to all TSR customers within 14 days of this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 26th day of July 2012.

BY ORDER

Original signed by:

C.A. Brown
Commissioner

Attachment

British Columbia Hydro and Power Authority
Application to Amend Tariff Supplement No. 74 –
Customer Baseline Load Determination Guidelines and
Customer Baseline Load Adjustment Tariff Practices

REASONS FOR DECISION

1.0 APPLICATION

On August 19, 2011, British Columbia Hydro and Power Authority (BC Hydro) filed to the British Columbia Utilities Commission (Commission) an Application to Amend Tariff Supplement No. 74 – Customer Baseline Load (CBL) Determination Guidelines (Application), pursuant to sections 58 to 61 of the *Utilities Commission Act*.

BC Hydro's Rate Schedule 1823 - Transmission Service Stepped Rate (RS 1823) includes a CBL unique to each Transmission Service Rate (TSR) customer. Tariff Supplement No. 74 – CBL Determination Guidelines sets out the rules and criteria for CBL determination, reset and adjustment including adjustments in relation to various customer decisions respecting operation or expansion of their plants. The CBL Determination Guidelines are part of the tariff which applies to RS 1823 customers.

The CBL Adjustment Tariff Practices (Tariff Practices) are also used by BC Hydro. The Tariff Practices, which came into existence after the CBL Determination Guidelines, have two primary purposes: (i) to provide clarity for interpretation of certain provisions of the CBL Determination Guidelines; and (ii) to address new adjustments for events that were either not contemplated when the CBL Determination Guidelines were drafted or for events on which the CBL Determination Guidelines are silent. In some cases, the Tariff Practices are not consistent with the specific and general provisions of the CBL Determination Guidelines.

One intent of the Application is to consolidate the CBL Determination Guidelines with the Tariff Practices to provide transparency, consistency, and certainty regarding the impacts of customer events on CBL determination. BC Hydro submits that this consolidation will not result in any practical difference in the way that BC Hydro implements RS 1823 or in the way it determines customer CBLs.

Other intents of the Application include:

- (i) Amendments: Revise sections of the CBL Determination Guidelines that are outdated, unclear, or require change;
- (ii) New Content: Add new sections to describe events and practices that have resulted in CBL adjustment but were not previously included in the CBL Determination Guidelines;
- (iii) Re-ordering: Re-order sections to improve clarity and understanding.

2.0 REVIEW PROCESS

By Letter L-79-11 dated September 22, 2011, the Commission invited BC Hydro TSR customers to comment on the proposed amendments in the Application and invited BC Hydro to respond to any comments.

By October 12, 2011, the Commission received comments from seven TSR customers expressing support for the amendments. The Commission also received comment from one TSR customer, Catalyst Paper Corporation, that demand-side management (DSM) persistence and how it applies to customer-funded DSM projects remains an

issue. The Commission also received comment from the Association of Major Power Customers of British Columbia (AMPC) that DSM persistence and treatment of plant turndowns and returns to normal activity not associated with full or partial equipment shutdowns remain as issues.

By Order G-203-11, the Commission established a Regulatory Timetable to review the Application. That Order limited the scope of the proceeding to the two issues identified by AMPC: the Energy Savings Persistence Amendment described at pages 5 - 6 of the Application; and the Treatment of Plant Turndowns and Returns to Normal Activity not Associated with Full or Partial Equipment Shutdowns described at pages 2-3 of AMPC's October 12, 2011 letter.

On March 7, 2012, BC Hydro made submissions to the Commission on further review process of the Application. BC Hydro requested that the Commission delay the process for three weeks in order to engage with AMPC regarding outstanding issues, with a view to finding a mutually acceptable solution.

On April 27, 2012, BC Hydro filed to the Commission amendments to Appendix B and Appendix C of the Application (Amended Application).

On May 4, 2012, AMPC filed its letter of support for the approval of BC Hydro's Amended Application.

By letter dated June 18, 2012, the Commission invited comments from TSR customers and interested stakeholders on the Amended Application. The Commission received no comments on the Amended Application.

3.0 COMMISSION FINDINGS

The Commission Panel is satisfied with the overall review process for the original Application which eventually evolved into the Amended Application. The Commission Panel concludes that interested and impacted parties were notified of the proposed changes and were given an opportunity to make comments as per the following process:

- The original application (including the proposed changes to the CBL Determination Guidelines) and a letter inviting comments to the Commission were sent to all TSR customers and interested stakeholders. Seven responses were received, of which two raised issues for review ;
- The Commission initiated a review process for the two issues that were raised which resulted in the Amended Application. The Amended Application was also sent to all potentially affected TSR customers with a letter inviting comments to the Commission. AMPC submitted a letter of support but no other comments were received.

In reviewing BC Hydro's Amended Application, the Commission Panel finds several points for clarification in the CBL Determination Guidelines. The following tariff clarifications should be referenced to Appendix C – CBL Determination Guidelines Black-lined Copy in the Amended Application.

3.1 Tariff Clarifications

3.1.1 Normal Historic Annual Energy Consumption

Section 1.0 on page 1 of the proposed CBL Determination Guidelines under CBL Right Sizing, the Commission Panel notes that BC Hydro has now used the wording “customer’s normal historic consumption over a 365 day period...” instead of “customer’s historic annual consumption over a 365 day period...” However, in its proposed tariff pages such as section 3.1.1, BC Hydro uses a different set of wording as follows:

“Energy CBL will represent the normal historic annual energy consumption at all of the plants at the site over a 365 day period.”

The Commission Panel advises that consistent wording should be applied to all sections of the CBL Determination Guidelines. For clarity, the Commission Panel considers that the wording “... normal historic annual consumption...” would be most appropriate. The Commission requests BC Hydro to revise the CBL Determination Guidelines to use the wording “... normal historic annual consumption...” for the above-noted and all other instances.

3.1.2 Incentive Agreement

The definition for BC Hydro-funded DSM project under section 2.0 has now been amended to “Incentive Agreement” from “Power Smart Incentive Agreement.” The Commission Panel notes that under section 6.1.1 has not been amended. For consistency, in section 6.1.1 and in other sections where applicable, the amended wording “Incentive Agreement” should be reflected in the CBL Determination Guidelines.

3.1.3 Retail Access Provisions

The retail access provisions of RS 1823 are suspended for a maximum of two years until March 23, 2014, pursuant to Order G-39-12. BC Hydro has made amendments to Tariff Supplement No. 74 to remove the retail access provisions. The definition of Net Scheduled Output has been deleted from section 2.0 and the provision for energy bill adjustment for net scheduled output under retail access (previously section 4.4.1.3) has also been deleted.

The Commission Panel finds it would not be appropriate to remove the retail access provisions in the amendments to Tariff Supplement No. 74 because the Retail Access Program is suspended, not dismissed. BC Hydro is advised to re-insert the definition for “Net Scheduled Output” in section 2.0, and adjust wording in Tariff Supplement No. 74 to reflect the suspension of the Retail Access Program pursuant to Order G-39-12.

3.1.4 Load Displacement Projects

BC Hydro in the Amended Application has included new Attachment A to Tariff Supplement No. 74, which sets out Customer-funded DSM project duration. On page 39, BC Hydro states that for significant and complex DSM projects, including load displacement projects, the customer may apply to BC Hydro for determination of a custom Customer-funded DSM project Duration for the project. This may be less than or greater than 10 years, and would be subject to Commission approval.

In its responses to information requests, BC Hydro also notes the amended persistence definition does not change the CBL adjustment methodology for TSR customers with self-generation that have a Generator Baseline. For incremental self-generation that is deemed Customer-funded DSM, the persistence is assigned as

one year subject to annual review, under both the existing and amended definitions. For customer self-generation that is BC Hydro-funded DSM pursuant to a BC Hydro Incentive Agreement for load displacement, the persistence is equal to the term of the Incentive Agreement. (Exhibit B-2, IR 1.3.4)

The Commission Panel is aware that BC Hydro is planning to submit new tariff documents related to CBL Determination Guidelines specifically for transmission service customers with self-generation, and CBL Determination Guidelines for customers that begin making deliveries to BC Hydro under an Electricity Purchase Agreement in mid-August 2012. Accordingly, all sections of the Amended Application that pertain to self-generation or load displacement, that are approved by this Order and Reasons, may be subject to further review pending BC Hydro's planned filings in mid-August 2012.

4.0 COMMISSION DETERMINATION

The Commission Panel considers that approval of the Amended Application is warranted, and that, subject to the changes required in these Reasons, that the proposed amendments to Tariff Supplement No. 74 are reasonable.

The Commission Panel approves the proposed amendments to the BC Hydro Tariff Supplement No. 74 – CBL Determination Guidelines in the Amended Application, effective April 1, 2012, subject to the tariff clarifications as noted above.

BC Hydro is directed to file within 14 days of the date of this Order, a revised Tariff Supplement No. 74 – CBL Determination Guidelines reflecting the tariff clarifications. In that filing, BC Hydro is to include a clean copy for Commission Secretary signature, and a black-lined copy for reference.