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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-18-15**

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**IN THE MATTER OF**  
*the Utilities Commission Act, RSBC 1996, Chapter 473*

and

**British Columbia Hydro and Power Authority**  
**Application for Approval of Contracted Generator Baseline Guidelines**  
**and Reconsideration and Variance of Order G-19-14**

**BEFORE:** L. A. O'Hara, Panel Chair/Commissioner  
R. D. Revel, Commissioner  
B. A. Magnan, Commissioner

February 12, 2015

**O R D E R**

**WHEREAS:**

- A. On November 27, 2009, the British Columbia Utilities Commission (Commission) issued Letter L-106-09 asking the British Columbia Hydro and Power Authority (BC Hydro) to provide draft guidelines for the determination of Generator Baselines (GBLs);
- B. On June 20, 2012, BC Hydro submitted to the Commission, for information purposes only, an information report which, among other things, set out certain principles for establishing GBLs (2012 GBL Information Report). BC Hydro did not seek approval from the Commission for the GBL principles contained in that report;
- C. On November 2, 2012, BC Hydro filed an application with the Commission for Approval to Amend Tariff Supplement No. 74 Customer Baseline Load Determination Guidelines for Rate Schedule 1823 Customers with Self-Generation Facilities (TS 74 Application);
- D. The proposed amendments to TS 74 impacted GBLs for customers with contracted generating units (Contracted GBLs); however, the principles for setting Contracted GBLs were not addressed as part of the TS 74 Application. In that proceeding, BC Hydro stated that BC Hydro and the customer negotiate Contracted GBLs in accordance with the principles set out in the 2012 GBL Information Report;
- E. On February 17, 2014, by Order G-19-14, the Commission made its final determination on the TS 74 Application and, pursuant to Directive 2, directed BC Hydro to file an application with the Commission for approval of updated GBL Guidelines to be incorporated into TS 74;
- F. On May 21, 2014, BC Hydro applied to the Commission for a reconsideration and variance of Order G-19-14 requesting that the Commission rescind Directive 2 (Phase 1 Reconsideration Application);

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- G. By Order G-106-14, dated July 25, 2014, the Commission denied BC Hydro's application to rescind Directive 2 as it related to BC Hydro's requirement to file an application with the Commission for approval of updated Contracted GBL Guidelines. However, the Commission accepted that there may be alternatives to filing the Contracted GBL Guidelines other than incorporating them into TS 74 and established Phase Two to reconsider Order G-106-14 as it relates to where the Contracted GBL Guidelines should reside (Phase 2 Reconsideration);
- H. Order G-106-14 also established that the Phase 2 Reconsideration would accept new evidence and new parties would be permitted to intervene;
- I. On December 12, 2014, BC Hydro filed its application for approval of Contracted GBL Guidelines in compliance with Order G-19-14 and the Phase 2 Reconsideration and Variance established by Order G-106-14 (the Application);
- J. Among others, Zellstoff Celgar Limited Partnership (Celgar) and FortisBC Inc. (FortisBC) registered as interveners in the proceeding;
- K. On January 20, 2015, BC Hydro filed a letter (BC Hydro Letter) which questioned the nature of Celgar's and FortisBC's respective interests in the Application, as well as the extent of their anticipated involvement in the proceeding and the nature of the issues they intend to pursue;
- L. By Order G-12-15, the Commission established that a Procedural Conference would take place on Thursday, February 5, 2015 and also suspended the Regulatory Timetable established by Order G-199-14;
- M. The Commission has considered submissions made by parties at the Procedural Conference and considers that the continued intervener status to Celgar and FortisBC is appropriate and finds that establishment of a General Issues List as guidance will be an efficient next step.

**NOW THEREFORE** for the reasons stated in Appendix A, the Commission orders as follows:

- 1. Pursuant to the General Issues List in Appendix B to this Order, the Commission is seeking submissions from parties on matters listed in accordance with the Regulatory Timetable presented in Appendix C of this Order.
- 2. The Commission will make further determinations upon consideration of these submissions.

**DATED** at the City of Vancouver, in the Province of British Columbia, this                    12th                    day of February 2015.

BY ORDER

*Original Signed By:*

L. A. O'Hara  
Panel Chair/Commissioner

British Columbia Hydro and Power Authority  
Application for Approval of Contracted Generator Baseline Guidelines  
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**REASONS FOR DECISION**

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**1.0 INTRODUCTION**

**1.1 Context**

This procedural conference was established by British Columbia Utilities Commission (Commission) Order G-12-15 and relates to the application by British Columbia Hydro and Power Authority (BC Hydro) for approval of contracted generator baseline guidelines (Contracted GBL Application), and reconsideration and variance of Order G-19-14. BC Hydro filed its Contracted GBL Application on December 12, 2014 in compliance with Directive 2 of Commission Order G-19-14. In order to bring the proceeding to an expeditious conclusion, BC Hydro recommended a streamlined review process to take place sometime in early March 2015. Six parties registered as interveners by the January 12, 2015 deadline set by the Commission.

On January 20, 2015, BC Hydro wrote a letter (BC Hydro Letter) to the Commission to express some concerns with regard to the requests for intervener status by FortisBC Inc. (FortisBC) and Zellstoff Celgar Limited Partnership (Celgar).<sup>1</sup>

**1.2 Purpose of the Procedural Conference**

The purpose of this procedural conference was to hear submissions from parties regarding the BC Hydro Letter. Specifically, BC Hydro questioned the nature of Celgar's and FortisBC's respective interests in the application, as well as the extent of the anticipated involvement in the proceeding, and the nature of the issues they intend to pursue.

**2.0 PARTIES IN ATTENDANCE**

The following parties were in attendance and made submissions at the Procedural Conference:

- BC Hydro;
- Zellstoff Celgar Limited Partnership (Celgar);
- FortisBC Inc. (FortisBC);
- Commercial Energy Consumers Association of British Columbia (CEC);
- Association of Major Power Customers (AMPC);
- British Columbia Pensioners' and Seniors' Organization, Coalition of Senior Citizens Counsel of British Columbia, Active Support Against Poverty, the Tenant Resource and Advisory Centre and the Disability Alliance of BC. (BCOAPO); and
- British Columbia Sustainable Energy Association and the Sierra Club of British Columbia (BCSEA-SCBC).

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<sup>1</sup> Exhibit B-2

### **3.0 SUBMISSIONS WITH REGARD TO INTERVENER STATUS**

In its opening statement at the Procedural Conference, BC Hydro makes the point that the BC Hydro Letter was not necessarily objecting to the participation of either FortisBC or Celgar as interveners, simply questioning what their interests are and what scope those interests may take.<sup>2</sup>

#### **3.1 FortisBC**

FortisBC asserts that its primary interest is in monitoring the proceeding which it believes may provide some information on how an experienced fellow utility sets a number, a GBL, for its customers.<sup>3</sup>

With respect to FortisBC, BC Hydro is satisfied from the morning's discussions that FortisBC's expectations are around the information they will glean out of this BC Hydro proceeding to inform their future development of self-generation policy. BC Hydro concludes that this is satisfactory justification for participation as an intervener.<sup>4</sup>

FortisBC's understanding is that its involvement is no longer contentious based upon previous discussions.<sup>5</sup>

No other parties raised concerns about the status of FortisBC as an intervener in this proceeding

#### **3.2 Celgar**

BC Hydro in its opening statement notes that:

In the case of Celgar, its request for intervener status on January 6th asserted that Celgar will be directly affected by the Contracted GBL Guidelines as well as a variance to Order G-19-14, but Celgar provided no explanation as to the nature of its interests or how it might be affected. And just to remind everybody, Celgar is not a B.C. Hydro customer. They are a customer of FortisBC, and it is not at all clear how they will be directly affected, or affected at all, by the Contracted GBL Guidelines or the other issues addressed by the application.<sup>6</sup>

Celgar submits that it should be a participant in the proceeding because it had status in the original proceeding, the Order G-19-14 proceeding, and then again in the reconsideration.

All parties, with the exception of BCOAPO who had no submissions, were favourably disposed towards Celgar's status as an intervener.

In its Reply argument, BC Hydro indicated that it did not before the date of the BC Hydro Letter or now object to the status of Celgar as an intervener.<sup>7</sup>

### **Commission Discussion**

The Panel notes that no intervener raised any concerns regarding the intervener status of either FortisBC or Celgar prior to the submission of the BC Hydro Letter. Furthermore, no parties, neither applicant nor interveners, suggests that either FortisBC or Celgar should be deprived of such status. The Commission Panel therefore accepts that

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<sup>2</sup> Transcript, Volume 1, p. 5.

<sup>3</sup> Transcript, Volume 1, p. 26.

<sup>4</sup> Transcript, Volume 1, p. 7.

<sup>5</sup> Transcript, Volume 1, p. 26.

<sup>6</sup> Transcript, Volume 1, p. 6.

<sup>7</sup> Transcript, Volume 1, p. 34.

both FortisBC and Celgar have continuing intervener status in the BC Hydro Application for Approval of Contracted Generator Baseline Guidelines and Reconsideration and Variance of Order G-19-14 proceeding.

#### **4.0 SUBMISSIONS WITH REGARD TO SCOPE AND PROCESS FOR THE PROCEEDING**

##### **4.1 Submissions of Parties**

In its opening statement, BC Hydro observed that Celgar is not a customer of BC Hydro, it is a customer of FortisBC, and it is not clear on how Celgar will be affected by the BC Hydro Contracted GBL guidelines. BC Hydro is concerned and would like to hear from Celgar about the issues it wishes to pursue. BC Hydro then noted that if the scope of Celgar's participation is reasonable there will be no issues.<sup>8</sup> However if the scope Celgar intends to pursue is not reasonable "...then it might not be the end of it."<sup>9</sup>

The position of Celgar with regard to the scope of the proceeding is that the Commission should not make a ruling on the scope as such a ruling would unfairly restrict the scope prior to the submission of information requests (IRs). Celgar goes on to note that the scope would best be defined by BC Hydro objecting to those IRs that it considers out of scope and seeking Commission rulings, after consulting interveners, as to whether such IRs are within scope.<sup>10</sup>

FortisBC on page 26 of the Transcript indicates that it sees itself in a somewhat limited role on the sidelines because its primary interest is in monitoring the proceeding to garner information on how an experienced fellow utility sets a GBL number for its customers. FortisBC takes no particular position with regard to the scope of the proceeding however notes that it anticipates any questions that it might have would raise only limited, if any, objections from BC Hydro.

With regard to scope, AMPC generally agrees with Celgar that there should be no detailed scoping of the proceeding at this stage however a general scoping could be useful in defining the issues and providing guidance. To assist in achieving that end, AMPC suggests that the Commission consider following the National Energy Board of Canada's (NEB) process with respect to scoping "...which is to look at the application, speak with your staff, send out a list of five or six issues that you see arising from the hearing. In other words at a very general level, what is this hearing about? And ask for feedback and then publish an issues list as guidance."<sup>11</sup> AMPC then indicates its concurrence with Celgar that detailed issues of scope can be addressed through any disputes during the IR process.<sup>12</sup>

Neither CEC nor BCOAPO made submissions concerning the scope of the proceeding.

BCSEA-SCBC takes the position that the hearing should not be inordinately large and provide a fulsome review of the relationship between BC Hydro and its self-generating customers as proposed by Celgar. If that were to occur it would be for a BC Hydro self-generating customer to make the case and not for a party that is not a self-generating customer of BC Hydro.<sup>13</sup> BCSEA-SCBC generally agrees with AMPC's suggestion concerning the development of a list of issues on matters that are of importance to the Panel with the opportunity for parties to agree with or suggest alternate issues. BCSEA-SCBC also agrees with both Celgar and AMPC that the IR process is where detailed out-of-scope matters may be addressed.<sup>14</sup>

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<sup>8</sup> Transcript, Volume 1, pp. 5-7.

<sup>9</sup> Transcript, Volume 1, p. 7.

<sup>10</sup> Transcript, Volume 1, pp. 14-15.

<sup>11</sup> Transcript, Volume 1, p. 29.

<sup>12</sup> Transcript, Volume 1, pp. 28-30.

<sup>13</sup> Transcript, Volume 1, pp. 31-32.

<sup>14</sup> Transcript, Volume 1, pp. 32-33.

In response to a question from Commissioner Magnan during BC Hydro's Reply, BC Hydro indicated that the ideal benefit of the process as suggested by AMPC "...would be to set, not necessarily a firm scope, but expectations about what the process is about, what the Panel and the Commission Staff believe the process is about. To provide guidance to the parties as they do their IRs."<sup>15</sup>

### **Commission Determination**

The Panel is appreciative of the submissions concerning processes to determine the scope of the Proceeding and finds them both thought provoking and useful.

With regard to the Celgar submission that the Panel should not make a ruling on the scope prior to the IR process as such a ruling would unnecessarily restrict the proceeding, the Panel does not find itself in full agreement as such a process could lead to an unduly lengthy proceeding with potentially considerable delays and conflicts. That said, the Panel does appreciate Celgar's point that to set a detailed scope would be unnecessarily limiting at this point.

The Panel considers there is substantial merit in the proposal set forth by AMPC, and as other parties concurred, that is roughly commensurate with the NEB process whereby the Panel, in consultation with staff, puts forth a general list of issues it considers important and circulates that list for comment from all parties. The Panel also finds merit in the suggestion that the IR process be used to determine detailed scoping matters after such a general list is agreed to.

**The Commission determines that an efficient review of this proceeding will be guided through circulation of a General List of Issues for comment by parties and that scoping issues subsequent to the publication of a final list will be addressed through the IR Process. The General List of Issues of interest to the Panel is presented in Appendix B to this Order and the Panel seeks comment from parties in accord with the Regulatory Timetable shown in Appendix C to this Order.**

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<sup>15</sup> Transcript, Volume 1, p. 33.

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**General Issues List**

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**The Panel invites submissions from parties in this General Issues List in accordance with the Regulatory Timetable in Appendix C to this Order.**

- 1) Is the substantial purpose of the Generator Base Line (GBL) Guidelines to incent self-generation by removing barriers while at the same time mitigating arbitrage?
- 2) Should the GBL Guidelines apply to both Distribution and Transmission self-generation customers?
- 3) Are the GBL Guidelines transparent and do they effectively mitigate arbitrage?
- 4) What is the appropriate operational definition of arbitrage in the context of the GBL Guidelines?
- 5) Where should the GBL Guidelines reside? Answers to this question should include both legal and rate regulation considerations.
- 6) Does Order G-38-01 apply to BC Hydro?
- 7) What is the relationship between Deemed Demand and its use for billing purposes?

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**REGULATORY TIMETABLE**

ACTION	DATE (2015)
Comments from BC Hydro	Monday, February 23
Comments from Interveners	Monday, March 2
BC Hydro Reply Submission	Monday, March 9