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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-111-15**

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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 Shore Power Rate
Rate Schedules 1280, 1891 and Shore Power Service Agreement
Electric Tariff Supplement No. 86

BEFORE: N. E. MacMurchy, Panel Chair / Commissioner
K. A. Keilty, Commissioner June 25, 2015
B. A. Magnan, Commissioner

O R D E R

WHEREAS:

- A. On October 31, 2008, British Columbia Hydro and Power Authority (BC Hydro) filed an application pursuant to sections 58 to 61 of the *Utilities Commission Act* (UCA) for approval of Electric Tariff Supplement No. 76 (TS No. 76), an agreement for the provision of non-firm electricity available for shore power use by Port Metro Vancouver (PMV) for cruise ships docked at Canada Place wharf;
- B. The British Columbia Utilities Commission (Commission) approved TS No. 76, effective December 18, 2008, by Order G-197-08;
- C. On April 10, 2015, BC Hydro filed an application pursuant to subsection 61(1) of the UCA for approval of Rate Schedules 1280 and 1891, and Shore Power Service Agreement (Electric Tariff Supplement No. 86) [collectively referred to as the Shore Power Rate] and related Electric Tariff amendments for the provision of non-firm shore power to Port Customers for use by eligible vessels while docked at the customers' port facilities (Application);
- D. BC Hydro's proposed Shore Power Rate has expanded availability to include Port Customers, such as port authorities, terminal operators and dock operators in BC Hydro's service area, and additional eligible vessels, such as container ships and cargo ships. Port Customers may be supplied with shore power under distribution or transmission service voltage levels;
- E. By Order G-58-15 dated April 15, 2015, the Commission established a regulatory timetable with one round of information requests (IRs) and submissions by parties on the review process;

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- F. Five interveners registered for the proceeding: BC Sustainable Energy Association and the Sierra club of BC (BCSEA); Commercial Energy Consumers Association of British Columbia (CEC); PMV; British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO); and Prince Rupert Port Authority. BCSEA, CEC and BCOAPO participated in the IR process;
- G. By Commission letter dated May 29, 2015, the Commission accepted BC Hydro's submission that the review of the Application would proceed directly to the legal argument phase after one round of IRs;
- H. Written final submissions were filed by the five interveners. BC Hydro filed its reply submission on June 11, 2015; and
- I. The Commission notes that no intervener opposes the Application but CEC and BCOAPO raise concerns with respect to certain elements of the Shore Power Rate. The Commission has considered the Application, evidence and submissions of the parties and concludes that approval of the Shore Power Rate as proposed is warranted.

NOW THEREFORE pursuant to sections 58–61 of the *Utilities Commission Act*, for the reasons attached as Appendix A, the Commission orders as follows:

- 1. Rate Schedule 1280, 1891 and Tariff Supplement No. 86 and related Electric Tariff amendments as proposed are approved, effective the date of this order.
- 2. BC Hydro is directed to file the amended tariffs within 15 business days of the date of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of June, 2015.

BY ORDER

Original signed by:

N. E. MacMurchy
Commissioner / Panel Chair

Attachment

British Columbia Hydro and Power Authority
Application for Approval of Shore Power Rate
Rate Schedules 1280, 1891 and Shore Power Service Agreement
Electric Tariff Supplement No. 86

REASONS FOR DECISION

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1.0 BACKGROUND

1.1 Shore Power Rate

The British Columbia Hydro and Power Authority (BC Hydro) began providing shore power service at Canada Place during the 2009 cruise ship season under Tariff Supplement No. 76 (TS No. 76).¹ TS No. 76 was approved by Order G-197-08 dated December 18, 2008. This order was issued pursuant to sections 58–61 of the *Utilities Commission Act* (UCA) and in compliance with Ministerial Order No. M 252, known as the Shore Power Regulation, BC Reg. 29/2014.

The Shore Power Regulation applies only to electricity delivered to cruise ships docked at Canada Place. TS No. 76 therefore applies to a specific customer, Port Metro Vancouver (PMV); one location, Canada Place; one vessel type, cruise ships; and is available during the April to October cruise ship season.² Under TS No. 76, the electricity is non-firm, the applicable rate is as set out in Rate Schedule (RS) 1880 and multiplied by 1.0344 to account for distribution losses, and there is no demand charge for service.

The Shore Power Regulation gives effect to the BC Climate Action Plan's "port electrification" initiative which let vessels use shore-side electrical power while berthed rather than diesel power. PMV is separately metered for shore power service purposes under TS No. 76³.

On August 1, 2012, the Canadian and United States governments enacted the North American Emission Control Area (ECA) under Annex VI of the International Convention for the Prevention of Pollution for ships. The ECA regime recognizes that vessel emissions can be reduced through shore power combined with the use of low sulfur distillate fuels. In 2012, the Government of Canada extended the funding of Shore Power Technology for Ports (SPTP) program. PMV is seeking funding under the SPTP from Transport Canada to install shore power facilities at Centerm and Deltaport, an investment of over \$12 million to be delivered by December 31, 2015. Prince Rupert Port Authority (PRPA) had successfully applied for funding to Transport Canada's Marine Shore Power Program through their ecoFREIGHT funding initiative.⁴

At the provincial government level, the BC Government's Green Ports and Marine Vessels Emissions Reduction Project and associated Air Action Plan action #13 reference port-side electrification as a potential contributor to meeting climate action and air quality objectives. The BC Government's 2007 Energy Plan identifies shore power as a contributor to the attainment of the goal relating to greenhouse gas emissions reductions. In addition, the Ministry of Energy and Mines (MEM) expressed support for BC Hydro's proposed Shore Power Rate at BC Hydro's workshop held in January, 2015 and MEM also provided BC Hydro with a letter of support for BC Hydro's proposed Shore Power Rate.⁵

BC Hydro cites that the PMV's facilities at Global Container Deltaport terminal (GCT Deltaport) and DP World Vancouver Centerm terminal (DPWV Centerm) as well as PRPA's facilities at Fairview Container Terminal are in need of the Shore Power Rate because it is a key component of their respective strategies relating to environmental stewardship. The Application for the Approval of Shore Power Rate (Application) filed with the Commission on April 10, 2015 is BC Hydro's response to requests from PMV and PRPA.

¹ Exhibit B-1, p. 1-4.

² Exhibit B-1, p. 1-3; Exhibit B-2, BCUC IR 1.3.1.

³ Exhibit B-2, BCUC IR 1.1.7.

⁴ Exhibit B-1, Appendices B-1, B-3.

⁵ Ibid., pp. 1-6 to 1-7; Ibid., Appendix B-4.

1.2 The Application review process and approvals sought

1.2.1 Review process

The Application was filed pursuant to subsection 61(1) of the UCA for the provision of non-firm shore power to Port Customers for use by eligible vessels while docked at the customers' port facilities. BC Hydro indicates that the shore power rate in the Application consists of RS 1280 and 1891, and a Shore Power Service Agreement (TS No. 86) [collectively referred to as the Shore Power Rate]. TS No. 86 is based on the Commission approved TS No. 76 and expands Port Customer and vessel eligibility while at the same time expanding the availability of service from the cruise season to year round service.

The Commission reviewed the Application under sections 58–61 of the UCA. By Order G-58-15 dated April 15, 2015, the Commission established a regulatory timetable for one round of information requests (IRs) and submissions by parties on the review process after receipt of BC Hydro's response to IRs.

Five interveners registered for the proceeding to review the Application. The interveners are: BC Sustainable Energy Association and the Sierra Club of BC (BCSEA); Commercial Energy Consumers Association of British Columbia (CEC); PMV; British Columbia Old Age Pensioners' Organization et al (BCOAPO); and PRPA. BCSEA, CEC and BCOAPA participated in the IR process.

In its submission on process dated May 21, 2015, BC Hydro set out two options: (1) Option 1 is to proceed directly to legal argument phase (final submissions) with the proposed dates for intervener final submissions and BC Hydro reply submission; and (2) Option 2 is to proceed to a Streamlined Review Process on June 11, 2015 with arguments to be made orally. The Commission did not receive any objection to Option 1 from parties, except from CEC for a small modification to the dates proposed by BC Hydro under Option 1.

By Commission letter dated May 29, 2015, the Commission established that the review of the Application would proceed directly to the legal argument phase which was set to take place from June 5 to June 12, 2015.

Written final submissions were filed by all five registered interveners with BC Hydro submitting its reply on June 1, 2015.

1.2.2 Approvals sought

BC Hydro is requesting approval of RS 1280 and 1891 and TS No. 86, a "new Shore Power Rate that incorporates the rate design and pricing principles that the Commission approved for TS No. 76."⁶ BC Hydro is proposing:

1. Expansion of shore power service currently available under RS No. 76 to Port Customers, such as port authorities, terminal operators and dock operators in BC Hydro's service area and to include additional eligible vessels, such as container ships and cargo ships;
2. Shore power service be non-firm and interruptible if BC Hydro needs the energy for any reason;
3. The Shore Power Rate not have a demand charge;
4. The same energy rate for non-firm shore power service as the RS 1823 Tier 2 energy rate, which is identical to the RS 1880 energy rate charged under TS No. 76. For distribution Port Customers, the Shore Power Rate energy charge would be adjusted by the primary distribution loss factor of 3.44 percent.

⁶ Ibid., p. 2-9.

BC Hydro would adjust the proposed shore power energy rate in accordance with any change arising out of the 2015 RDA to the RS 1823 Tier 2 price;

5. An administrative charge of \$150 per month per account;
6. Two remaining differences from TS No. 76 to provide additional existing ratepayer protection: (1) Special Condition 3 of RS 1280/RS 1891 providing for a migration rule; and (2) Special Condition 1/section 2.2 of TS No. 86 providing additional certainty that BC Hydro is not required to construct an Extension for the purpose of increasing the capacity of BC Hydro's distribution system to provide shore power service, and that BC Hydro is not required to undertake transmission System Reinforcements for purposes of providing transmission-related non-firm shore power service.

1.3 Structure of the Reasons for Decision

This section describes the Shore Power Rate for cruise ships as it currently exists under TS No. 76 and the background to BC Hydro's proposed Shore Power Rate for eligible shipping vessels under TS No. 86.

Section 2 describes the need for the rate, section 3 considers the rate structure as proposed, section 4 considers other elements of the rate including the energy rates and the administrative charge and section 5 discusses issues that emerged in the review such as the development of a hierarchy for disconnection.

2.0 NEED FOR A SHORE POWER RATE

BC Hydro filed its application for an interruptible rate to support the use of shore power in response to requests by PMV for the DPWV Centerm and GCT Deltaport in Delta and by PRPA in respect of the Fairview Container Terminal at Prince Rupert. PMV and the PRPA view shore power as a key component in their respective strategies relating to environmental stewardship.⁷ BC Hydro stated that the Greater Victoria Harbour Authority (GVHA) has decided not to pursue shore power at the time of this Application but if GVHA were to request service under the Shore Power Rate, as a new shore power Port Customer connected at distribution voltage, the applicable tariff would be RS 1280 and TS No. 86, assuming that the proposed Shore Power Rate is approved by the Commission.⁸

BC Hydro reviewed the relevant existing default firm service rates LGS RS 16xx (distribution tariff) and RS 1823 (transmission tariff) to assess their suitability for shore power service. BC Hydro concluded that the demand charges associated with the default firm transmission service and LGS rates are high relative to those few jurisdictions whose rates for shore power service contain a demand charge. Furthermore, the presence of demand charges associated with firm rates are problematic for prospective shore power loads. BC Hydro put forward the evidence that the eligible vessels have low load factors and that would result in relatively high blended energy and demand rates; uncertain load factors due to an uncertain frequency of shore power connectivity result in unit charges that are known after the fact. These uncertainties may discourage investment in shore power facilities and equipment and may ultimately discourage the use of shore power.⁹

In the Application, BC Hydro put forward the case that RS 1880 is not suitable because RS 1880 can be seen as enabling self-generation whereas the service sought by PMV and PRPA is essentially the opposite. While ships have self-generation, the aim of the Shore Power Rate is to displace vessel self-generation with BC Hydro grid

⁷ Ibid., p. 1-5.

⁸ Exhibit B-2, BCUC IR 1.4.1.

⁹ Exhibit B-1, p.2-4 and 2-5.

electricity. Certain Port Customers are not eligible to take shore power under RS 1880 because availability is restricted to transmission service customers with on-site generation. BC Hydro further notes the RS 1880 does provide all of the terms and conditions needed for non-firm shore power.¹⁰

The service requested is similar to the service approved by the Commission in TS No. 76 to provide shore power at Canada Place to meet the needs of cruise ships using those facilities.¹¹ TS No. 76 service only applies to a specific Port Customer and to cruise ships at the Canada Place facility. The proposed Shore Power Rate expands eligibility to include Port Customers, such as port authorities, terminal operators and dock operators and to include additional eligible vessels such as cruise ships, container ships, cargo vessels, freighters, tankers, bulk carriers, passenger and vehicle ferries, and similar deep sea vessels.¹²

BC Hydro submits that “no suitable rate is currently available to accommodate the PMV and PRPA requests. Therefore, BC Hydro determined that a new shore power rate is needed.”¹³

None of the interveners oppose the need for a shore power rate.

Commission determination

The Panel finds that the need for a new shore power rate has been well established. The rate will encourage investment in shore power facilities which will advance the environmental stewardship concerns of Port Customers as well as promote the energy goals of the Government of British Columbia.

3.0 RATE STRUCTURE

This section deals with the elements of the rate structure as proposed, to determine if the proposed rate structure is appropriate. Section 4 deals with the elements of the proposed rates including the energy rates and the administrative charge.

3.1 Firm vs. interruptible rate

The Application is for an interruptible rate recognizing:

- the nature of the users of the service:
 - ships are in port using the service for only limited periods of time, and
 - the ships are not dependent on BC Hydro service in that they can self-generate electricity to meet their needs if this is required; and
- the ability of BC Hydro to interrupt service:
 - BC Hydro will only provide service when it has energy and capacity available and will interrupt service if the energy and/or capacity is needed to meet the needs of other ratepayers.¹⁴

No intervener opposed the rate being structured as an interruptible service.

¹⁰ Ibid., pp. 2-8, 2-9.

¹¹ Ibid., p. 1-3.

¹² Ibid., p. 1-16.

¹³ Ibid., p. 2-9.

¹⁴ Ibid., p. 1-17.

Commission determination

The Panel finds that the design of the rate as an interruptible rate is appropriate given the nature of the users and the ability of BC Hydro to interrupt service as necessary.

3.2 No demand charge

The applied for rate does not contain a demand charge. The rate is strictly based on the energy consumed . BC Hydro states that no demand charge for capacity is warranted because:

- shore power service is non-firm and can be interrupted;
- shore power load is not included in BC Hydro's load forecast; and
- interruptible load does not drive investment in transmission or the demand-portion of distribution infrastructure. No transmission infrastructure is or will be built to meet the demands for shore power service.¹⁵

BC Hydro will not incur any system improvement costs to provide the shore power service as the demands for this service are not included in BC Hydro's energy or peak demand load forecasts. BC Hydro does not expect to have any incremental physical maintenance of the system due to the addition of the shore power service.¹⁶

To facilitate shore power services, new distribution facilities may be required. The cost of installing these facilities including labour and material for extension of the existing system to the Port Customer's site, as well as any necessary switching equipment and protection and control upgrades will be paid for by the Port Customer. However, there will be some ongoing maintenance related to these new facilities. BC Hydro estimates that added maintenance costs will be about one percent of the cost of the extension facilities. Based on the estimated average cost of distribution extension facilities of \$1 million, the estimated annual cost of incremental operations and maintenance costs (O&M) would be \$10,000 per site. BC Hydro asserts that the energy charge contained in its proposal ensures that any additional O&M costs will be recovered from shore power customers.¹⁷

Section 4 provides a discussion on the appropriateness of the proposed energy rates and administrative charge.

PMV supports a rate structure with no demand charge because of the difficulty with calculating the allocation of the demand charge to individual ships and the pricing uncertainty that would exist if a demand charge was levied.¹⁸ PRPA views the presence of a demand charge creates a pricing uncertainty that does not make it feasible to utilize shore power facilities.¹⁹

BCSEA and CEC are supportive of a shore power rate without a demand charge.²⁰ No party opposed the structure of the rate without a demand charge.

¹⁵ Ibid., p. 1-17.

¹⁶ Ibid., p. 1-17.

¹⁷ Exhibit B-2, BCUC IR 1.1.5.2.

¹⁸ PMV Final Submission, p. 1.

¹⁹ PRPA Final Submission, p.1.

²⁰ BCSEA Final Submission, p. 4; CEC Final Submission, p. 8.

Commission determination

The Panel finds that given an adequate energy charge, a shore power rate structure without a demand charge is appropriate. The Panel recognizes that the pricing certainty that arises as a result of the energy only charge will facilitate the marketing of the shore power service by port authorities. The Panel is also persuaded by the fact that no capital facilities will be paid for by BC Hydro to provide this service and that any incremental O&M costs will be minimal.

3.3 Is the rate structure unduly discriminatory?

The Commission under Section 59 of the *Utilities Commission Act* must determine that a service offering of a utility is not unduly discriminatory and whether a service is offered or provided under substantially similar circumstances and conditions. BC Hydro acknowledges this requirement²¹ and asserts that the proposed Shore Power Rate structure is not unduly discriminatory because:

- it expands Port Customer and vessel eligibility from the Commission approved non-firm Shore Power Rate TS No. 76 on essentially the same terms;
- shore power load is characterized by two distinguishing features – it is naturally interruptible due to on-board generation and it typically has low load factors; and
- Designing specific rates for shore power service is commonplace for those jurisdictions offering shore power service.

No intervener disputes BC Hydro's assertion that the applied for Shore Power Rate structure is not unduly discriminatory.

Commission determination

The Panel finds that the applied for shore power rate structure is not unduly discriminatory. The Panel is persuaded that this is the case by the fact that the rate structure has been designed to deal with a class of customer that has specific distinguishing features that warrant specific rate treatment. The Panel finds that the customers in substantially similar circumstances are being treated equitably under the applied for rate structure.

4.0 OTHER ELEMENTS OF THE RATES

This section will deal with other elements of the rate including the energy rates and administrative charge.

4.1 Are the shore power energy rates reasonable?

BC Hydro proposes that shore power customers be billed under rates 1280 (distribution) or 1891 (transmission). Under TS No. 86 the rates will be set equivalent to the Tier 2 energy charge of RS 1823. This rate is set based on the long run marginal cost (LRMC) for incremental energy and is considered suitable for a non-firm rate for a naturally interruptible load.²² BC Hydro provided an analysis of the proposed rates using the Bonbright principles. The analysis provided argues that the proposed rates meet all of the Bonbright principles in a positive manner and that the rate is designed to recover the cost of energy and is within the range of BC Hydro's LRMC.²³

²¹ Exhibit B-1, p. 1-18.

²² Ibid., p. 2-8.

²³ Ibid., Table 2-4, p. 2-10.

In its final submission, BCOAPO addresses the issue of the adequacy of the proposed rates and its possible impact on residential customers. BCOAPO concludes that provision of shore power will not degrade the services to other BC Hydro customers and that the proposed rates would cover servicing costs under current market conditions.²⁴

CEC submits that the proposed rate may be unduly high partly because the Tier 2 energy rate for RS 1823 is a rate for firm energy which is included in BC Hydro's energy and peak demand load forecast adjusted for DSM savings.²⁵ CEC also argues that the energy to be used for shore power is not included in the BC Hydro load forecast. They also argue that LRMC pricing is meant to provide a price signal for the cost of new energy but no new energy will be generated or purchased to supply non-firm shore power.²⁶

CEC submits a more logical comparison for shore power energy rates may be to the spot energy market. CEC further argues that as any power to be provided is surplus power, it is in the ratepayer's interest for BC Hydro to receive a higher price than may be achieved on the spot market. The CEC submits that rates should be based on cost of service principles and that the Commission may justifiably set the rates having regard to the value of the market energy or displaced market exports without reference to the LRMC based rate comparison.²⁷

CEC also submits that while the Tier 2 rate is likely too high in that it reflects the cost of adding new energy and capacity, the spot market price is likely too low in that it does not recognize the free ridership of available capacity. CEC recommends that the Commission consider setting an appropriate fair price that is between the spot market price and the Tier 2 or LRMC energy charge.²⁸

All other interveners supported BC Hydro's position. In reply, BC Hydro submits that CEC does not address how RS 1280/RS 1891 energy charges set somewhere between a spot market forecast and the RS 1823 Tier 2 rate would not be unduly discriminatory given that TS No. 76 provides for a RS 1823 Tier 2-based energy charge of 8.796 cents/kwh (F2016). BC Hydro submits that there is no basis for providing eligible ships such as container vessels, bulk carriers and cruise ships docking in locations other than Canada Place with lower energy rates under the Shore Power Rate than the TS No. 76 energy charge approved by the Commission.²⁹

Commission determination

All parties agree that the proposed use of the Tier 2 energy rate of RS 1823 will adequately cover any energy costs incurred in supplying shore power under RS 1280 and 1891 and under TS No. 86. CEC argues that the Tier 2 rate may be too high and that rates should be set somewhere between the spot market rate and the Tier 2 rate. The Panel finds that there is no evidentiary base upon which to set a rate as proposed by CEC. The Panel further notes that tying a rate to spot prices would be setting rates based on market value, rather than on cost based principles, and could result in pricing uncertainty.

BC Hydro, PMV and PRPA recommend the use of the rates as proposed, which are seen to provide stability in the rate structure being offered to the potential users of the service.

²⁴ BCOAPO Final Argument, p. 2-3.

²⁵ Exhibit B-3, CEC 1.7.1, CEC final argument, p. 8.

²⁶ CEC Final Argument, p. 8.

²⁷ Ibid., p. 9.

²⁸ Ibid., pp. 12-13.

²⁹ BC Hydro Reply Submission pp. 7, 8.

The Panel determines that the proposed Tier 2 energy rate of RS 1823 is the appropriate basis for the Shore Power Rate under RS 1891 and RS 1280 and approves the rates as filed.

4.2 Is the proposed administrative charge reasonable?

BC Hydro proposes to charge its Port Customers an administrative fee of \$150 per month per account to cover incremental administrative charges such as billing, scheduling, power availability and main tenance of customer metering equipment on site. This is the same level as the charge that is being levied under TS No. 76, which is the present shore power rate used for the cruise ships docked at Canada Place wharf. Unlike TS No. 76 where the administrative charge is only levied during the cruise ship season, the administrative charge under TS No. 86 will apply year round, recognizing that the TS No. 86 rates are not limited to the cruise ship season.

BCOAPO indicates in its final argument that it is concerned this amount may not be adequate to cover actual costs incurred by BC Hydro for O&M costs attributable to this service.³⁰

In response to BCUC IR 1.3.4.2, and in its Reply Submission, BC Hydro indicated that labour costs associated with the administration of TS No. 76 were minor and would appear to be reasonable. BC Hydro could not say with certainty whether they over-recovered or under-recovered their costs.³¹

Commission determination

BC Hydro has indicated that the level of the present administrative charge for TS No. 76 appears to be adequate in covering the administrative costs incurred in servicing these ratepayers.

The Panel approves the proposed administrative charge of \$150 per month for each customer.

The Panel also approves TS No. 86 including the special conditions under which shore power service is supplied.

5.0 OTHER ISSUES

5.1 Future considerations

CEC, in its Final Submission addresses the possibility that at some future time BC Hydro may address the provision of non-firm service for General Service customers as well as options for customers in other tariff rates. This could take place as part of the planned rate design filing for 2015. CEC recommends that in the future as additional non-firm customer groups are potentially added, the Commission should address the hierarchy of disconnection and give additional consideration to the appropriate energy charge.³²

BC Hydro “strongly urges” the Commission to refrain from commenting on these future issues to avoid “in any way pre-determining matters not before the Commission as part of the Application.”

The Panel finds that comments on future issues such as the potential of expanding non-firm service to other tariff rates, or the development of a hierarchy of disconnection, is outside the scope of this proceeding. For this reason the Panel determines that it would be inappropriate to provide any comments on these issues.

³⁰ BCOAPO Final Submission, p. 3.

³¹ BC Hydro Reply Submission, p. 9.

³² CEC Final Submission, pp. 11, 12.

5.2 Local Operating Orders

BC Hydro proposes operating procedures by which it would implement the applied for Shore Power Rate that are similar to those developed for PMV at Canada Place under TS No. 76. The methodology for governing the day to day operations and interaction of the BC Hydro system with the generators on board the ships will be governed by a written Local Operating Order (LOO).³³

CEC states that it has reviewed the operating procedures and finds them satisfactory and recommends Commission approve the LOO.³⁴ BC Hydro submits that the LOO is neither a rate nor a service as defined under section 1 of the *Utilities Commission Act* and is therefore not a part of the Shore Power Rate Application. The LOO associated with TS No. 76 was not approved by the Commission. BC Hydro requests that the Commission refrain from acting on CEC's request to approve the LOO.³⁵

The Panel finds that the Local Operating Order is a contract dealing with the mechanics of connecting the ships to the BC Hydro system and as such is not a "rate." For this reason the Panel finds that explicit Commission approval of the LOO is not required. The Panel notes that the operating procedures described in the Application, which will be embodied in the LOO are consistent with the spirit and intent of the applied for rate structure.

³³ Exhibit B-1, p. 2-20.

³⁴ CEC Final Submission, p. 11.

³⁵ BC Hydro Reply Submission, p. 5.