



ORDER NUMBER
G-277-23

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

and

British Columbia Hydro and Power Authority
Transmission Service Rate Design Application

BEFORE:

T. A. Loski, Panel Chair
C. M. Brewer, Commissioner
A. C. Dennier, Commissioner

on October 18, 2023

ORDER

WHEREAS:

- A. On March 16, 2023, pursuant to sections 58 to 60 of the *Utilities Commission Act* (UCA), BC Hydro and Power Authority (BC Hydro) filed with the British Columbia Utilities Commission (BCUC) a Transmission Service Rate Design Application (Application), which includes a proposal to transition Rate Schedule (RS) 1823 and RS 1827 customers to a new, flat-rate structure (Rate Schedule 1830 or RS 1830) with a lower energy charge and higher demand charge over a three-year transition period;
- B. By Orders G-77-23, G-165-23, and G-205-23, the BCUC established the regulatory timetable for the review of the Application which included intervenor registration, two rounds of information requests (IRs), and submissions on further process;
- C. On September 18, 2023, the Association of Major Power Customers (AMPC) filed its submission on further process early so that BC Hydro and intervenors could respond to AMPC's submission;
- D. Subsequently, the BCUC received submissions on further process from BC Hydro, BC Sustainable Energy Association (BCSEA), the Canadian Association of Petroleum Producers (CAPP), the Commercial Energy Consumers Association of British Columbia (the CEC), British Columbia Old Age Pensioners Organization et al. (BCOAPO), and the Mining Association of British Columbia (MABC). By letter dated October 16, 2023, BC Hydro filed its reply; and
- E. The BCUC has reviewed the submissions on further process and considers establishing a further regulatory timetable is warranted.

NOW THEREFORE for the reasons attached as Appendix B to this order, the BCUC establishes a further regulatory timetable for the review of the Application, as set out in Appendix A to this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of October 2023.

BY ORDER

Original signed by:

T. A. Loski
Commissioner

Attachment

British Columbia Hydro and Power Authority
Transmission Service Rate Design Application

REGULATORY TIMETABLE

Action	Date (2023)
Letters of comment deadline	Friday, October 27
BC Hydro Final Argument	Thursday, November 2
Intervener Final Argument	Thursday, November 16
BC Hydro Reply Argument	Thursday, November 23

British Columbia Hydro and Power Authority
Transmission Service Rate Design Application

REASONS FOR DECISION

1.0 Background and Introduction

On March 16, 2023, pursuant to sections 58 to 60 of the *Utilities Commission Act* (UCA), BC Hydro and Power Authority (BC Hydro) filed with the British Columbia Utilities Commission (BCUC) a Transmission Service Rate (TSR) Design Application (Application), which includes a proposal to transition Rate Schedule (RS) 1823 and RS 1827 customers to a new, flat-rate structure (RS 1830) with a lower energy charge and higher demand charge over a three-year transition period.

By Order G-77-23, the Panel established a public hearing process for the review of the Application and established the regulatory timetable, subsequently amended by Orders G-165-23 and G-205-23. To date the regulatory process included intervenor registration, two rounds of information requests (IRs) and submissions on further process.

BC Hydro requires a minimum of three months to implement the proposed RS 1830, and therefore would need a final BCUC decision on the Application by January 1, 2024, to allow for an effective date of April 1, 2024.¹

On September 18, 2023, the Association of Major Power Customers (AMPC) filed its submission on further process early so that both BC Hydro and intervenors could respond to AMPC's submission.² Subsequently, the BCUC received submissions on further process from BC Hydro, BC Sustainable Energy Association (BCSEA), the Canadian Association of Petroleum Producers (CAPP), the Commercial Energy Consumers Association of British Columbia (the CEC), British Columbia Old Age Pensioners Organization et al. (BCOAPO), and the Mining Association of British Columbia (MABC). BC Hydro provided its reply on October 16, 2023.

2.0 Submissions on Further Process

2.1 Request for a Streamlined Review Process

Among other requests, AMPC is seeking a Streamlined Review Process (SRP) for customers to provide evidence in the proceeding and requests that the remaining process prioritize timelines towards a January 1, 2024 final decision, in order to minimize rate uncertainty for customers heading into the next fiscal year.³ AMPC submits that an SRP would provide industrial customers and other intervenors an opportunity to explain how BC Hydro's proposal would impact them and any issues that may arise as a result.⁴

AMPC submits that customers could provide five to ten minute presentations before the Panel, with a chance for questions/follow-up at the end if required. AMPC also submits that BC Hydro could be given an opportunity

¹ Exhibit B-1, Section 4.10.1, p. 4-53; Exhibit B-5, AMPC IR 1.1.2.

² Exhibit C11-4, p. 1.

³ Exhibit C11-4, pp. 1, 3-4.

⁴ Exhibit C11-4, p. 4.

to reply to the presentations at the end or the following day. If an SRP is approved, AMPC states that it can provide a list of member companies that will present once a date is set. Following an SRP, AMPC proposes that final submissions in the usual course could follow 2 to 3 weeks later.⁵

AMPC submits that letters of comment may not carry enough weight or be responsive enough given the importance of this Application for customers and the extensive range of impacts individual customers are facing. Further, AMPC submits that intervener evidence is typically quite time consuming and requires additional steps which AMPC anticipates would result in further delays to implementation.⁶

Positions of the parties

BC Hydro agrees with AMPC that an SRP could help to achieve a timely decision on this proceeding.⁷ CAPP supports AMPC's proposal for an SRP and submits that an SRP better suits an exploration of the issues and exchange of ideas than a formal oral hearing or written process. In CAPP's view, this format offers efficiency that will help achieve a stronger record to inform a decision and a timelier conclusion of the rate design proceeding.⁸ The CEC agrees that a timely decision is appropriate and submits that AMPC's proposed timetable is acceptable.⁹ BCSEA does not object to AMPC's proposed SRP in late October.¹⁰

BCOAPO submits that further discovery is not required, except for potential discovery to clarify BC Hydro's Customer Baseline Load (CBL) proposals if final approved rates are implemented mid-year.¹¹ In BCOAPO's view, the process suggested by AMPC departs materially from that set out in the BCUC's SRP guidelines. There are aspects of BC Hydro's proposal that are contentious and may require a more formal proceeding to ensure a more expansive public record, as indicated in the SRP guidelines. The procedural steps associated with an SRP are not aligned with either what has occurred to date in the current proceeding or suggestions as to how the proceeding would incorporate an SRP. If the BCUC decides to establish a "process" whereby affected customers can provide input regarding the impact of BC Hydro's proposals, it should avoid characterizing it as an SRP.¹² Further, BCOAPO submits that consideration of BC Hydro proposals involves both policy and principles as well as detailed calculations and to address these matters properly, provision should be made for written argument and sufficient time allowed for its preparation.¹³

MABC views that there is adequate evidence on the record to proceed directly to written final submissions. However, should the BCUC order an SRP process, MABC intends to participate in the process and provide evidence on the impact of the application on its members.¹⁴

⁵ Exhibit C11-4, p. 4.

⁶ Exhibit C11-4, p. 4.

⁷ Exhibit B-7, p. 2.

⁸ Exhibit C3-4, p. 1.

⁹ Exhibit C9-4, p. 1.

¹⁰ Exhibit C4-4, p. 1.

¹¹ Exhibit C10-4, p. 2.

¹² Exhibit C10-4, p. 3.

¹³ Exhibit C10-4, p. 4.

¹⁴ Exhibit C6-3, p. 1.

In reply, BC Hydro agrees with MABC that there is adequate evidence on the record to proceed directly to written final submissions. However, if the BCUC determines that presentations from customers and other intervening groups impacted by BC Hydro’s proposals would add value to the record, BC Hydro supports the process proposed by AMPC as an efficient way to obtain that evidence.¹⁵

2.1.1 Purpose and Scope for a Potential SRP

Parties have varying views on the purpose and scope of the SRP, if it takes place. Some interveners share views similar to that of AMPC that the SRP could facilitate a way for affected customers to demonstrate how BC Hydro’s proposals could impact them. On the other hand, some interveners contemplate that the SRP will be used to further test the evidence on record. Below is a summary of the parties’ submissions of the potential scope of the SRP.

Party	Potential topics for an SRP	
	Customer and CBL impacts	Evidence on record
AMPC	<ul style="list-style-type: none"> How BC Hydro’s proposal would impact industrial customers and any issues that may arise as a result.¹⁶ 	
BC Hydro	<ul style="list-style-type: none"> The treatment of CBLs for mid-year implementation either in advance of an SRP or at the SRP.¹⁷ <p>Limit customer presentations to:¹⁸</p> <ul style="list-style-type: none"> The impact of the existing rate for Transmission service customers (the Stepped Rate) on intervening customers; How BC Hydro’s proposed rate design (Proposed Flat Rate and Proposed Transition) would impact intervening customers; and The merits, and potential drawbacks for intervening customers, of BC Hydro’s proposed rate design and other alternatives that have been assessed and reviewed as part of the proceeding. 	

¹⁵ Exhibit B-13, p. 2.

¹⁶ Exhibit C11-4, p. 4.

¹⁷ Exhibit B-7, p. 2.

¹⁸ Exhibit B-13, p. 4.

BCSEA ¹⁹		<ul style="list-style-type: none"> • The impact on existing and future DSM by TSR customers; • The Proposed Transition; • Bonbright efficiency price signal; • Low-carbon electrification; and • Revenue neutrality on a customer class basis.
CAPP ²⁰		<ul style="list-style-type: none"> • Importance of economic efficiency in rate design to avoid cross-sector subsidization, promote economic efficiency and establish fairness in rate design; • Importance of rate design that aligns with the B.C. government’s climate objectives; and • Private-sector energy conservation programs to encourage efficient electricity use and their role in rate design.
MABC ²¹	<ul style="list-style-type: none"> • The impact of the mining sector on BC’s economy; • The discriminatory effect of the existing TSR design on high load factor customers in the mining sector; and • The budgetary and bureaucratic complexities of CBL adjustments under the existing rate design. 	<ul style="list-style-type: none"> • The benefits of BC Hydro’s proposal in terms of administrative simplicity and a fairer rate structure as a result of an increased emphasis on the demand charge; • The need to compensate customers with remaining customer-funded Demand-Side Management (DSM) that extends beyond the proposed transition period; and • Potential compensation mechanisms for those customers.

BC Hydro submits that the scope of the SRP should be defined in advance, which the CEC, BCSEA, BCOAPO and CAPP all agree.²² For instance, the CEC recommends that BC Hydro prepare a preliminary list of topics it deems

¹⁹ Exhibit C4-4, p. 1.

²⁰ Exhibit C3-4, p. 1.

²¹ Exhibit C6-3, p. 2.

²² Exhibit B-7, p. 2; Exhibit C9-4, p. 1; Exhibit C4-4, p. 1; Exhibit C10-4, p. 4; Exhibit C3-4, p. 1.

appropriate for the SRP, for review and comment by interveners, and for final approval by the BCUC. Further, any CBL submissions for the SRP should be provided in advance.²³

To provide greater certainty for customers and for regulatory efficiency, BC Hydro submits the following options for the BCUC's consideration:²⁴

- To reach a timely decision on the Application, the BCUC should establish a target decision date and the remaining regulatory timetable should support this target decision date. Further, once a regulatory timetable has been set, the BCUC should require submissions for any proposed changes to the regulatory timetable to explain how the target decision date would be maintained or provide rationale for any deviation from the target decision date; and
- If it would help to facilitate an April 1, 2024 implementation date, the BCUC could consider issuing a final order on the Application as soon as possible following final arguments, with reasons for decision to follow at a later date.

2.2 Other Requests from AMPC

AMPC also seeks the following immediate directions to BC Hydro:²⁵

- To develop a mechanism to mitigate the potential adverse interaction of the CBL component of RS 1823 (i.e. existing stepped rate) with delayed implementation of a new transmission rate; and
- To coordinate the timing of rate adjustments from several different proceedings.

On the first point, AMPC requests that the BCUC provide relief from the layers of uncertainty that impact industrial customers by directing BC Hydro to separately address short-term CBL issues that may arise for customers because of decision lag (i.e. a decision that results in an effective date of RS 1830 of later than April 1, 2024).²⁶ In response, BC Hydro submits that it plans to discuss this issue further with AMPC and its members to identify potential solutions. BC Hydro proposes three potential solutions to address short-term CBL issues if they arise, which include prorating CBL in accordance with Tariff Supplement No. 74 (TS 74), allowing customers that do not intend to stay on RS 1823 (Stepped Rate) during the transition to transfer to RS 1823 flat energy charge, or modifying the timelines in TS 74 (subject to BCUC approval) to provide flexibility in submitting the required documentation for CBL adjustments for the fiscal 2025 Billing Year.²⁷

On the second point, AMPC stresses the unprecedented levels of rate uncertainty that industrial customers are facing from several different proceedings, including the BC Hydro fiscal (F)2023–F2025 RRA which will require retroactive lump sum “true up” payments at the end of September 2023 and the new establishment of a Trade Income Rate Rider (TIRR), and the impacts from changes to the Deferral Account Rate Rider (DARR), which will not be known for the F2025 year until sometime later this fall.²⁸ While not a matter specific to this proceeding, AMPC requests at this time that any retroactive lump sum payments be coincident with the forthcoming TIRR/DARR changes since they could be offsetting and will reduce administrative complexity for customers and

²³ Exhibit C9-4, p. 1.

²⁴ Exhibit B-13, pp. 4–5.

²⁵ Exhibit C11-4, p. 1.

²⁶ Exhibit C11-4, p. 3.

²⁷ Exhibit B-7, p. 2.

²⁸ Exhibit C11-4, p. 2.

the utility.²⁹ In response, BC Hydro indicates that it plans to work with AMPC and affected customers separately to address these matters.³⁰

Panel Determination

The Panel must weigh between parties' desire to have a timely decision and allowing for more process to gather additional evidence if needed. Since BC Hydro's March 2023 Application, interveners have been allowed two rounds of IRs, and interested parties have had the opportunity to participate through letters of comment for over six months. We find that participants have been provided ample opportunity to thoroughly test BC Hydro's proposals in the Application. Therefore, we are not convinced that an SRP to further test BC Hydro's evidence will yield significant benefits. Further, topics raised by interveners for an SRP, such as the importance of economic efficiency in rate design or alignment with the B.C. government's climate objectives, are better addressed through written arguments.

As for holding an SRP for the purpose of hearing customer impacts and potential CBL uncertainties, the Panel acknowledges that customer impacts will likely be a consideration in our decision. However, we are not persuaded that holding an SRP is the only way to obtain such information. We disagree with AMPC that letters of comment "may not carry enough weight or be responsive enough." Letters of comment have been a long-standing way to participate in BCUC proceedings. The Panel considers all submissions on the record when making determinations.

With respect to AMPC's request for immediate directions to BC Hydro related to the potential adverse interaction of the CBL and the coordination of rate adjustments with the outcome of future proceedings, the Panel finds that it would be premature to consider or make such directions at this time. The CBL-related issue raised by AMPC will only apply in the event that the final approved rates are implemented after April 1, 2024 or part way through a fiscal year. From an efficiency perspective, it would be more appropriate to plan to achieve the April 1, 2024 implementation date through a timely decision, instead of exploring the CBL-related issue that would only materialize if the April 1, 2024 implementation date was not achieved. If an SRP were to be held for this proceeding as suggested by AMPC, it would be unlikely that a decision could be issued by early 2024.

As for coordinating the timing of rate adjustments from different proceedings, our decision on BC Hydro's proposed new rate design in the Application is still pending. As AMPC noted, the impacts of the TIRR and DARR are unknown at this time among other processes. We acknowledge that BC Hydro has committed to work with its customers on the timing of rate adjustments and may seek separate BCUC approvals where necessary.

The Panel is committed to rendering its decision on this Application no later than December 29, 2023 in order to allow for timely implementation of final approved rates effective April 1, 2024.

Therefore, the Panel establishes a further regulatory timetable allowing for letters of comment and proceeding to final arguments, as set out in Appendix A of this order G-277-23.

²⁹ Exhibit C11-4, p. 4.

³⁰ Exhibit B-7, p. 2.