



**ORDER NUMBER
G-55-17**

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

and

E-Plus Homeowners Group
Application for Reconsideration and Variance of Order G-5-17
in the matter of the BC Hydro 2015 Rate Design Application

BEFORE:

D. M. Morton, Commissioner/Panel Chair
D. A. Cote, Commissioner
K. A. Keilty, Commissioner

on April 13, 2017

ORDER

WHEREAS:

- A. On January 20, 2017 the British Columbia Utilities Commission (Commission) issued Order G-5-17 and the accompanying Decision in the matter of the British Columbia Power and Hydro Authority (BC Hydro) 2015 Rate Design Application (Rate Design Decision). Directive 3 of Order G-5-17 states:

BC Hydro is directed to phase out the Residential E-Plus rate program over five years, commencing April 1, 2017. BC Hydro is directed to submit a compliance filing within 30 days of the date of this decision which outlines a proposal for achieving the five-year phase-out period of the E-Plus program and which results in rates being charged to E-Plus customers at the end of the five-year phase-out period that equate to other British Columbia residential customers at that time. BC Hydro is directed to waive the requirement of having an alternative heating system in working order and to eliminate the possibility of service being interrupted over the five-year transition period;

- B. By letter dated February 16, 2017, the Commission granted an extension to the deadline for the BC Hydro compliance filing required by directive 3 of Order G-5-17 to June 1, 2017;
- C. On February 19, 2017, the E-Plus Homeowners Group (EPHG) filed an application for reconsideration and variance of that part of Order G-5-17 dealing with the residential E-plus rate, pursuant to section 99 of the *Utilities Commission Act* (Act) (EPHG Application for Reconsideration);
- D. By letter dated February 24, 2017 the Commission established phase one of the reconsideration process for the EPHG Application for Reconsideration and invited submissions from BC Hydro and all registered interveners in the BC Hydro 2015 Rate Design Application proceeding that address specific questions on whether the threshold for reconsideration has been met;

- E. The Commission received submissions from BC Hydro and BC Sustainable Energy Association and the Sierra Club of British Columbia (BCSEA) and a reply submission from EPHG; and
- F. The Commission has reviewed the EPHG Application for Reconsideration and the phase one submissions and considers that the reconsideration process should proceed to phase two.

NOW THEREFORE pursuant to section 99 of the *Utilities Commission Act*, and for the reasons attached as Appendix A to this order, the British Columbia Utilities Commission orders as follows:

1. The second phase of the reconsideration process is established for the E-Plus Homeowners Group Application for Reconsideration and Variance of Order G-5-17. The scope of the second phase is limited to the duration and shape of the phase out of the residential E-Plus rate.
2. The regulatory timetable for the second phase of the reconsideration process is established and is attached as Appendix B to this order. E-Plus Homeowners Group is granted leave to introduce new evidence on the duration and shape of the phase out of the E-plus residential rate in accordance with the regulatory timetable. The Commission will make a determination on further process after the E-Plus Homeowners Group evidence has been received.
3. The requirement for BC Hydro to submit a compliance filing regarding the residential E-plus rate by June 1, 2017, as required by directive 3 of Order G-5-17, is suspended pending the outcome of the phase two reconsideration process.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of April, 2017.

BY ORDER

Original signed by:

D.M. Morton
Commissioner

Attachments

E-Plus Homeowners Group
Application for Reconsideration and Variance of Order G-5-17
in the matter of the BC Hydro 2015 Rate Design Application

REASONS FOR DECISION

1.0 E-PLUS HOMEOWNERS GROUP APPLICATION FOR RECONSIDERATION

On February 19, 2017, the E-Plus Homeowners Group (EPHG) filed an application for reconsideration and variance of that part of Order G-5-17 dealing with the residential E-plus rate, pursuant to section 99 of the *Utilities Commission Act* (Act) (EPHG Application for Reconsideration).

In its Application, EPHG submits that the Commission “made a significant error in relying to a large degree on financial considerations, specifically residential E-Plus customers costs vs savings relating to the E-Plus rate, that were incorrect or incomplete”.¹ EPHG highlights the value of savings to E-plus customers, the cost of joining and remaining in the E-plus program, the cost of exiting the E-plus program and the financial impact of loss of transferability. EPHG also submits that the order to phase out the residential E-plus rate was “unexpected, being inconsistent with proposals made by BC Hydro in the RDA to retain but modify the rate.”²

EPHG seeks a variance to directive 3 of Order G-5-17 to extend the duration of the phase out for the residential E-plus rate from five to ten years with the majority of the rate increase at the end of the phase out period.³

2.0 PHASE ONE RECONSIDERATION PROCESS

By letter dated February 24, 2017, the Commission established phase one of the reconsideration process for the EPHG Application for Reconsideration and invited submissions from the British Columbia Hydro and Power Authority (BC Hydro) and all registered interveners in the BC Hydro 2015 Rate Design Application proceeding. The Commission received submissions from BC Hydro and BC Sustainable Energy Association and the Sierra Club of British Columbia (BCSEA) and a reply submission from EPHG.

The submissions filed by the parties relating to the questions outlined in the Commission’s February 24, 2017 phase one procedural letter are summarized below.

1. Should the Commission order a reconsideration of Order G-5-17, specifically the part dealing with the Residential E-Plus rate (RS 1105)?

BCSEA and BC Hydro both support a reconsideration of the phase out period for the residential E-plus rate on the basis that EPHG did not have sufficient notice that the phase out and duration of the phase out were matters that would be addressed by the Commission in the BC Hydro 2015 Rate Design Application (RDA) Decision. BC Hydro submits that:

¹ Exhibit B-1, p. 1

² Exhibit B-1, p. 2

³ Exhibit B-1, pp. 1–2

EPHG did not have notice as clear as they might have had regarding the possibility that the Commission might order a 5-year phase-out of the rate, or that submissions in regard to alternate phase-out periods would have been permissible. BC Hydro agrees [with BCSEA] that this raises a procedural fairness concern...⁴

2. If there is to be a reconsideration of Order G-5-17, should the Commission hear new evidence and should new parties be given the opportunity to present new evidence?

BCSEA and BC Hydro both submit that EPHG should be provided the opportunity to supplement the evidence filed in its Application for Reconsideration. EPHG agrees, stating that “the Commission should be allowed to hear new evidence as well as amplifications or clarifications of evidence presented previously”. EPHG further submits that in the interest of fairness and expediency only those parties that filed submissions in phase one should be permitted to file evidence and make argument in phase two of the reconsideration process.⁵

3. If there is to be a reconsideration of Order G-5-17, should it focus on the items from the EPHG Application for Reconsideration, a subset of these items, or additional items?

BCSEA submits that the reconsideration should be limited to whether five years is the appropriate duration of the phase out period⁶ and BC Hydro submits that the “sole issue” of phase two should be whether five years or ten years is appropriate for the phase out duration.⁷

EPHG submits the following:

The “shape” of the E-Plus phase-out curve is material to the issue of phase out, having a significant impact on E-Plus customers, whether the phase-out period is 5 or 10 years. In the interest of fairness it is appropriate that BC Hydro present a range of options to E- Plus customers and to the Commission on the “shape” of the curve, seeks feedback, and that the Commission provides informed direction to BC Hydro on the most appropriate approach. The EPHG should be provided the opportunity to present evidence and make arguments relating to this issue, either as part of the reconsideration process or separately.⁸

3.0 COMMISSION DETERMINATION

3.1 Questions outlined in the Commission’s February 24, 2017 phase one procedural letter

1. Should the Commission order a reconsideration of Order G-5-17, specifically the part dealing with the Residential E-Plus rate (RS 1105)?

The Panel is persuaded that the reconsideration should proceed to the second phase on the grounds that the time duration for an appropriate phasing out of the E-Plus residential rate was not adequately explored in the original proceeding. The Panel notes that BCSEA did include Information Requests to EPHG regarding the potential phase out of the residential E-plus rate in the RDA proceeding.⁹ In addition, the phase out of the E-Plus

⁴ Exhibit C2-1, p. 2

⁵ Exhibit B-2, p. 1

⁶ Exhibit C1-1, p. 3

⁷ Exhibit C2-1, p. 3

⁸ Exhibit B-2, p. 2

⁹ Exhibit C-1, p. 2; Exhibit C3-12 in the BC Hydro 2015 RDA Proceeding

rate was one of three proposed options for the E-Plus rate set out for consideration in Workshop 9b.¹⁰ However, the Panel agrees with EPHG that the phase out of the residential E-Plus program was not part of BC Hydro's proposal in its 2015 Rate Design Application and as a result there was limited evidence regarding an appropriate phase out period duration. Therefore, the Panel determines that in the interest of procedural fairness, proceeding to phase two for the reconsideration of the parts of Order G-5-17 related to the E-plus residential rate is warranted.

2. If there is to be a reconsideration of Order G-5-17, should the Commission hear new evidence and should new parties be given the opportunity to present new evidence

Because it has been determined that there was inadequate exploration of the potential duration options for a phase out of the E-Plus rate in the original proceeding, the Panel considers it appropriate to allow EPHG to file new evidence to supplement the evidence contained in its Application for Reconsideration. The Commission will make a determination on further process after the EPHG evidence has been received, which may include an opportunity for BC Hydro and interveners to file evidence.

3. If there is to be a reconsideration of Order G-5-17, should it focus on the items from the EPHG Application for Reconsideration, a subset of these items, or additional items?

BCSEA and BC Hydro submit that the scope of the reconsideration should be limited to the duration of the phase out, with BC Hydro submitting that this should focus specifically on a five year versus a ten year phase out. The Panel is not persuaded that the scope of the reconsideration process should be limited to whether the phase out period should be either five years or ten years. Given that there is limited evidence on the record we consider it premature to define the phase out period as an "either/or" proposition. In the Panel's view, an examination of the evidence filed will be instrumental in determining an appropriate phase out period. This may be five years or ten years or a point somewhere in between these two time durations. Accordingly, the Panel determines it appropriate for the scope of the reconsideration to consider alternatives to the five year phase out period including, but not limited to, ten years.

In addition to the duration of the phase out, EPHG also seeks a variance to directive 3 of Order G-5-17 and proposes that the majority of the rate increase be implemented at the end of the phase out period. The Panel considers it appropriate to address issues related to the shape of the phase out of the E-plus residential rate as part of the phase two reconsideration process.

For the reasons outlined above, **the Commission hereby establishes phase two of the reconsideration process for the E-Plus Homeowners Group Application for Reconsideration and Variance of Order G-5-17. The scope of the second phase is limited to the duration and shape of the phase out for the residential E-Plus rate.**

The regulatory timetable for the second phase of the reconsideration process is established and is attached as Appendix B. E-Plus Homeowners Group is granted leave to introduce new evidence on the duration and shape of the phase out of the E-plus residential rate in accordance with the regulatory timetable. The Commission will make a determination on further process after the E-Plus Homeowners Group evidence has been received.

¹⁰ BC Hydro 2015 RDA Decision, p. 24

3.1 Other Matters

3.1.1 Participation

The Panel disagrees with EPHG's request that participation in phase two should be limited to those parties that participated in phase one of the reconsideration process. The Panel does not consider it appropriate to limit participation in this regard as a process is only now being established. However, any other registered intervener in the BC Hydro 2015 RDA proceeding requesting to intervene in the phase two reconsideration process is required to address their reasons for applying to participate in phase two.

3.1.2 BC Hydro compliance filing

BC Hydro confirms that its June 1, 2017 compliance filing required by directive 3 of Order G-5-17 will "address the 'shape' of the 5-year phase-out (i.e. straight-line phase-out or otherwise), how the default residential rate will be phased-in, and how customers' E-Plus accounts will be merged with their non-E-Plus accounts."¹¹ In its phase one submission, BC Hydro makes the following proposal:

BC Hydro would be willing to expand the scope of its June 1, 2017 filing to provide analyses of the alternate 5-year and 10-year phase-out periods. Submissions on the merits of the alternative phase-out periods could follow that filing and be informed by the analyses contained in it.¹²

Given the defined scope of this phase two reconsideration, , **the requirement for BC Hydro to submit a compliance filing regarding the residential E-plus rate by June 1, 2017, as required by directive 3 of Order G-5-17, is suspended pending the outcome of the phase two reconsideration process.**

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of April, 2017.

¹¹ Exhibit C2-1, p. 2

¹² Exhibit C2-1, p. 2

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REGULATORY TIMETABLE

ACTION	2017
Intervener Registration Deadline	Monday, April 24
EPHG Evidence	Monday, May 1
Further process to be determined*	

* A deadline for filing Participant Assistance/Cost Award Budget Estimates will be set after further process has been determined.