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ORDER NUMBER
G-76-20

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

and

British Columbia Hydro and Power Authority
General Service Rate Schedules 1205, 1206 and 1207 (General Service E-Plus) Amendments Application

BEFORE:
B. A. Magnan, Panel Chair
C. M. Brewer, Commissioner
E. B. Lockhart, Commissioner

on April 2, 2020

ORDER

WHEREAS:

A. On November 14, 2019, the British Columbia Hydro and Power Authority (BC Hydro) applied to the British Columbia Utilities Commission (BCUC) for approval of amendments to Rate Schedules (RS) 1205, 1206 and 1207 General Service – Dual Fuel (Closed) (General Service E-Plus) (Application). The proposed amendments allow customers to make changes to their space, water and industrial process heating equipment, remove the requirement to maintain a permanent back-up heating system and clarify that BC Hydro will not be providing service under these Rate Schedules to any premises beyond March 31, 2023, amongst other things;

B. On June 18, 2019, BC Hydro issued a letter to all General Service E-Plus customers to notify them that BC Hydro will not be providing service under RS 1205, 1206 and 1207 to any premises beyond March 31, 2023 and all accounts will be transferred to the appropriate General Service rate schedules effective April 1, 2023;

C. BC Hydro filed supplementary evidence on January 14, 2020, as directed by BCUC under Order G-336-19 dated December 19, 2019;

D. By Order G-17-20 the BCUC established the regulatory timetable for the proceeding, including BCUC Information Requests to BC Hydro, an opportunity for General Service E-Plus customers to provide comments on the Application and BC Hydro reply comments, if any. By that same order, BC Hydro was directed to provide notice to General Service E-Plus customers of the opportunity to provide comments to the BCUC on the Application and of the estimated annual bill impact per customer upon transition to the applicable General Service rate effective April 1, 2023, amongst other things; and

E. The BCUC has reviewed the Application and evidence and considers that approval is warranted.

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

1. The amendments to BC Hydro RS 1205, 1206 and 1207 General Service – Dual Fuel (Closed) (General Service E-Plus) are approved, as filed in the Application, effective the date of this order.

2. BC Hydro is directed to file the amended RS 1205, 1206 and 1207 within 15 days of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 2nd day of April 2020.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner

Attachment

British Columbia Hydro and Power Authority
General Service Rate Schedules 1205, 1206 and 1207 (General Service E-Plus)
Amendments Application

REASONS FOR DECISION

1.0 INTRODUCTION

1.1 Summary of Application and Approvals Sought

On November 14, 2019, the British Columbia Hydro and Power Authority (BC Hydro) applied to the British Columbia Utilities Commission (BCUC) pursuant to section 58 to 61 of the *Utilities Commission Act* (UCA) for approval of amendments to Rate Schedules (RS) 1205, 1206 and 1207 General Service – Dual Fuel (General Service E-Plus rate) Application.

The General Service E-Plus rate is an interruptible, discounted rate that was first offered to commercial and industrial customers in 1987 and subsequently closed to new customers in 1990.

BC Hydro requests approval in its Application of the amendments to RS 1205, 1206 and 1207 in order to allow existing customers to make improvements and changes to their heating equipment in advance of rate changes effective April 1, 2023. According to BC Hydro, the General Service E-Plus rate will no longer be available after March 31, 2023 and all customer accounts will be moved to the applicable General Service rate on April 1, 2023.

The proposed amendments to RS 1205, 1206 and 1207 have the following effect:

- General Service E-Plus service will no longer be interruptible;
- Customers will be allowed to make changes to their space, water and industrial process heating equipment;
- Customers will no longer be required to maintain a permanent back-up heating system and;
- Clarification that BC Hydro will not be providing service under these Rate Schedules to any customers beyond March 31, 2023.

BC Hydro included in its Application a letter that was provided to all General Service E-Plus customers notifying them that BC Hydro will not be providing service under RS 1205, 1206 and 1207 to any premises beyond March 31, 2023 and that all accounts will be transferred to the appropriate General Service rate schedules effective April 1, 2023.[1] BC Hydro also indicated its intention in the letter to apply to the BCUC for approval of amendments to RS 1205, 1206 and 1207 to allow customers to make changes to their existing electric heating equipment prior to March 31, 2023, provided such equipment does not result in new or additional load.

For the reasons outlined below, the Panel approves the amendments to Rate Schedules 1205, 1206 and 1207 General Service – Dual Fuel (Closed), as filed in the Application, effective the date of the order accompanying these reasons.

[1] Exhibit B-1, Attachment 3.

1.2 Background on General Service E-Plus Rates

The General Service E-Plus Rate is a discounted, interruptible rate that was established in 1987 to market surplus energy that would have otherwise spilled due to lack of consistent access to the spot market.[2] BC Hydro has never interrupted General Service E-Plus service, stating that it is impractical to do so.[3] The rate was closed to new customers after January 15, 1990 and was made non-transferrable between account holders on the same premises after April 1, 2008.[4] As of November 5, 2019, there were 194 General Service E-Plus accounts.[5]

The General Service E-Plus rate is applicable to separately metered electric space, water and industrial process heating equipment that was in place on January 15, 1990 and served continuously thereafter. In addition, customers are required to maintain a permanent back-up heating system using an alternative fuel.

General Service E-Plus rates were initially available for a contract period of one or two years. Existing accounts have been extended from year to year for many years, pursuant to Section 4 of RS 1205, 1206 and 1207, which states:

> At the expiration of a contract period, the contract period is automatically extended from year to year unless either the Customer or BC Hydro gives written notice to the other 30 days prior to the anniversary date.

There is also a residential E-Plus rate (RS 1105) which was addressed as part of the BC Hydro 2015 Rate Design Application (RDA) proceeding and subsequent reconsiderations. The BCUC, by Orders G-5-17 and G-194-17, directed BC Hydro to phase out over a period of 10 years commencing April 1, 2018. Order G-5-17 states:

> The issue for the Panel is whether there is justification to maintain a highly discounted rate to a small group of customers in either its current form or in a modified form as proposed by BC Hydro or whether it should be terminated and phased out as proposed by some of the participants. We have considered the evidence and the positions taken by the parties and are not persuaded the benefits justify the high level of subsidization provided by RS 1105 in either its present form or in BC Hydro's proposed modified form.

The General Service E-Plus rate was not addressed as part of the BC Hydro 2015 RDA proceeding.

1.3 Regulatory Process

BC Hydro proposed a limited regulatory process with comments from General Service E-Plus customers and reply comments, if any, from BC Hydro, stating that customers under these rate schedules are the only customers that are principally affected by the Application.[6]

The Panel agrees with BC Hydro that the proposed amendments to RS 1205, 1206 and 1207 primarily impact General Service E-Plus customers. In addition, the incremental costs and revenues associated with transitioning

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[2] Exhibit B-1, p. 1.
[3] Exhibit B-4, BCUC IR 1.6.2.
[4] Ibid. BCUC IR 1.6.3.
[5] Ibid., BCUC IR 1.2.4.
[6] Exhibit B-1, p. 3

the existing 194 General Service E-Plus customers to the applicable General Service rates are expected to be minimal for BC Hydro overall.[7]

By Orders G-336-19 and G-17-20, the Panel established the regulatory process for the review of the Application, which included the following:

- Supplementary evidence from BC Hydro, which included an analysis of the estimated average annual bill impact upon transferring to the appropriate General Service rate on April 1, 2023 for each of RS 1205, 1206 and 1207;
- BCUC information requests to BC Hydro;
- BC Hydro notice to General Service E-Plus customers of the BCUC proceeding to review the Application and the opportunity to provide comments to the BCUC on the Application. The notice also included the estimated bill impact upon transferring to the appropriate General Service E-Plus rate on April 1, 2023, amongst other things; and
- An opportunity for General Service E-Plus customers to provide comments on the Application and for BC Hydro to reply.

The BCUC did not receive any comments on the Application from existing General Service E-Plus customers and received one letter of comment from the Interior Net Metering Group.

2.0 COMMENTS FROM INTERIOR NET METERING GROUP

P. Louwerse filed a letter of comment for the proceeding on behalf of the Interior Net Metering Group, which includes comments on BC Hydro's Net Metering Program, electricity conservation incentives, and expressing dissatisfaction with BC Hydro's reasons for discontinuing the General Service E-Plus rate. The letter asserts that "by removing this program, BC Hydro is forcing most consumers back to the grid since the backup alternative will no longer be an incentive" and that "BC Hydro is simply cancelling a program without any regard for the loss of infrastructure costs or loss of alternative power supply costs."[8]

In its reply comments, BC Hydro notes that the comments relating to the Net Metering Program would better be addressed through the proceeding before the BCUC on that subject.[9] Regarding incentives and programs for General Service E-Plus customers, BC Hydro explains the following:

> [Its] Business Energy Saving Incentives offer focuses on one-to-one retrofits covering a wide range of technologies that supports all sizes of commercial customers, particularly small and medium sized businesses. Energy study and project implementation funding is available for large (Key Account) customers, to investigate energy savings opportunities and to apply for incentives to reduce the capital cost of implementing custom efficiency projects. BC Hydro also provides funding to support Business Energy Advisors for small and medium businesses and Energy Managers for Key Account customers, whose role is to assist customers with taking a strategic approach to optimize their energy use, in order to reduce energy waste and improve efficiency.[10]

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[7] Exhibit B-4, BCUC IR 1.4.0 series.
[8] Exhibit E-1.
[9] Exhibit B-5.
[10] Exhibit B-4, IR 1.5.4.

Panel Discussion

The Panel notes that several of the concerns expressed by the Interior Net Metering Group relate solely to Net Metering and alternative power rather than the Application under consideration. The Panel has therefore not taken them into consideration in coming to its decision. While this had limited bearing on the decision, the Panel is satisfied with BC Hydro's responses relating to incentives for General Service E-Plus customers to improve energy efficiency.

3.0 PROPOSED AMENDMENTS TO RS 1205, 1206 AND 1207

One of the proposed amendments to RS 1205, 1206 and 1207 in the Application is a modification to Special Condition 4 to clarify that BC Hydro will no longer be offering service under these rate schedules beyond March 31, 2023.

The current Special Condition 4 requires BC Hydro to provide notice 30 days prior to the anniversary date if the contract will not be extended. In this case, BC Hydro provided almost four years notice by sending a letter to all General Service E-Plus customers on June 18, 2019 identifying that the contract period will not be extended, and customers will be transferred to the appropriate General Service rate effective April 1, 2023.[11]

BC Hydro states that the E-Plus rate was established as a discounted, interruptible rate "to market surplus energy that would have otherwise spilled due to lack of consistent access to the spot market. The specific problem is one that does not exist today, and E-Plus rates do not serve a practical purpose."[12]

According to BC Hydro, the General Service E-Plus rate discount can no longer be justified when compared to other General Service rates. The current General Service E-Plus energy charge is a declining block rate structure of $0.0619 for the first 8,000 kwh and $0.045 for all additional kwh. The General Service E-Plus rates for other customers are $0.1253 for Small General Service, $0.0968 for Medium General Service, $0.0606 for Large General Service and $0.1132 for Exempt Residential Service.[13] Medium and Large General Service customers are also subject to Demand charges.[14]

Further, BC Hydro submits that it has never interrupted General Service E-Plus service, stating that it is "impractical" to do so.[15] BC Hydro points to section 3.2 of the decision in the matter of the 2015 BC Hydro RDA as it relates to the residential E-Plus rates, which are the same considerations as those for General Service E-Plus service:

> BC Hydro asserts that Special Condition 1 of RS 1105 [Residential E-Plus] restricts BC Hydro's right to interrupt the supply of energy noting that there must be "surplus hydro energy" and "the service cannot be provided economically from other energy sources." This differs greatly from more typical interruptible rate provisions where BC Hydro is only required to provide service when there is sufficient energy and capacity available.[16]

[11] Exhibit B-3, Attachment 3.
[12] Exhibit B-4, BCUC IR 1.6.3.
[13] Exhibit B-4, BCUC IR 1.1.7.
[14] Ibid., BCUC IR 1.1.4.
[15] Ibid., BCUC IR 1.6.2.
[16] BC Hydro 2015 RDA Decision, pp. 23-24

BC Hydro's evidence indicates that there is the potential for significant bill impacts for some General Service E-Plus customers upon the transition to the General Service rate effective April 1, 2023, with the estimated annual F2024 bill impact ranging from $0 and 0% to $118,313 and 166 percent per customer.[17]

For the residential E-Plus service, the BCUC directed BC Hydro to phase out the rate over a period of ten years in order to mitigate the bill impact. In the context of General Service E-Plus rates, no customers have requested a phase out of the rate. In addition, BC Hydro submits that a phase out would be difficult for businesses to plan and budget for and would result in additional metering costs and "would result in the need to create and administer 13 new rate schedules with phase out pricing in each year of the phase out period."[18]

BC Hydro has provided additional information regarding its plan for communicating the implications of the transition with the different categories of General Service E-Plus Customers, in addition to the letter to General Service E-Plus customers sent on June 18, 2019. In response to directive 2 of Order G-17-20, BC Hydro provided notice to General Service E-Plus customers of the BCUC proceeding to review the Application, the opportunity for customers to provide comments to the BCUC and the estimated annual bill impact per customer. The BCUC did not receive any comments from General Service E-Plus customers on the Application or the potential bill impact.

BC Hydro submits that most customers with the greatest estimated bill impact are "key account customers" who are being supported through the transition by their key account managers. Non-key account customers are being supported by the Business Account Services team in the Contact Centre.[19] Other planned communication activities include direct mail and email notifications regarding the BCUC decision on the Application, publishing information on the BC Hydro website, reminder notifications prior to April 1, 2023 and bill messages after April 1, 2023.[20]

Panel Determination

The Panel approves the amendments to Rate Schedules 1205, 1206 and 1207 General Service – Dual Fuel (Closed), as filed in the Application, effective the date of the order accompanying these reasons.

The Panel is satisfied that General Service E-plus customers were given sufficient notice of the Application, the opportunity to provide comment as part of the proceeding and BC Hydro's plans to no longer provide service under RS 1205, 1206 and 1207 effective April 1, 2023. The Panel notes that the General Service E-Plus rate is highly preferential to those customers who signed on prior to the cut-off date of January 15, 1990 and agrees with its discontinuance. The Panel is satisfied that the notice period of four years and the tariff amendments will enable General Service E-Plus customers to plan and adapt to the new pricing, and is satisfied with BC Hydro's plans for communicating with General Service E-Plus customers as well as its assurance to assist customers in estimating annual bill impacts, if necessary.

[17] Exhibit B-4, BCUC IR 1.1.2
[18] Ibid., BCUC IR 1.2.1
[19] Ibid., BCUC IR 1.7.4
[20] Ibid., BCUC IR 1.7.3