



**Transmission Service Rates
Customer Baseline Load
Application**

Submitted to the
British Columbia Utilities Commission
March 2006

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1 **1.1 Introduction**

2 In Order No. G-79-05 the British Columbia Utilities Commission (the “Commission”) approved
3 the Negotiated Settlement (the “Transmission Settlement”) dated June 15, 2005 with respect to
4 BC Hydro’s March 10, 2005 Transmission Service Rate Application. The Transmission
5 Settlement includes Customer Baseline Load (CBL) Guidelines (the “CBL Determination
6 Guidelines”) that describe the criteria and procedures that guide BC Hydro in the determination
7 of the CBL for each customer plant taking electricity service under the Stepped Rate (RS 1823)
8 or the Transmission Time-of-Use (TOU) Service (RS 1825).

9 On December 22, 2005, BC Hydro applied to the Commission for approval of BC Hydro’s
10 proposals respecting outstanding matters from the Transmission Settlement, including
11 amendments to the CBL Determination Guidelines (the “TSOM Application”) in respect of
12 changes to the TOU Service. In Order No. G-19-06 the Commission approved that application
13 as filed.

14 In accordance with the terms of Order No. G-79-05, the new Stepped Rate and optional TOU
15 Rate will come into effect on the first day of the Billing Period which commences nearest to
16 April 1, 2006.

17 In this application (the “CBL Application”) BC Hydro seeks Commission approval of the CBLs for
18 each BC Hydro customer account that will be served on RS 1823.

19 A customer that chooses to take service under RS 1825 requires four CBLs, which are
20 described in the TSOM Application. This CBL Application does not seek approval of any CBLs
21 respecting the TOU Rate because no customer has requested service under RS 1825.

22 The CBL Application includes four appendices as follows:

- 23 • **Appendix A** provides a blank of the form “Stepped Rate/Time-Of-Use Rate - Customer
24 Baseline Load (CBL) Adjustment Request Form”, which is discussed in section 4.1, below.
- 25 • **Appendix B** is **confidential** and contains the data BC Hydro used to calculate each
26 customer’s CBL for which BC Hydro is seeking Commission approval.
- 27 • **Appendix C** is **confidential** and explains the adjustments BC Hydro made to individual
28 customer CBLs.
- 29 • **Appendix D** contains the customer contact list for all customers requiring a CBL.

1 The confidentiality issues with respect to customer information are discussed in section 1.3,
2 below.

3 **1.2 Application**

4 BC Hydro hereby applies pursuant to sections 58 to 61 of the *Utilities Commission Act* ("Act") for
5 approval of the CBLs for each BC Hydro customer account that will be served on RS 1823.

6 BC Hydro is still reviewing some adjustment requests, most of which relate to customers who
7 had DSM projects or plant capacity increases that came into service in 2005. An adjustment
8 request for a DSM project or plant capacity change requires a technical review by BC Hydro
9 staff to verify the energy savings achieved by the DSM project or the consumption change. Due
10 to the time required to perform each review, not all reviews have been completed. These
11 customers are identified in the column titled "Verification of Energy Savings and Capacity
12 Changes - Section 6.1 Ongoing" in Appendix B to this CBL Application. The title refers to
13 section 6.1 of the CBL Determination Guidelines, which sets out the process for verification of
14 energy savings and capacity changes. BC Hydro will file these CBLs with the Commission by
15 May 31, 2006.

16 In BC Hydro's view CBLs need to be approved by the Commission prior to customers taking
17 service under these rates, which come into effect on the first day of the Billing Period which
18 commences nearest to April 1, 2006. Therefore, BC Hydro requests an order from the
19 Commission pursuant to section 90 of the Act approving on an interim basis effective
20 March 21, 2006 the CBLs in the column titled "CBL for Interim Approval" in Appendix B. The
21 interim order will allow BC Hydro to finalise the CBLs that are still undergoing section 6.1
22 verification, allow customers to review the CBL that BC Hydro has proposed for them and file
23 any disputes, and allow BC Hydro to begin billing on RS 1823 on the effective date. As this is
24 the first determination of CBLs, BC Hydro anticipates that there will be several customers who
25 will raise disputes about their CBLs with the Commission.

26 When the Commission approves the final CBLs, BC Hydro will make any necessary billing
27 adjustments, as is contemplated in section 6.2.3 of the CBL Determination Guidelines.

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1.3 Proposed Review Process

The CBL Application includes the 2005 electricity consumption data for BC Hydro’s transmission service rate customers and also includes information about plant capacity increases and downsizings, restarts, and Force Majeure events for specific customers. Most customers consider this information to be confidential because competitors could use it to estimate the customer’s production level as well as productivity. BC Hydro consistently treats this information as confidential.

To maintain the confidentiality of this information, BC Hydro is filing the complete versions of Appendices B and C to this CBL Application with the Commission and requests the Commission keep this information in confidence. In BC Hydro’s view the Commission has the power to receive and keep documentary evidence in confidence pursuant to section 42 of the *Administrative Tribunals Act*.

BC Hydro will distribute copies of the CBL Application to customers that will be served on RS 1823, but they will be provided with only the information in Appendices B and C that relates solely to their CBL and not the information that relates to other customers’ CBLs. BC Hydro will also distribute copies of the CBL Application to the other Transmission Settlement parties, but they will not be provided with any of the CBL information in Appendices B or C.

BC Hydro will file with the Commission by May 31, 2006 the CBLs for customers that are identified in the column titled “Verification of Energy Savings and Capacity Changes - Section 6.1 Ongoing” in Appendix B, as discussed above.

In BC Hydro’s view the Commission has broad discretion regarding the procedure for review of an application. In light of the confidentiality concerns identified above, BC Hydro has some suggestions as to how the Commission might review the CBL Application.

After May 31, 2006 the Commission could request that customers confirm in writing whether they agree with or dispute the CBL that BC Hydro has proposed for them. Customers could also confirm their confidentiality concerns at that time. BC Hydro suggests that the Commission could deal with disputes through a written process as follows:

- one round of information requests from the Commission and disputing customers to BC Hydro;

- 1 • disputing customers file written submissions that explain their requested adjustments and the
2 factual context for them;
- 3 • one round of information requests from the Commission and BC Hydro to disputing
4 customers;
- 5 • disputing customers file written argument; and
- 6 • BC Hydro replies.

7 The responses to information requests and submissions would likely include confidential
8 customer information, and could be filed with the Commission in confidence.

9 BC Hydro notes that the last sentence of section 6.2.2 of the CBL Determination Guidelines
10 provides for the possibility of prorating CBLs if the sum of the adjusted CBLs exceeds the
11 reasonably anticipated consumption of the Stepped and TOU Rate customers. In light of this
12 provision, BC Hydro respectfully suggests that the Commission grant final approval of all CBLs
13 in a single order, rather than approving the undisputed CBLs separately from the disputed ones.

14 **1.4 CBL Development Process**

15 **1.4.1 Initial CBLs**

16 In preparation for the introduction of the Stepped and TOU Rates, BC Hydro hosted five
17 regional workshops in British Columbia and one in Calgary for customers headquartered in
18 Alberta. BC Hydro's Key Account Managers had face-to-face meetings with each customer, as
19 well as meetings with the Joint Industry Electricity Steering Committee in October, November
20 and December 2005 and January, February and March 2006.

21 Initial CBLs were determined on the basis of the customer's energy consumption for the twelve
22 Billing Periods of calendar 2005. This initial step is set out in section 3.1.2 of the CBL
23 Determination Guidelines and these initial CBLs are shown in Appendix B in the column titled
24 "2005 RS 1821 Billing Data".

25 The next step was to adjust the initial CBLs, if necessary, in accordance with sections 3.1.3 and
26 3.1.4 of the CBL Determination Guidelines. In addition, the CBL Determination Guidelines
27 expressly recognise that they may not capture all adjustments that may be justifiable within the
28 principles of the tariff. Section 6.2.2 allows a customer to propose adjustments other than those
29 that are defined in section 3.1.

1 The process for determining the adjustments began with a BC Hydro request to customers that
2 they complete and return a form titled “Stepped Rate/Time-of Use Rate – Customer Baseline
3 Load (CBL) Adjustment Request Form”, a copy of which is included in Appendix A. BC Hydro’s
4 Key Account Managers also met with customers to discuss their adjustment requests.

5 The CBL adjustments that BC Hydro made for all customers pursuant to sections 3.1.3, 3.1.4
6 and 6.2.2 are shown in tabular form in Appendix B, and are described in general terms below.
7 The specific adjustments that BC Hydro made to specific customer CBLs are described in
8 Appendix C.

9 In preparation for the development of CBL’s, it appears that there are five customers for which it
10 is not appropriate to establish a CBL. One of these customers is a new operation, three are
11 operations that have expanded to a point where estimating a CBL per section 6.1.2 is not
12 practical and the last customer is, after being shut down for a number of years, in the process of
13 restarting. BC Hydro submits that these customers be billed at the RS 1823 Energy Charge A
14 for 12 Billing Periods from the time the new plant or plant expansion begins production. Then,
15 based on the 12 months of history, the CBL will be calculated and submitted to the BCUC for
16 approval.

17 **1.4.2 Section 3.1 Adjustments**

18 The adjustments under sections 3.1.3 and 3.1.4 fall into one of the following five categories (the
19 references in parentheses are to the CBL Determination Guidelines):

- 20 • Customer Buy-Back of a BC Hydro DSM Project Incentives (section 3.1.4.3);
- 21 • Force Majeure (section 3.1.3);
- 22 • Plant Capacity Increases (section 3.1.4.4);
- 23 • BC Hydro funded DSM Project (section 3.1.4.1); and
- 24 • Customer funded DSM Projects (section 3.1.4.2).

25 These adjustments were made consistent with the provisions of section 3.1 of the CBL
26 Determination Guidelines.

27 **1.4.3 Section 6.2.2 Adjustments**

28 BC Hydro discussed the adjustments proposed by specific customers pursuant to section 6.2.2
29 with them and considered whether the proposed adjustment is justifiable within the principles of

1 the tariff. The adjustments that BC Hydro made pursuant to section 6.2.2 fall into one of the
2 following five categories:

3 ***Load Curtailment Events***

4 BC Hydro held three load curtailments calls during 2005 and two customers participated.
5 Both customers stated they did not subsequently make up the production that was lost
6 during the curtailments. BC Hydro adjusted these customers' CBLs for these events by
7 adding back the curtailed energy amount.

8 ***Plant Downsizing with new Electricity Supply Agreement (ESA)***

9 During 2005 three customers significantly reduced the operations of their plants and
10 gave written notice to have the Contract Demand in their respective ESA lowered. Also,
11 two customers gave written notice to have the Contract Demand in their respective
12 ESAs lowered. Based on these requests to have the Contract Demand lowered, BC
13 Hydro adjusted these customers' CBLs to reflect the new operating level.

14 ***Plant Restarts***

15 There were three RS 1821 customers that shutdown their plants for several years and
16 began operating them again part way through 2005. These restarts were driven by
17 strong commodity markets.

18 To develop a CBL for these three plants, BC Hydro prorated up a portion of their
19 calendar 2005 energy consumption. The months used for this prorating were when the
20 plants appeared to be operating at a stable level.

21 ***Variable Output Generation***

22 The electricity supply for the mill at Powell River is in part obtained from hydroelectric
23 generating stations at Powell Lake and Lois Lake. This customer has provided extensive
24 history to BC Hydro that shows the water inflows to these reservoirs were higher in 2005
25 than the historical average. BC Hydro will adjust, on completion of the review, the CBL
26 so that it is reflective of the customer's purchase of electricity during an average water
27 year. BC Hydro will not re-adjust this customer's CBL in the future in respect of its
28 hydroelectric generation supply.

29 ***Significant Non-Annual Recurring Downtime in 2005***

1 Two customers took extended maintenance downtime in 2005, which reduced their
2 annual energy consumption by more than 10 GWh each. These customers take
3 maintenance downtime each year; however, they took extended downtime in 2005 for
4 maintenance that does not occur every year but does reoccur on a pre-determined
5 schedule. One of the customers takes this extended downtime every two years and the
6 other takes it every five years.

7 In BC Hydro's view it is consistent with the principles of the CBL Determination
8 Guidelines to adjust a customer's CBL if the customer had significant non-annual
9 recurring downtime in the period used to determine the customer's initial CBL. BC Hydro
10 used the thresholds in section 4.1.2.2 of the CBL Determination Guidelines to determine
11 whether customers with such downtime in 2005 should have their initial CBLs adjusted.
12 Section 4.1.2.2 provides for CBL adjustment for a plant capacity increase that has
13 resulted in a verified increase in the annual energy consumption by the customer's plant
14 of at least 5% over the pre-project CBL or 10 GWh, whichever is less.

15 Two customers met the thresholds, and BC Hydro will, upon completion of the review,
16 adjust their CBLs up by the amount of their respective curtailment. Once the Stepped
17 and TOU Rates are in effect, BC Hydro will only adjust CBLs in respect of non-annual
18 recurring downtime for new customers.

19 If the Commission accepts the section 6.2.2 adjustments, BC Hydro will amend the tariff
20 practice to accommodate similar adjustments in the future.

21 BC Hydro did not include all of the requests for adjustments it received from customers pursuant
22 to section 6.2.2 because some of them were inconsistent with BC Hydro's overall rate design
23 principles. BC Hydro will be informing each customer the week of March 20, 2006 of the status
24 of their CBL adjustment request.

25 BC Hydro does not know the current position of the customers who requested CBL adjustments
26 that BC Hydro did not include. BC Hydro believes that customers who wish to pursue their
27 adjustments should raise a dispute about their CBL to the Commission as contemplated in
28 sections 6.2.2 and 6.2.3 of the CBL Determination Guidelines. BC Hydro expects that a number
29 of customers will dispute the CBL that BC Hydro seeks approval of in Appendix B. A proposed
30 process to review the disputes is set out above.

APPENDIX A

Complete & Return by December 31, 2005

Attention: Janice Triffon

Fax: (604) 453-6285

E-mail: Janice.Triffon@bchydro.com

Stepped Rate / Time-of-Use Rate - Customer Baseline Load (CBL) Adjustment Request Form

The proposed CBL is based on the 12 - month electricity consumption for calendar 2005 and is intended to represent the future energy consumption that is expected in the absence of the Stepped rate or Time of Use (TOU) rate.

Company:
Facility Name:
BC Hydro Account Number:
Date:

Start Period of Adjustment			
Year:	Month:	Day:	Time: am/pm
End Period of Adjustment			
Year:	Month:	Day:	Time: am/pm

The following is a list of adjustments BC Hydro supports:

- Force Majeure Event (e.g. Labour Dispute/Lockout/Strike)
- Power Smart Project – BCH Funded – Buyback Incentive/Consultative File Number: _____
- Power Smart Project – Customer Funded
- Significant Capital Plant Expansions
- Other

Please check (√) the adjustment that is being requested and also provide any additional information to further describe the adjustment. **Use a separate form for each adjustment request.**

BC Hydro Use: Acct#: _____ / CBL# _____ / Adj# _____

Name:

Signature:

Title:
