

15 May 2020

VIA E-MAIL: [BCHydroReview@gov.bc.ca](mailto:BCHydroReview@gov.bc.ca)

Les MacLaren  
Assistant Deputy Minister  
Ministry of Energy, Mines and Petroleum Resources

Diane McSherry  
Vice President, Projects  
British Columbia Hydro and Power Authority



Reply to: Leigha Worth  
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Ph: 604-687-3034

Dear Mr. MacLaren and Ms. McSherry,

**Re: BCPIAC Comments on the Interim Report of Phase 2 of the Comprehensive Review of BC Hydro**

Enclosed please find the Comments of Counsel from the British Columbia Public Interest Advocacy Centre (BCPIAC) on the Interim Report of Phase 2 of the Comprehensive Review of BC Hydro.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

**BC PUBLIC INTEREST ADVOCACY CENTRE**



Leigha Worth  
Executive Director | General Counsel

Encl.

BCPIAC Comments on Phase 2 Review Interim Report

BRITISH COLUMBIA PUBLIC INTEREST ADVOCACY CENTRE (BCPIAC)

Comments on the Interim Report of Phase 2 of the Comprehensive Review of  
British Columbia Hydro and Power Authority (BC Hydro)

May 15, 2020

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## **Introduction**

We are writing regarding Phase 2 Interim Report for the provincial government's Comprehensive Review of BC Hydro.

The British Columbia Public Interest Advocacy Centre (BCPIAC) has a long history of participation in proceedings before the British Columbia Utilities Commission (the BCUC or Commission) and has been an active intervener in the vast majority of proceedings involving BC Hydro, provided the subject matter engaged the interests of our clients, BC Hydro's residential ratepayers. In that capacity, we represent a coalition of community-based organizations whose members collectively stand as a diverse cross section of residential energy utility ratepayers within BC holding progressive views. In other words, our interventions focus on the best interests of the residential ratepayer group as a class while taking into consideration the impacts of proposed rates, rate structures, and projects on the most economically vulnerable among them. Recently, the line between those who knew they were economically vulnerable and those who were but did not know it has blurred and disappeared, meaning there are far more of those within the residential rate class who are benefitting from the care and support of those amongst our client groups who are not suffering as greatly in the age of COVID-19. As such, our submissions on this have taken on a greater meaning and importance for a larger portion of British Columbians: what we are asking for in this Phase 2 of the Review could affect them directly and materially in the future.

BCPIAC has actively participated in the public engagement process for the Phase 2 Review. We attended the initial stakeholder engagement session held on September 19, 2019, urging the government and BC Hydro not to leave residential ratepayers and, in particular, economically vulnerable ratepayers behind in their pursuit of the Province's climate and energy goals. On October 25, 2019, we provided written comments and recommendations regarding the Phase 2 Review (enclosed as Appendix A) focusing on actions needed to improve access to clean energy and energy efficiency for BC Hydro economically vulnerable customers, so they do not miss out on the benefits and programs aimed at achieving CleanBC targets.

To our great consternation, none of our recommendations were adopted or even mentioned in the Interim Report. To say we were disappointed by this would be a gross understatement: we expected this government to be sensitive to the growing needs of those amongst BC's residents who are low and fixed income, precariously employed, or the many who have been living on the

edge of the middle class without realizing how thin the veneer of their economic stability is in the face of unforeseen negative financial pressures.

BCPIAC has been advocating on behalf of BC residents for decades, and since Hydro came under BCUC regulation we have been fighting for low and stable rates; environmentally responsible generation; cost-effective, meaningful, and widely accessible energy efficiency programs, fair rate designs and conditions of service; First Nations consultation, accommodation, and Reconciliation; and a strong and stable Crown Corporation. We know of what we speak. We know more and more British Columbians are facing energy poverty as the average household debt climbs and our incomes fail to keep pace with the sharply increasing costs of necessities like food, medications, housing, and yes, energy. We also know that this government is led by a Premier who has, over the years, expressed strong support for those most economically vulnerable to increasing costs. In fact, Premier Horgan has said on the public record that he directed BC Hydro to look at alternatives to DSM to provide relief to struggling British Columbians when he became took office<sup>1</sup>. This direction was included in this government's 2018 mandate letter to BC Hydro but since then...since then there has been no appreciable progress.

This government has failed to make changes to the *Utilities Commission Act* to expressly give the BC Utilities Commission, our regulator, the express jurisdiction to consider and approve a low income rate, something the BCUC stated on the record numerous times it felt it could not act without. Why? Why are the economically vulnerable of British Columbia being left to fend for themselves while even the first step towards that goal has yet not been taken – a step we note neither we as advocates, nor BC Hydro as the utility, can take absent government action.

It is disheartening to see a government we expected to follow through on these issues failing to act thus far, and then compounding the issue by failing to incorporate or even acknowledge the recommendations we made in our submissions – recommendations clearly in line with what we understood as this government's and its leader's core values.

### **Terms of Reference for Phase 2 Review**

On July 19, 2019, the Minister of Energy, Mines and Petroleum Resources issued the Terms of Reference for the Phase 2 Review. According to these Terms of Reference, the objective of the second phase is to develop recommendations for how BC Hydro can accomplish the provincial

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<sup>1</sup> MacLeod, Andrew. 'Horgan Supports Cheaper Hydro for Low-Income Residents', *The Tyee* (2018), online: <https://thetyee.ca/News/2018/01/17/Horgan-Supports-Cheaper-Hydro/>.



policy objectives laid out in the CleanBC plan.<sup>2</sup> Defining the objectives, the Terms of Reference stated:

The Review will consider the potential impacts of North American energy and market trends, the needs of current and future BC Hydro customers, evolving technologies and utility structures, the affordability of electricity to consumers, and opportunities to involve indigenous peoples and communities.<sup>3</sup> (Emphasis added)

However, when we read the Interim Report, it quickly became apparent that it does not address the affordability needs of those who need it most – the economically vulnerable in BC.

### **BCPIAC's Initial Recommendations**

On October 25, 2019 we provided written comments and recommendations regarding the Phase 2 Review. We offered four concrete actions needed to improve access to clean energy and energy efficiency for BC Hydro's economically vulnerable customers:

1. Imposing the low-income specific requirements Provincial incentives and projects aimed at achieving the policy objectives laid out in the CleanBC Plan;
2. Authorizing the BCUC to approve discounted or preferential services to low-income ratepayers on a case-by-case basis in order to facilitate their participation in the provincial climate plan;
3. Modernizing BC Hydro demand-side management programs for low-income customers; and
4. Granting the BCUC the jurisdiction to approve and BC Hydro the mandate to design lifeline rates and other long-term forms of low-income energy assistance.

We are now urging the government to consider the evidence we are including in this document: this is evidence that clearly demonstrates what BC Hydro has on the books and in the planning stages is, due to accessibility or quantum of impacts, insufficient to the task of addressing the vast majority of British Columbian's affordability concerns. This evidence highlights the need to

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<sup>2</sup> British Columbia, *Comprehensive Review of BC Hydro Phase 2 - Terms of Reference*, page 1, online <[https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/electricity/bc-hydro-review/bch\\_review\\_phase\\_ii\\_tor\\_190716\\_public\\_clean.pdf](https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/electricity/bc-hydro-review/bch_review_phase_ii_tor_190716_public_clean.pdf)>

<sup>3</sup> *Ibid*, page 2.

revisit and reconsider our recommendations on how to provide economically vulnerable customers with equitable access to affordable, clean energy.

While we are critical of the current situation, that should not be taken as an unwillingness to help find the solutions. We are offering this input and our services to engage with government and BC Hydro on these issues, and there are likely many others including the members of BC Hydro's Low-Income Advisory Committee who we suggest might be willing to engage with government on this issue as well.

### **Pressing Need for Low-income Electricity Rate**

As we mentioned before, on April 18, 2018, the Minister of Energy, Mines and Petroleum sent BC Hydro a Mandate Letter setting out several priorities for BC Hydro. BC Hydro was expected to make substantive progress during the 2018/2019 fiscal year, including the priority to "implement affordability measures, such as low income rates and expanded demand-side management programs targeted to low income ratepayers"<sup>4</sup>.

However, during the oral hearing of BC Hydro's F2020-F2021 Revenue Requirements Application, BC Hydro's witnesses testified that the utility is not currently working on a lifeline rate because the legislative framework has not changed from where it was in 2016-7 when the BCUC rejected BCPIAC's application for a low income rate as well as many other terms and conditions of service intended to address affordability concerns<sup>5</sup>, and also that it is not planning to advance a lifeline rate because government policy "has said no to lifeline rates"<sup>6</sup>.

Further, BC Hydro's witnesses elaborated that, because the government "did not want BC Hydro to go forward with lifeline rates", in Phase 1 of the Comprehensive Review the government requested that BC Hydro shift more expenditures from its Demand-side management (DSM) plan into funding more residential low-income programs.<sup>7</sup> In other words, it appears that both this government and BC Hydro consider the proposed additional expenditures for the Low Income DSM program as an alternative to lifeline rates.

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<sup>4</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Exhibit B-1, Appendix E, page 2

<sup>5</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Transcript, Volume 5, page 471, lines 23 – 24; page 472 line 25 - page 473 line 1

<sup>6</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Transcript, Volume 7, page 986, lines 15-22

<sup>7</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Transcript, Volume 7, page 986, lines 25-26 & page 987, lines 1-4

In that proceeding to support this position, BC Hydro referred to the January 2019 Mandate Letter from the Minister of Energy, Mines and Petroleum<sup>8</sup> which directed BC Hydro to:

Continue delivering affordability measures, including demand-side management programs targeted to low-income ratepayers, and any other measures that may be identified through development of BC's Poverty Reduction Strategy.

At the same time, neither Phase 1 of the Comprehensive Review of BC Hydro nor the January 2019 Mandate Letter suggest that increasing DSM expenditures for the low-income ratepayers should be offered as an alternative to lifeline rates. To be frank, any suggestion that BC Hydro's current or planned low income DSM programs could act as such an alternative or can be said to have addressed affordability issues is laughable. All one need do to appreciate that fact is to refer to the figures we cite below, based on BC Hydro's own evidence and information.

If this government indeed has decided not to pursue or even just facilitate the consideration by the BCUC of low-income rates, and considers that the BC Hydro DSM programs for low-income ratepayers are a comparable option capable of addressing the affordability crisis, we ask that it be transparent about it. Disclose that. Go on the record and tell the public so we can all understand the government's current position on this issue, without false hope or unrealistic expectations based on the past. Go on the record and describe those new programs and their impacts in concrete terms people can understand: dollars and cents saved per month because that is how most people in BC live – month to month.

Please do not misunderstand: we are not urging the government to abandon the low-income rates initiative, because although expanding DSM programs targeted to low income ratepayers could eventually be an important affordability measure, it cannot be considered as a comparable alternative to lifeline rates at the moment. Generally, DSM programs are not capable of covering all low-income customers. In fact, as illustrated below, participation in the existing BC Hydro low-income DSM programs is unacceptably low and their economic impacts fall far short of addressing affordability issues.

The fact is that, based on the current level of participation and yearly increases in those figures, it will take decades for BC Hydro to provide all eligible low-income residents the opportunity to

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<sup>8</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Exhibit B-13, BCOAPO 2.90.1

participate in just its current targeted Energy Efficiency programs and the impacts of those programs are not enough.

The affordability crisis and the need for lifeline rates will, unfortunately, increase with the flattening of the Residential Inclining Block (RIB) Rate, which BC Hydro is considering for its next rate design application.<sup>9</sup>

The Interim Report leaves it to BC Hydro's discretion "to make any changes to its default residential rate"<sup>10</sup>. Additionally, the Interim Reports states the following:

This two-tier rate structure made sense when BC Hydro was in deficit and when the marginal cost of additional electricity supply was much higher than it is today.<sup>11</sup>

In other words the prospect of flattening the RIB Rate is real and can happen soon, especially in light of the recent BCUC decision in BC Hydro's RIB Rate Pricing Principles Extension for F2021-F2022 Application, where the BCUC directed BC Hydro "to file a report with the BCUC one year from the date of this order that discusses its progress regarding the development of its next residential rate design application and the anticipated filing date of that application"<sup>12</sup>.

In our letter of October 2019, we expressed concerns with the prospect of flattening the RIB Rate, pointing out that although it might benefit electric vehicle owners and other customers with high energy consumption, it will increase bills for lower-volume customers, including a significant number of economically vulnerable customers.<sup>13</sup> However, the Interim Report does not indicate how the government is planning to address the affordability issue for these lower-volume customers when the RIB Rate is terminated.

We also recommended addressing this issue through low-income rates. We recognize that the development of low income rates or programs designed to alleviate the affordability concerns of economically vulnerable ratepayers is not the job of government and we did not ask for government to fill this role in our original submissions. Instead, we asked government to expressly grant the BCUC the jurisdiction to approve and BC Hydro the mandate to design such bill assistance programs<sup>14</sup>. Then, the onus is on BC Hydro, the BCUC, and participants like BCPIAC

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<sup>9</sup> BC Hydro F2020-F2021 Revenue Requirements Application, Exhibit B-6, BCOAPO IR 1.2.1.

<sup>10</sup> Interim Report.

<sup>11</sup> *Ibid*

<sup>12</sup> BCUC Order G-62-20 with Reasons for Decision, page 7

<sup>13</sup> BCPIAC Letter of October 25, 2019, page 5

<sup>14</sup> *Ibid*



on behalf of our clients to design, test, and either support or reject such programs - tasks we all undertake regularly on behalf of the utility and its ratepayers.

**Inadequate Low-Income DSM Program**

Disappointingly, the Interim Report refers to BC Hydro's economically vulnerable customers only once. On page 15 it states:

BC Hydro has a successful history of conservation and energy management programs through Power Smart, including programs specifically for income-qualifying customers.

BC Hydro's Low-Income DSM Program, referred to in the Interim Report, consists of two components which include Energy Savings Kits (ESK) and the Energy Conservation Assistance Program (ECAP).

*ECAP is not an adequate affordability measure*

The overall level of participation in the ECAP program when compared to the total number of BC Hydro's eligible low-income customers is not adequate to characterize this program as a meaningful affordability measure.

BC Hydro estimates that 21% of residential customers are eligible for the Low-Income Program based on the LICO + 30% income ceiling<sup>15</sup>. Using this estimate, we were able to calculate the percentage of eligible low-income customers participated in the ESK and ECAP programs in the last three years.

The calculation showed that between F2017 and F2019 only 41,377, or 10.9% of eligible low-income customers participated in the ESK program<sup>16</sup>:

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<sup>15</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Exhibit B-1, Appendix AA, Attachment 2, page 21

<sup>16</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Exhibit B-6, BCSEA IR 1.44.1 and Exhibit B-58, UT #62 (m)

# BCPIAC Comments on Phase 2 Review Interim Report

Year	Total number of BC Hydro's Residential Customers <sup>17</sup>	Number of BC Hydro's Eligible Low-Income Residential Customers	Number of ESK Participants	Percentage of Eligible Participants
F2017	1,776,503	373,066	10,611	2.8%
F2018	1,803,752	378,788	13,489	3.6%
F2019	1,831,954	384,710	17,277	4.5%
Total	-	-	41,377	10.9%

The participation numbers for the ECAP program are significantly lower: between F2017 and F2019 only 10,278, or 2.7% eligible low-income customers participated in this program<sup>18</sup>.

Year	Total number of BC Hydro's Residential Customers <sup>19</sup>	Number of BC Hydro's Eligible Low Income Residential Customers	Number of ECAP Participants	Percentage of Eligible Participants
F2017	1,776,503	373,066	2,836	0.8%
F2018	1,803,752	378,788	3,600	0.9%
F2019	1,831,954	384,710	3,842	1%
Total	-	-	10,278	2.7%

We acknowledge that BC Hydro is taking steps to increase participation in the Low-Income program in F2020-F2022<sup>20</sup>, but despite that increase in the forecast number of participants, the numbers BC Hydro anticipates benefitting in the ESK and ECAP programs between now and the

<sup>17</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Exhibit B-1, Appendix O, page 26

<sup>18</sup> *Ibid*

<sup>19</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Exhibit B-1, Appendix O, page 26

<sup>20</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Exhibit B-1, page 10-24

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end of its 2022 fiscal year is startlingly low. Based on BC Hydro forecast, the total participation in the ESK program in F2020-F2022 would be 67,850, which represents only 17.1% of eligible low-income customers:

Year	Total number of BC Hydro's Residential Customers <sup>21</sup>	Number of BC Hydro's Eligible Low-Income Residential Customers	Forecast Number of ESK Participants	Forecast Percentage of Eligible Participants
F2020	1,861,572	390,930	22,250	5.7%
F2021	1,885,943	396,048	22,800	5.7%
F2022	1,907,221	400,516	22,800	5.7%
Total	-	-	67,850	17.1%

The total forecast participation in the ECAP program in F2020-F2022 is, by our calculation, 12,760, or 3.2% of BC Hydro's eligible low-income customers:

Year	Total number of BC Hydro's Residential Customers <sup>22</sup>	Number of BC Hydro's Eligible Low-Income Residential Customers	Number of ECAP Participants	Percentage of Eligible Participants
F2020	1,861,572	390,930	3,905	1%
F2021	1,885,943	396,048	4,360	1.1%
F2022	1,907,221	400,516	4,495	1.1%
Total	-	-	12,760	3.2%

<sup>21</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Exhibit B-1, Appendix O, page 26

<sup>22</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Exhibit B-1, Appendix O, page 26

Considering the consistently small percentage of eligible low income customers participating in the ECAP program (around 1% in each fiscal year), it is reasonable to conclude that the only DSM program that can be considered truly accessible to low income customers is the ESK, which forecasts serving a total of 17% of eligible low income customers at the end F2020-F2022.

*ESK is not a meaningful affordability measure*

Realistically, the average bill savings achieved from the installation of ESKs are not adequate to consider the ESK program a meaningful affordability measure. According to BC Hydro estimates, a fully installed ESK in an electrically space heated and electric hot water heated single family home *could* save up to \$131 per year<sup>23</sup> but the average bill savings achieved after installing the ESK are, according to BC Hydro's own estimates, only \$37.12 to \$44.78 per year<sup>24</sup>.

We cannot, in good conscience, support any position that states the facilitation of an average savings of \$3.00 to \$3.60 per month is an adequate response to affordability concerns. Quite often, that is not even enough to buy one box of cereal a month or a two-liter carton of milk, let alone something like a child's shoes, a prescription medication, a bus pass, or childcare.

\$3.00 to \$3.60 a month does not an affordability solution make.

*Need to modernize the Low-Income DSM program*

As illustrated above, the ECAP program which is accessed by about 1% of total eligible BC Hydro low-income customers yearly since 2017, and the ESK program that averages savings of around \$3.00 per month for its participants cannot be considered a meaningful affordability measures. Urgent steps are required to address the real need to reduce electricity costs through innovative DSM measures. The government should direct BC Hydro to modernize its DSM program for low-income customers by incorporating innovative successful measures from other jurisdictions in order to achieve deeper retrofits and deeper savings for significant numbers of eligible low-income customers.

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<sup>23</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Exhibit B-58, UT #62 (n)

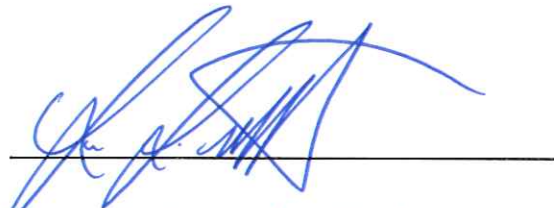
<sup>24</sup> BC Hydro's F2020-F2021 Revenue Requirements Application, Exhibit B-58, UT #62 (o). This is an average estimate across all household types, and includes both electrically heated, and non-electrically heated homes.

## BCPIAC Comments on Phase 2 Review Interim Report

In our letter of October 25, 2019, we recommended consideration of the multifamily whole-building model<sup>25</sup>, like the one recently implemented in California<sup>26</sup>.

### Conclusion

In our submission, the Interim Report fails to address critical issues related to the systemic and intersectional barriers to accessibility that exist in BC, preventing economically vulnerable people from accessing the benefits of clean energy and energy efficiency. For this reason, we do not view it as an adequate conclusion of the Phase 2 Review. We urge the government to reconsider our recommendations as submitted on October 25, 2019 and include in the final report the steps necessary to bring the benefits of affordable clean energy to all British Columbians.



Leigha Worth, Executive Director

BC Public Interest Advocacy Centre



Irina Mis, Staff Lawyer

BC Public Interest Advocacy Centre

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<sup>25</sup> BCPIAC Letter of October 25, 2019, pages 4-5

<sup>26</sup> Miles Muller & Maria Stamas, "CPUC Envisions New Future for Low-Income Efficiency Program" (July 11, 2019), online < <https://www.nrdc.org/experts/miles-muller/cpuc-envisions-new-future-low-income-efficiency-program> >



BCPIAC Comments on Phase 2 Review Interim Report

**Appendix A:**

**BCPIAC Letter of October 25, 2019 re BCPIAC Comments on Phase 2 of the  
Comprehensive Review of BC Hydro**

October 25, 2019

**VIA E-MAIL: [BCHydroReview@gov.bc.ca](mailto:BCHydroReview@gov.bc.ca)**

Les MacLaren  
Assistant Deputy Minister  
Ministry of Energy, Mines and Petroleum Resources

Diane McSherry  
Vice President, Projects  
British Columbia Hydro and Power Authority



Reply to: Leigha Worth  
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Ph: 604-687-3034

Dear Mr. MacLaren and Ms. McSherry,

**Re: BCPIAC Comments on Phase 2 of the Comprehensive Review of BC Hydro**

We are writing regarding Phase 2 of the provincial government's Comprehensive Review of British Columbia Hydro and Power Authority (BC Hydro).

The British Columbia Public Interest Advocacy Centre (BCPIAC) has a long history of effective participation in proceedings before the British Columbia Utilities Commission (the BCUC or Commission) and has been an active intervener in most proceedings involving BC Hydro. In that capacity, we represent a coalition of community-based organizations whose members collectively represent a broad range of BC Hydro's low and fixed income electricity ratepayers. More specifically, in BC Hydro processes we have typically represented the BC Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Tenant Resource and Advisory Centre, and Together Against Poverty Society, collectively known in Commission proceedings as BCOAPO.

We wish to be clear that the discussion of our client groups is simply to provide, for the record, a context to demonstrate our expertise as well as the lens through which we approach regulatory matters. These submissions are not made on behalf of BCOAPO but instead on behalf of the not-for-profit law office, BCPIAC.

According to the Terms of Reference for Phase 2 of the Comprehensive Review of BC Hydro, the objective of the second phase is to develop recommendations for how BC Hydro can accomplish the provincial policy objectives laid out in the CleanBC plan.<sup>1</sup> The Review will consider, among other issues, the needs of current and future BC Hydro customers and the affordability of electricity to consumers.<sup>2</sup>

We cannot emphasize strongly enough how important it is that the provincial government, our Regulator and BC Hydro do not leave ratepayers who live in or near poverty and those who are experiencing energy poverty behind in the pursuit of the Province's climate and energy goals. We do, of course, support the goals of the CleanBC Plan but, government and the Utility must ensure that low-income ratepayers do not miss out on the benefits and programs aimed at achieving

<sup>1</sup> British Columbia, *Comprehensive Review of BC Hydro Phase 2 - Terms of Reference*, page 1, online <[https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/electricity/bc-hydro-review/bch\\_review\\_phase\\_ii\\_tor\\_190716\\_public\\_clean.pdf](https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/electricity/bc-hydro-review/bch_review_phase_ii_tor_190716_public_clean.pdf)>

<sup>2</sup> Ibid, page 2.

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CleanBC targets the way they almost always miss out on Demand Side Management programs their utility bills help to fund.

In these submissions, we focus on actions needed to improve access to clean energy and energy efficiency for BC Hydro low-income customers.

**1. BC Government incentives and programs aimed at achieving CleanBC goals should include low-income specific requirements**

British Columbia has an estimated population of 5.071M people and, by our government's own estimate, 557,000 British Columbians live in poverty.<sup>3</sup> That number means 11% of our population is dealing with the challenges of trying to get by on less than the Market Basket Measure in a province that is, by any definition, an expensive one in which to live.

Low-income individuals and communities face significant economic obstacles if they want to "go green". Currently, the cost of clean energy technologies makes them unaffordable to low-income customers and, in any event, it would be utterly unreasonable to expect people living in poverty to choose to spend what little money they have on technologies that might save the environment or reduce their energy bills in the long run if it means they are not going to be able to eat, stay in their home, or meet their other financial obligations in the meantime.

This economic bar to participation is problematic for a number of reasons. First, it disqualifies a significant percentage of BC's population from contributing to the achievement of our Province's CleanBC goals and secondly, it disempowers and disqualifies that portion of our population who suffer disproportionately more from the negative effects of climate change<sup>4</sup>. At the same time, bringing the benefits of affordable clean energy to low-income communities would help their inordinate cost-of-energy energy burdens while saving electricity and reducing greenhouse gas emissions overall.

It is clear that in order to provide low-income residents with better access to affordable clean energy technologies, government programs and incentives must invest in clean energy infrastructure that includes meaningful low-income-specific requirements – like a minimum amount of spending targeting low-income customers funding meaningful programs developed with the assistance of community groups and advocates so they will truly address the needs of low income customers while achieving real cost and energy savings.

One model that British Columbia should look to is California. There, recognizing that low-income communities are particularly vulnerable to climate change, legislation requires that at least 35 percent of California Climate Investments must benefit "priority populations," which include disadvantaged communities, low-income communities, and low-income households.<sup>5</sup> These investment requirements apply to the overall California Climate Investments portfolio, rather than to each program and the targets for each program are developed annually to achieve direct and

<sup>3</sup> <https://engage.gov.bc.ca/bcpovertyreduction/poverty-reduction-101/>

<sup>4</sup> USGCRP, 2018: Impacts, Risks, and Adaptation in the United States: Fourth National Climate Assessment, Volume II: Report-in-Brief [Reidmiller, D.R., C.W. Avery, D.R. Easterling, K.E. Kunkel, K.L.M. Lewis, T.K. Maycock, and B.C. Stewart (eds.)]. U.S. Global Change Research Program, Washington, DC, USA, 186 pp. doi: 10.7930/NCA4.2018.RIB as found at [nca2018.globalchange.gov](https://nca2018.globalchange.gov).

<sup>5</sup> California Air Resources Board, 2019 Annual Report to the Legislature on California Climate Investments Using Cap-and-Trade Auction Proceeds, page 10, online

<[https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/2019\\_cci\\_annual\\_report.pdf?utm\\_medium=email&utm\\_source=govdelivery](https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/2019_cci_annual_report.pdf?utm_medium=email&utm_source=govdelivery)>



meaningful benefits to priority populations and help ensure that the statutory investment minimums are met.

Another example illustrates the incentive-specific approach. California legislation has authorized the California Public Utilities Commission (CPUC) to create the ratepayer-funded California Solar Initiative (CSI), a rebate program for solar technologies, which requires that not less than 10 percent of funds be used for installation of solar energy systems on low-income residential housing.<sup>6</sup> As part of this requirement, the CPUC created the Multifamily Affordable Solar Housing (MASH) to provide incentives that would offset the costs of installing solar power on multifamily low-income housing in the state. The MASH program has brought solar energy to thousands of multifamily building owners and tenants, allowing them to benefit from lower energy costs and reduce carbon pollution. MASH solar photovoltaic (PV) systems avoided more than 27,450 tons of CO<sub>2</sub> emissions from 2011 to 2013, equivalent to one year of energy-related emissions from about 2,600 average American homes.<sup>7</sup> This kind of ingenuity is required when designing programs for low income populations that include groups like tenants and it is something we are so far lacking here in British Columbia.

Accordingly, Provincial incentives and projects aimed at achieving the policy objectives laid out in the CleanBC plan should include the low-income specific requirements. At the same time, the government needs to improve its existing programs such as CleanBC Better Homes/Better Buildings by incorporating minimum spending requirements and other direct benefits for low-income customers.

## **2. The Government should authorize the British Columbia Utilities Commission (BCUC) to address low-income barriers to accessing clean energy**

The BCUC *could* be playing an important role in improving access to the benefits of clean energy for low-income communities but thus far the legislation needed to clearly empower them to do so is not on the books and recent experience has shown that the BCUC views itself as precluded from doing so<sup>8</sup>. To make it happen, the BCUC must have and be willing to exercise the power to approve discounted or preferential services to low-income ratepayers in order to assist them in being a part of the provincial climate plan.

In Washington State, the Utility Commission has the following jurisdiction:

Upon request by an electrical or gas company, or other party to a general rate case hearing, the commission may approve rates, charges, services, and/or physical facilities at a discount for low-income senior customers and low-income customers. Expenses and lost revenues as a result of these discounts shall be included in the company's cost of service and recovered in rates to other customers.<sup>9</sup>

<sup>6</sup> United States Environmental Protection Agency (EPA), *Case Study - California Multifamily Affordable Solar Housing Program*, online <[https://www.epa.gov/sites/production/files/2017-06/documents/mash\\_case\\_study\\_6-1-16\\_508.pdf](https://www.epa.gov/sites/production/files/2017-06/documents/mash_case_study_6-1-16_508.pdf)>

<sup>7</sup> Ibid, page 6.

<sup>8</sup> BCUC Order G-5-17 as found at [https://www.bcuc.com/Documents/Proceedings/2017/DOC\\_48618\\_01-20-2017\\_G-5-17\\_BCH-2015-RDA-Decision-WEB.pdf](https://www.bcuc.com/Documents/Proceedings/2017/DOC_48618_01-20-2017_G-5-17_BCH-2015-RDA-Decision-WEB.pdf)

<sup>9</sup> Revised Code of Washington (RCW), title 80, chapter 28, section 068 (80.28.068), online <<https://app.leg.wa.gov/RCW/default.aspx?cite=80.28.068>>



Using this authority, the Washington Utilities and Transportation Commission (UTC) adopted an Electric Vehicle Charging Services policy that promoted direct benefits to low-income customers. The Washington UTC recognized that low-income customers are less likely to have access to an EV and are therefore not likely to benefit directly from access to electric vehicle supply equipment during the market transformation phase. To maximize the benefits of EV charging services to low-income customers, utilities were required to provide direct services to low-income customers. Utilities were requested to discuss potential program offerings with Commission staff, their low-income advisory groups, and community action agencies.<sup>10</sup>

Given the rapidly evolving nature of clean energy technologies, we submit that ongoing and proactive regulatory oversight is required to ensure that the interests of low-income customers are not compromised. A direct mandate informed by a clearly enunciated jurisdiction to protect low-income interests will free the Commission to consider specific benefits to low-income communities on a case-by-case basis in open, transparent proceedings with the benefit of input from representatives and groups serving those communities. This change in the legislation governing the BCUC will ensure that while reviewing the Utility's applications to invest in clean energy infrastructure, the Commission will have the power to make certain that utilities take steps to remove barriers for low-income residents in accessing this infrastructure.

### **3. The Government and BC Hydro should modernize its demand-side management programs for low-income customers**

Energy efficiency is one of the most cost-effective means of achieving our climate goals. Given that the poorest households tend to live in some of the oldest and least energy-efficient buildings, the scope for large energy and greenhouse gas (GHG) emission savings in low-income properties is significant. However, low-income residents face numerous barriers to accessing energy efficiency and are less likely to be able to afford what higher earning households would consider basic energy-efficient technology. Achieving efficiency goals is most challenging in the low-income multi-unit buildings that require deeper retrofits and are subject to a "split incentive barrier" between owners who would pay for efficiency improvements and tenants who would save money based on reduced energy bills.

Accordingly, the provincial government should work with BC Hydro to improve energy efficiency in low-income multi-unit housing beyond the existing BC Hydro's Energy Saving Kit program and retrofit programs for common areas of multi-unit residential buildings.

A significant amount of work to overcome challenges faced by the low-income multifamily sector has been done in California. The California Public Utilities Commission (CPUC) recently modernized its Energy Savings Assistance program for low-income customers, incorporating an innovative multifamily whole-building model and encouraging deeper energy savings for low-income households for programs that will be launched in 2021.<sup>11</sup> Rather than having separate in-unit and common area programs, the CPUC directed utilities to include in their future applications a new multifamily whole-building program. This streamlined whole-building program process will allow owners of affordable multifamily properties to better plan and incorporate efficiency

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<sup>10</sup> The Washington Utilities and Transportation Commission, *Policy and Interpretive Statement Concerning Commission Regulation of Electric Vehicle Charging Services*, para 86, online <<https://www.utc.wa.gov/docs/Pages/ElectricVehicleSupplyEquipment,DocketUT-160799.aspx>>

<sup>11</sup> Miles Muller & Maria Stamas, "CPUC Envisions New Future for Low-Income Efficiency Program" (July 11, 2019), online <<https://www.nrdc.org/experts/miles-muller/cpuc-envisions-new-future-low-income-efficiency-program>>



improvements. This program will be designed and implemented by a third-party, which is a notable change from the past practice of utility-designed and implemented programs.<sup>12</sup>

A similar approach focussing on whole-building solutions and deep energy retrofits should be implemented by the provincial government and BC Hydro in order to make low-income multifamily buildings greener.

**4. A low-income electricity rate is a necessary step in providing low-income customers with equitable access to affordable and clean energy**

Government policies aimed to meet CleanBC goals will, for the foreseeable future, inevitably increase energy costs. For example, BC Hydro's plan to flatten the tiered energy rate, which might benefit electric vehicle owners and other customers with high energy consumption, will, if approved, increase bills for lower-volume customers who live in apartments and condominiums.<sup>13</sup> At the same time, according to the 2017 BC Hydro's residential end use survey, 33% of low-income participants indicated that they reside in apartments and condominiums. These low-income residents already spend a greater proportion of their income on their energy bills than other income groups but, as stated previously, their precarious financial positions mean they cannot reasonably be expected to absorb a further rate increase, whether via a Rate Design or Revenue Requirement process. Something has to give. Something has to change.

Although energy efficiency programs are an important tool to ease the energy burden on low-income households, they cannot by themselves address the problem of ever-increasing energy prices. We are unwilling to ask government to legislate long-awaited rate discounts and other long-term forms of low-income energy assistance because of the importance of the public regulatory assessment and process, particularly when examining new programs or measures. Instead, it is clear that this government must expressly grant the BCUC the jurisdiction to approve and BC Hydro the mandate to design such bill assistance programs.

We look forward to hearing from you on how we can contribute further to this Review.

Sincerely,  
**BC PUBLIC INTEREST ADVOCACY CENTRE**

  
Leigha Worth  
Executive Director | General Counsel

  
Irina Mis  
Barrister & Solicitor

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<sup>12</sup> Ibid.

<sup>13</sup> BC Hydro F2020 to F2021 Revenue Requirements Application, Exhibit B-6, BCOAPO IR 1.2.1.