



19 March 2013

**From: the BC Sustainable Energy Association and the Sierra Club of BC**

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**To: the Industrial Electricity Policy Review Task Force of the Ministry of Energy, Mines and Natural Gas**

## **Initial comments by the BC Sustainable Energy Association and the Sierra Club of BC on the issue papers**

### **BC Sustainable Energy Association (BCSEA)**

BCSEA is a non-profit association of citizens, professionals and practitioners committed to promoting sustainable energy and energy conservation in British Columbia. BCSEA has approximately 500 individual and corporate members and seven chapters across BC. Many BCSEA members are BC Hydro ratepayers.

### **Sierra Club of BC (SCBC)**

SCBC is a non-profit organization of British Columbians from all walks of life who care about a broad range of environmental issues including climate change and clean energy. SCBC has six local groups and over 16,000 members and supporters across the province, many of whom are ratepayers of BC Hydro. SCBC focuses on a broad range of environmental issues including climate change and clean energy. The promotion of environmentally sustainable electricity falls within SCBC's mandate.

### **General comments on industrial electricity rates**

BCSEA and SCBC support these basic principles:

- Industrial service should not be provided at below the embedded cost.
- Customers with large new loads should pay the marginal cost for new generation and transmission extensions and reinforcements made necessary by those loads.
- The threshold to trigger marginal rates for large new loads should be lowered from the 150 MVA threshold in Tariff Supplement 6.
- Customers should not be able to use project phasing to avoid triggering marginal rates for large new loads.
- The environmental assessments of projects with large new electricity loads should include the environmental effects of the new generation and transmission reinforcement or extension that the new loads would necessitate.

### **Comments on the *BCUC Stepped Rate Report Recommendations* paper**

In principle, the Transmission Service Rate (TSR) two-tiered structure should continue to be optimized to maximize energy conservation. In practice, this is problematic, due to the difficulty of demonstrating the conservation effects.

BCSEA and SCBC support having a further Utilities Commission review of the TSR to determine how to revise the rate.

### **Comments on the *Transmission Service and Economic Development* paper**

BCSEA and SCBC agree that the policy objectives of job retention and job creation may conflict with each other, since new industrial development will necessitate new generation and transmission, and that will push up costs and rates.

As noted above, customers with large new loads should pay the marginal cost for new generation and transmission that is necessitated.

### **Comments on the *End-Use Rates* paper**

BCSEA and SCBC generally support the cost-of-service model, as it gives the best price signal for energy conservation and peak demand reduction.

BCSEA and SCBC generally oppose rates that are below the embedded cost. Some exceptions may be justified, based on the public interest. But the threshold for exceptions should be high, and exceptions should be subject to public review. Economic development alone does not justify rate subsidies.

### **Comments on the *Generation Contribution Policy, Transmission Contribution Policy and Postage Stamp Rates* papers**

As discussed above, BCSEA and SCBC generally support charging marginal rates for large new loads. The Tariff Supplement 6 terms should be tightened, not loosened.

### **Comments on the *Regulatory Approach for BC Hydro* paper**

BCSEA and SCBC strongly support BC Hydro as a regulated utility, overseen by the BC Utilities Commission. BC Hydro should be regulated so as to maintain intergenerational equity, i.e. with present costs not deferred to future ratepayers.

### **Comments on the *Retail Access* paper**

BCSEA and SCBC oppose retail access. Opportunities to purchase low-priced power should be captured by BC Hydro, to the benefit of all ratepayers.

Enabling opportunistic windfalls for industrial customers does not make for sound industrial development policy. Instead, policy measures should endeavor to provide consistent, reliable and cost-effective service.

### **Comments on the *Provincial Environmental Policy* paper**

BCSEA and SCBC strongly support BC's legislated greenhouse gas (GHG) reduction targets. Government policy, including for industrial rates, should reflect these goals. Industry should be discouraged from using net GHG-emitting fuels. BC's "clean or renewable" standard should be redefined to exclude gas-fired generation.