



June 19, 2013

Mr. Chris Trumpy
Chair
Industrial Electricity Policy Review Task Force
2083 Neil Street
Victoria, BC V8R 3E1

Dear Mr. Trumpy:

On January 13, 2013, Honourable Rich Coleman, the previous Minister of Energy, Mines and Natural Gas, issued a Terms of Reference (ToR) for the Industrial Electricity Policy Review (Review). The ToR appointed a task force consisting of you, Mr. Peter Ostergaard and Mr. Tim Newton. I understand the task force is currently working on its Interim Report. As the recently appointed Minister of Energy and Mines, I would like to thank you for your work to date as well as add to the Review ToR.

I am aware of the content included in the task force's draft Consultation Summary. There appear to be several issues that emerged from the task force's consultation process that were either not explicitly noted in the ToR or require further analysis. These include, but are not limited to:

- The feasibility of "Time of Use" pricing to provide capacity benefits to BC Hydro and financial benefits to industrial customers with flexible operations;
- Industrial customer concerns related to the time and costs associated with BC Hydro interconnecting new industrial loads;
- Mixed views on the appropriateness of a threshold above which new industrial customers would pay the marginal cost of energy supply versus spreading costs across BC Hydro's entire rate base; and
- The feasibility of different retail access models (i.e., enabling industrial customers to meet some or all of their electricity needs from a supplier other than BC Hydro).

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I believe it would be beneficial for the task force to explore each of these issues in further detail and include the task force's conclusions in its Interim Report. Accordingly, I am supplementing the Review ToR as follows:

1. The task force is to review current models of industrial "Time of Use" pricing from relevant jurisdictions and comment on their effectiveness and applicability to British Columbia (BC). This review is to stay strictly within the bounds of industrial customers only;
2. The task force is to review utility interconnection policies and timelines from relevant jurisdictions, and determine how they compare to BC Hydro's current approach and performance;
3. The task force is to consult with low-cost, hydroelectric-based jurisdictions to better understand their approaches to interconnecting large loads as well as to identify what, if any, role Government plays in the process; and
4. The task force is to review how retail access policy is applied in relevant jurisdictions, and comment on their effectiveness and applicability to British Columbia.

I note that July 31, 2013 is the current end date for the Review. I do not think it is reasonable to expect the task force to take on these additional tasks given the short notice involved. Consequently, I will extend the Review end date to October 31, 2013. I trust this will give the task force sufficient time to finish off its original tasks as well as address the new ones.

Please contact Mr. Les MacLaren, Assistant Deputy Minister, Electricity and Alternative Energy Division, if you have any further questions. Mr. MacLaren can be reached at 250-952-0204 or les.maclaren@gov.bc.ca.

Thank you, again, for taking on this important work.

Sincerely,



Bill Bennett
Minister

pc: Mr. Les MacLaren
Assistant Deputy Minister
Electricity and Alternative Energy Division
Ministry of Energy and Mines