

Welcome to BC Hydro's

2024 Rate Design Applications (RDA) Workshop

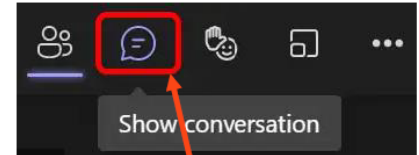
We'll be getting started shortly

How to participate

- Let us know you're here. **Please enter your first name, last name, and organization in the chat.**
- Video and microphone have been turned off to save bandwidth and eliminate background noise
- The chat function is available for questions and comments
- A copy of this presentation will made available following this session

Technical issues?

- Send an email to bchydroregulatoryfeedback@bchydro.com



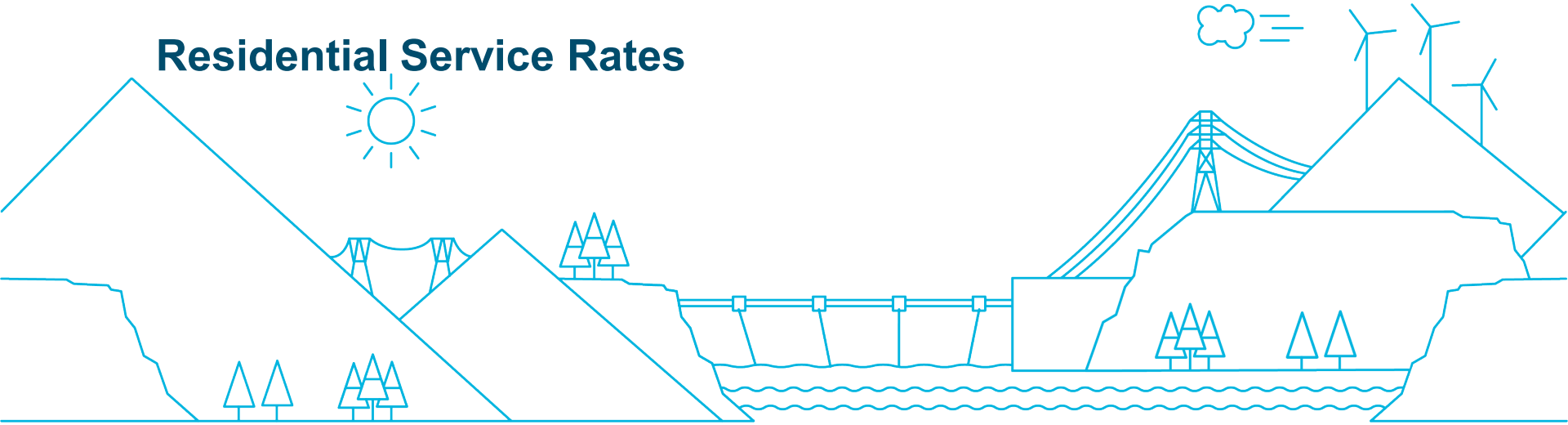
Click on this icon
to access the chat

BC Hydro 2024

Rate Design Applications

Workshop 4 – Session 1

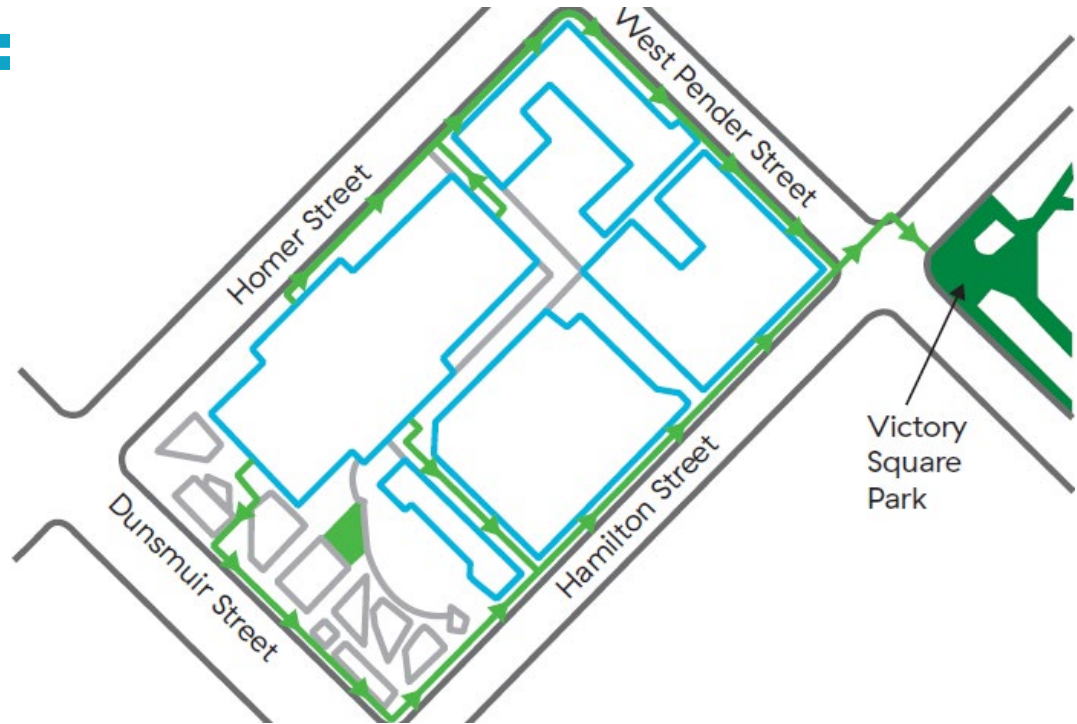
Residential Service Rates



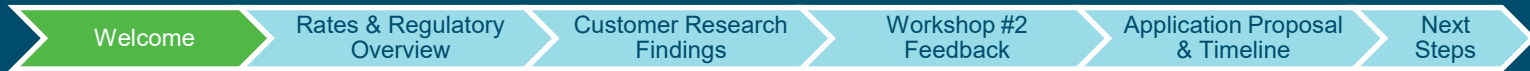
Safety –

Muster Location:

Victory Square



***We are grateful to be meeting today
on the unceded traditional territory of the
Musqueam, Squamish and Tsleil-Waututh First Nations***



Agenda

Time	Topic	Presenter
9:00 – 9:10 am	Welcome	Jen Thompson, Facilitator
9:10 – 9:30 am	Rates and Regulatory Overview	Chris Sandve, Chief Regulatory Officer
9:30 – 10:00 am	Customer Research Findings – April 2024	Adam DiPaula, Managing Director, The Sentis Group
10:00 – 10:20 am	Workshop #2 Feedback	Cynthia Curll, Regulatory Manager
10:20 – 10:50 am	Application Proposal and Timeline	Shiau-Ching Chou, Senior Regulatory Manager
10:50 – 11:00 am	Next Steps	Chris Sandve, Chief Regulatory Officer

Rates and Regulatory Overview

Chris Sandve

Chief Regulatory Officer

BCUC Decision (from Pricing Principles Application)

- BC Hydro was directed to file an application for changes to Residential Inclining Block (RIB) Rate by **June 30, 2024**.
- Must include evaluation of **potential changes to, or elimination of, the RIB Rate** considering:
 - Alignment with marginal costs and cost of service
 - How the revised rate design supports government policy of electrification and decarbonization
 - Whether revised rate design provides greater flexibility to modify rates over time or add optional rates

2024 Applications

Residential Rates

- Update RIB Rate
- Introduce 1-2 more optional rates
- Other updates

Net Metering Rate

- Update Net Metering rate
- Optional Net Metering TOU Rate
- Other updates

Non-Integrated Area Rates

- Residential rates
- Commercial rates
- Distribution extension charges

Tariffs Terms & Conditions

- Tariffs terms and conditions
- Standard charges

Distribution Extension Policy

- Update distribution extension charges
- Standard connection charges

Target Filing Date: June 28, 2024

Residential Rates Engagement

	2023	2024	
	Oct – Nov	Feb – Mar	Apr – May
Customers	<ul style="list-style-type: none">• Survey• Digital Dialogue	<ul style="list-style-type: none">• Survey	<ul style="list-style-type: none">• One-on-One Interviews
Stakeholders	<ul style="list-style-type: none">• Workshop Session #1	<ul style="list-style-type: none">• Workshop Session #2	<ul style="list-style-type: none">• Workshop Session #3

Target Filing Date: June 28, 2024

Our Progress Since March 2024

Workshop

1. Phase 2 customer and workshop feedback results
2. Further rate design refinement and consideration of rates to advance based on Phase 2 feedback
3. Engagement with non-integrated area communities
4. Transition and implementation

Objectives for this morning's session

- Share our customer research and workshop feedback from March/April
- Provide an update on our proposed Application approach
- Discuss Timeline and Implementation
- Review next steps

Current Rate Offers

Zone I

Inclining Block Rate



Two-tier pricing with a higher energy charge for consumption above a set threshold. Intended to encourage conservation. Most residential customers are on this rate.

Flat Rate



A fixed energy charge for all electricity consumed. Available to approximately 14,500 eligible Zone I farms residential customers.



Time-of-Day Rate



Encourages customers to shift consumption from BC Hydro's system peak hours. (Approved by the BCUC in December 2023. To be launched in June 2024)

Zone IB

Flat Rate

Approximately 650 (Bella Bella) residential customers are on the same Zone I flat rate.

Zone II

Higher Inclining Block Rate

Higher two-tiered pricing than Zone I rate. Tier 1 is the same as flat rate energy charge.

Customer Research Findings

Adam DiPaula, Managing Partner

The Sentis Group

A person wearing a yellow sweater is sitting at a desk, using a silver calculator. There are papers and a blue folder on the desk. The background is blurred. A green triangle is in the top right corner, and a grey triangle is in the bottom right corner.

BC Hydro

Phase II: Rate Design Options

Results for Workshop May 1st, 2024



BACKGROUND & OBJECTIVES

The BC Hydro Rate Design Engagement initiative explores customer perceptions and preferences for various rate design concepts. Phase 2 of this research is comprised of a quantitative survey to test residential customer perceptions of a specific set of rate design concepts.

- Flat Rate
- Peak Rate
- Two-Tiered Rate
- Time-of-day Rate
- Fixed Bill Rate

Phase 2: Rate Design Options Survey



**Phase 1: Exploratory
Rate Design Survey**
November 2023



**Phase 2: Rate Design
Options Survey**
April 2024



**Phase 2: Qualitative IDIs
& Focus Groups**
May 2024

APPROACH



Email Survey (Account Holders)

BC Hydro customers were invited via email to participate in an **18-minute email-to-online survey**.

Panel Survey (not included in this presentation)

BC Renters without a BC Hydro account. To qualify, panelists had to:

- a) rent their current residence
- b) reside in a household that receives electricity service from BC Hydro, and
- c) not receive a bill directly from BC Hydro

The surveys were in field from **April 2-8, 2024**.

Survey Responses

	Dates	Method	Invitations Sent	Completed Surveys	Response Rate	Margin of Error (95%)
PHASE II	April 2-8 2024	Email Survey	40,000	1,938	5%	±2.2%
		Panel Survey	-	109	-	±9.4%
PHASE I	Oct 26 – Nov 5 2023	Email Survey	15,995	1,020	6%	±3.2%
		Panel Survey	-	103	-	±9.7%



Results weighted by region to accurately reflect BC Hydro's total residential customer base.

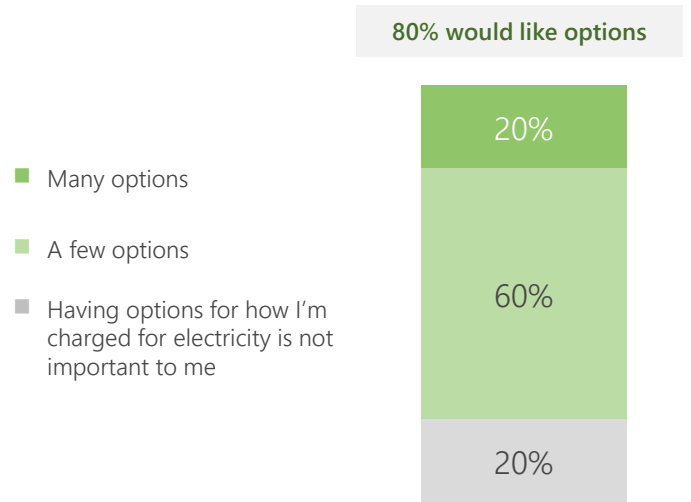


SUMMARY OF FINDINGS

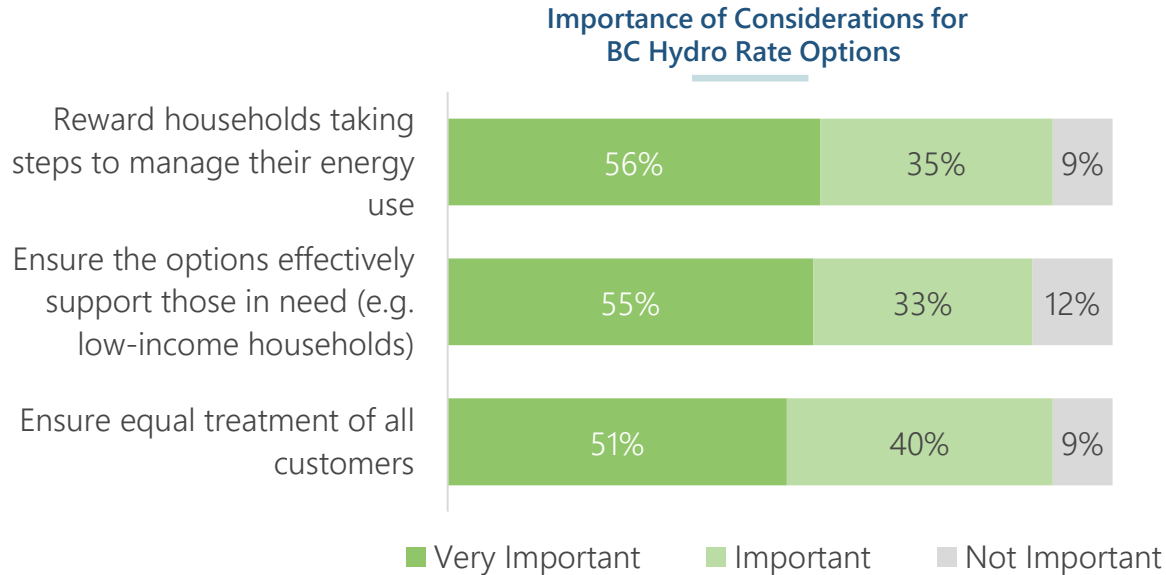
Customer Rate Design Choices

Customer Preferences Regarding How They're Charged for Electricity (from Phase 1)

Customer Preferences Regarding How They're Charged for Electricity



Perceived Importance of Rate Option Considerations

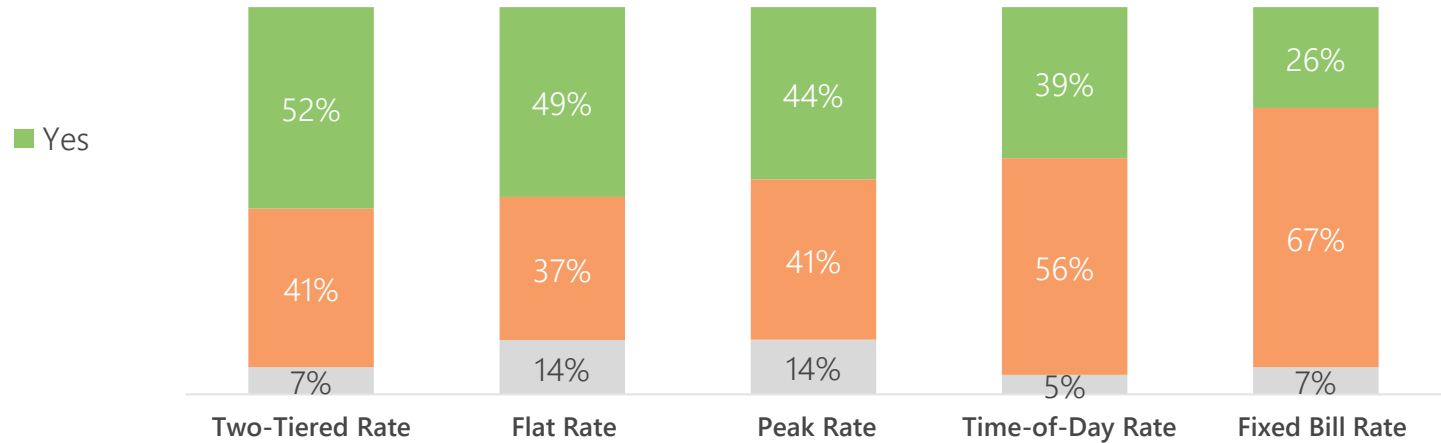


Rates Concepts Explored in this Survey

Two-Tiered Rate (Current)	Flat Rate	Peak Rate	Time-of-Day Rate (Approved)	Fixed Bill Rate
<p>Two tier pricing with a higher energy charge for consumption above a set threshold.</p>	<p>Fixed cents per kWh rate for all electricity usage.</p>	<p>Lower rate per kWh plus a peak charge for highest hour of consumption. Save by avoiding surges in use.</p>	<p>Encourages customers to shift consumption from peak hours to overnight hours in return for savings. Can be added to a base rate.</p>	<p>Pay a fixed monthly charge for electricity. Calculated based on historical weather-normalized consumption plus a risk premium. Ability for BC Hydro to control certain end-uses (e.g., smart thermostats).</p>

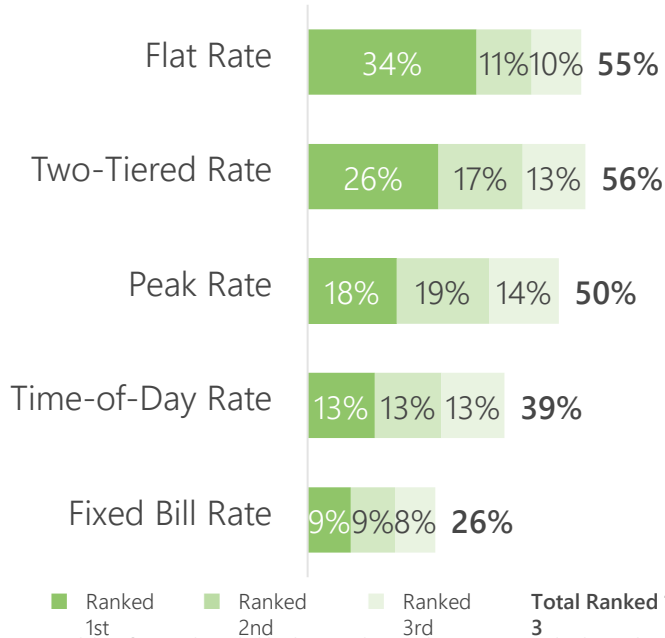
Summary of Rate Options

Customer Interest in Rate Options



Top Rate Options

Rate Option Preferences Among BC Hydro Customers



First Choice of Rate Option

% of Bills in Step 2				StatCan LICO	
0%	50% or less	More than 50%	100%	Yes	No
428	364	292	383	115	1,154
24%	33%	34%	36%	46%	30%
37%	30%	19%	14%	17%	28%
18%	19%	17%	24%	18%	20%
11%	11%	19%	16%	5%	14%
9%	8%	11%	10%	14%	8%

Significantly higher than other subgroup(s)

Base: Total Customers (1,938)

C2a. Which of the following options work best for your household? Please rank up to three, starting with 1 being the top choice.

Flat Rate: single energy charge. / **Two-Tiered Rate:** lower energy charge for a certain amount and a higher energy charge for anything above. / **Peak Rate:** lower energy charge with a one-time "Peak Charge" for the hour you had the highest consumption between 4 to 9 pm in a monthly billing period. You will only be charged if the hour you had the highest consumption exceeds a threshold during on-peak hours (4 – 9 pm). Save if you can spread out your electricity use. / **Fixed Bill Rate:** equal monthly bills and enroll with an eligible smart control device. / **Time-of-Day Rate:** "add-on" to the Flat, Two-Tiered or Peak Rate base rate options. Save if you can shift usage out of on-peak hours (4-9 pm) to overnight hours.

Reasons for Rate Option Preference First Choice

Reasons for Preferred Rate Option	First Choice of Rate Option				
	Flat Rate	Two-Tiered Rate	Peak Rate	Fixed Bill Rate	Time-of-Day Rate
Base: Customers Selecting Rate Option as Top Choice	(660)	(508)	(344)	(166)	(260)
It is simple and easy to understand	66%	54%	27%	50%	40%
It helps me budget my electricity costs	40%	18%	20%	72%	20%
It helps me manage my household electricity use better	22%	26%	41%	21%	46%
It gives me opportunities to save money	18%	42%	65%	24%	65%
It encourages me to conserve energy	17%	49%	55%	20%	42%
Other	14%	12%	4%	4%	7%

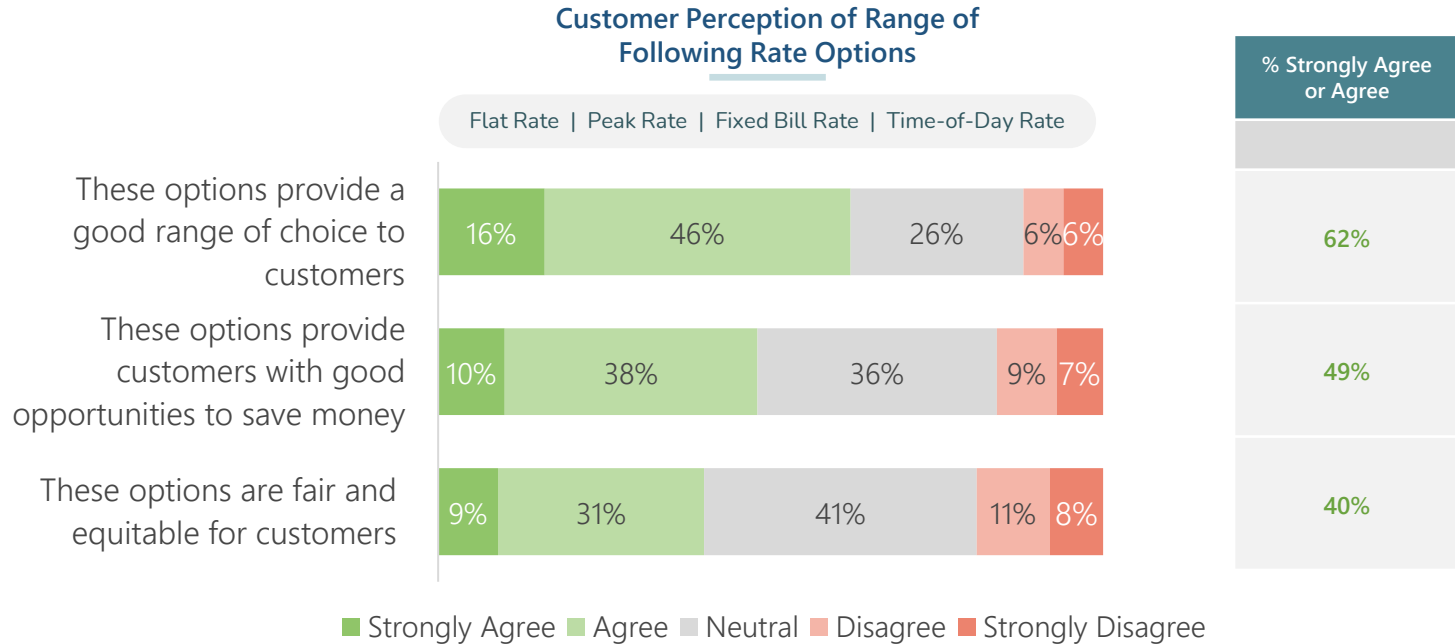
■ Top reason(s)

Reasons for **Not Preferring** Rate Option

Reasons for Not Preferring Rate Option(s)	Rate Option(s) <u>Not</u> Selected				
	Flat Rate	Two-Tiered Rate	Peak Rate	Fixed Bill Rate	Time-of-Day Rate
Base: Customers Not Selecting Rate Option in Top 3	(873)	(868)	(962)	(1,435)	(1,168)
It does not give me opportunities to save money	46%	22%	19%	34%	18%
It does not support energy conservation	37%	13%	12%	27%	8%
I would be more interested if I can see how much I can save with this option	34%	26%	25%	28%	26%
I am not able to change how I use electricity due to lifestyle needs	21%	38%	43%	24%	48%
The bill savings are not worth the effort	8%	16%	19%	12%	17%
It is too complicated to understand	7%	17%	24%	9%	18%
Other	7%	11%	11%	13%	9%

■ Top reason(s)

Perception of Range of Options





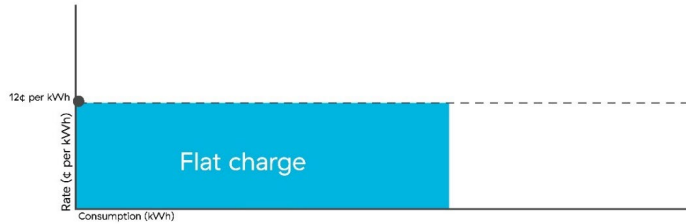
SUMMARY OF FINDINGS

Deep Dive: Rate Design Choices

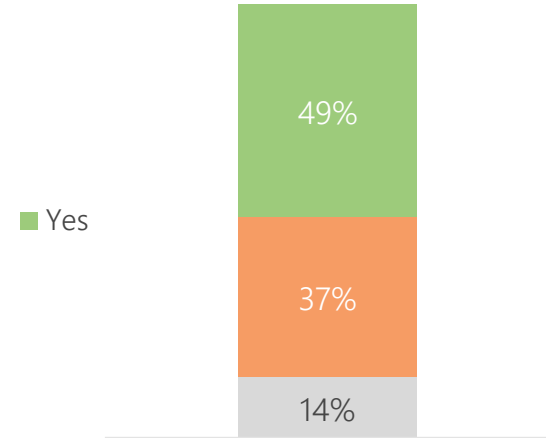
Flat Rate Interest

Flat Rate Explanation

Under a Flat Rate, you would be charged the same rate for every unit (kWh) of electricity you use. As more customers use more electricity, it is a great choice for people who don't want to worry about how much electricity they're using, or when they're using it. Customers who have electric heating, drive electric vehicles, live in colder areas, or have larger households could benefit from this rate.



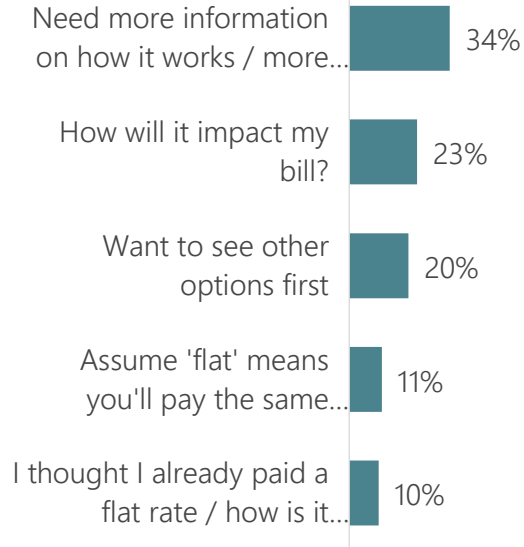
Customer Interest in Flat Rate Option



Flat Rate Comments

Main Reasons for Finding Flat Rate Unclear

Among customers who left a comment (216)
11% of Total Customers represented



Example Comments

*"We currently use less electricity than others, **I wonder if this will be more or less expensive** for us."*

*"We don't use that much electricity in our apt so if I was to be charged a flat rate the same as someone in a house then **that wouldn't benefit me.**"*

*"**How is this different from now?** To my understanding, this is currently how we are charged."*

Flat Rate Interest by Subgroup

% Interested in Flat Rate Option

Income Group	Stat Can Low Income	Not Low Income
	(115)	(1,154)
	49%	51%

Region	Lower Mainland	Vancouver Island	Southern Interior	North
	(947)	(626)	(231)	(134)
	48%	50%	51%	51%

Type of Home	Single-Detached / Duplex	Triplex / Townhome / Row Home	Apartment / Condo	Other
	(1,152)	(196)	(510)	(80)
	50%	49%	46%	45%

Consumption Quartile	Bottom Quartile	2 nd Quartile	3 rd Quartile	Top Quartile
	(368)	(366)	(367)	(366)
	43%	44%	54%	58%

Main Source for Space Heating	Electricity	Natural Gas
	(1,060)	(719)
	53%	45%

Own an EV	Yes	No	Plan to Get One
	(213)	(1,582)	(143)
	53%	47%	56%

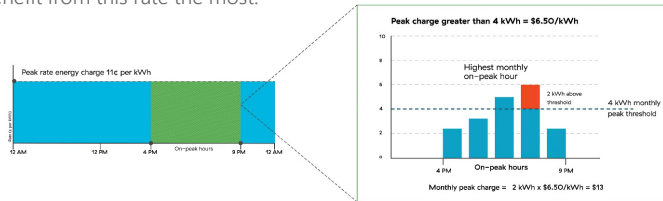
■ Relatively higher than counterpart(s)

■ Relatively lower than counterpart(s)

Peak Rate Interest

Peak Rate Explanation

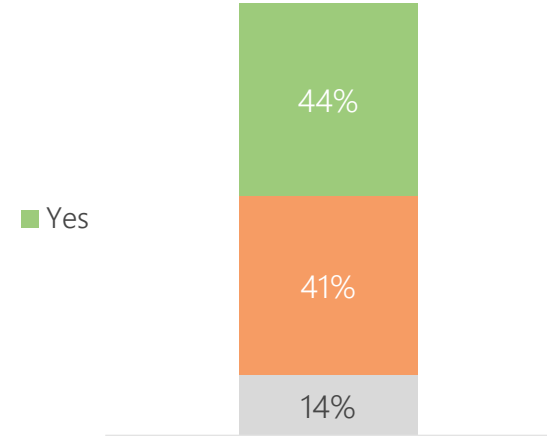
Now, imagine that you can get a discount on the previously described flat rate and in exchange you may pay a one-time peak charge for the hour you had the highest consumption between 4 pm to 9 pm in a monthly billing period. You will only be charged this peak charge if the hour you had the highest consumption exceeds a threshold. In other words, if you can spread out your electricity use and avoid using all appliances or charging your EV during the same hour, you can save from the lower energy charge and pay little or no peak charge. Customers who have lower consumption or can spread out their electricity use can benefit from this rate the most.



*Peak rate energy charge is lower than the energy charge under the Flat Rate (12¢ per kWh) on the previous page.

In the example above, say on October 15th for the hour 7-8 pm, usage was the highest of the entire monthly billing period, and the one-time peak charge for October would be \$13.

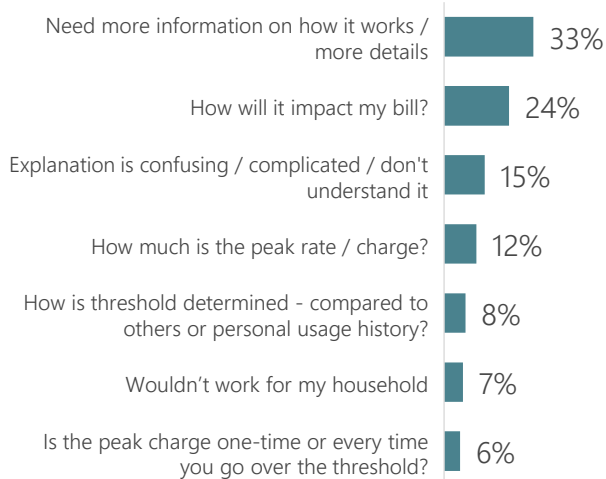
Customer Interest in Peak Rate Option



Peak Rate Comments

Main Reasons for Finding Peak Rate Unclear

Among customers who left a comment (166)
8% of Total Customers represented



Example Comments

"How much more will it cost me? It's fine that the peak hour gets peak rates, but does that mean the other 23 hours in that day and 30 remaining days will compensate with a lower cost?"

"Is my usage compared to a universal baseline, or is it just if my personal usage between 4pm and 9pm is higher than my usage outside of that window? How much can I use above the baseline without getting charged the extra fee? Do I get charged the fee if I go over the baseline once, or if I do it repeatedly?"

*"The amount for the peak rate - it is unclear if **it is the same each month or will vary based on the usage.**"*

"What is the threshold? Is it the same usage threshold that currently exists or is it lower?"

Peak Rate Interest by Subgroup

% Interested in Peak Rate Option

Income Group	Stat Can Low Income	Not Low Income
	(115)	(1,154)
	51%	49%

Region	Lower Mainland	Vancouver Island	Southern Interior	North
	(947)	(626)	(231)	(134)
	45%	46%	44%	35%

Type of Home	Single-Detached / Duplex	Triplex / Townhome / Row Home	Apartment / Condo	Other
	(1,152)	(196)	(510)	(80)
	46%	45%	41%	39%

Consumption Quartile	Bottom Quartile	2 nd Quartile	3 rd Quartile	Top Quartile
	(368)	(366)	(367)	(366)
	42%	48%	51%	51%

Main Source for Space Heating	Electricity	Natural Gas
	(1,060)	(719)
	44%	46%

Own an EV	Yes	No	Plan to Get One
	(213)	(1,582)	(143)
	57%	41%	60%

■ Relatively higher than counterpart(s)

■ Relatively lower than counterpart(s)

Peak Rate: Behaviour it's Trying to Influence

Peak Rate Explanation (cont'd)

Do

Stagger usage across on-peak hours, 4 p.m. to 9 p.m., to lower monthly peak hourly consumption and save on your bills.



Don't

Stacking usage all at once during on-peak hours, between 4 p.m. to 9 p.m., will lead to a higher monthly peak hour and increase the peak charge.



Which Behaviour Customers Think Peak Rate Encourages

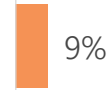
Don't use appliances all at once in the same hour during the 4-9 pm period



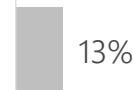
Move as much electricity use as they can outside of the 4-9 pm period, ideally...



Use electricity whenever they want between 4-9 pm

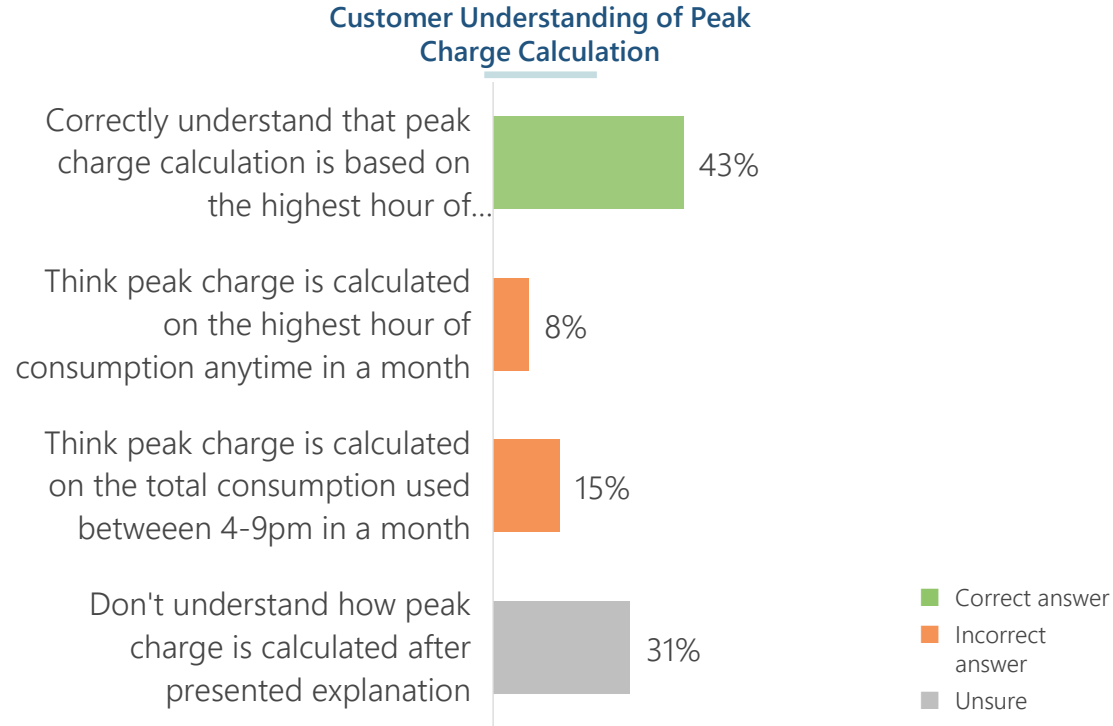


Unsure/don't know



- Correct answer
- Partially correct (Time-of-Day)
- Incorrect answer
- Unsure

Peak Rate: Understanding of Peak Charge

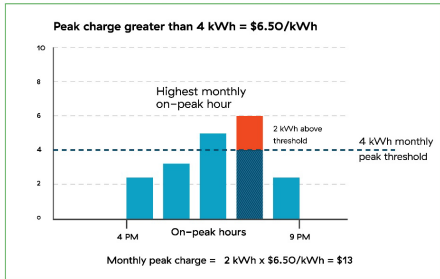


Peak Rate Initial Energy Block Options

Customers expressing interest in the peak rate option were randomly split into two groups and shown supplemental information on the peak rate.

Half were shown the peak rate with an initial **free block** of energy, and the other half were shown the peak rate with an initial **\$1/kWh block**.

Group A: **Free Block** Explanation

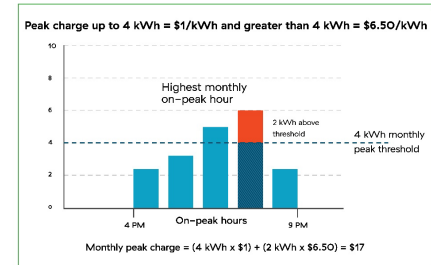


In the example we just looked at, the one-time peak charge only applies to energy consumed above a certain threshold (orange) for that highest on-peak hour in the monthly billing period. Anything up to the threshold (dark blue) doesn't have a peak charge applied to it and you pay a lower energy charge for all your consumption.

Does a “free” block of energy consumed for that highest use hour during the 4-9 pm period in a monthly billing period make you more likely to choose this rate?

In the example above, say on October 15th for the hour 7-8 pm, this was the peak hour for the monthly billing period. The peak charge for that one hour would be free of charge, up to 4 kWh (dark blue). Average customers only use slightly more than 4 kWh in the winter months and some customers never use more than 4 kWh all year round.

Group B: **\$1 / kWh Block** Explanation



In the example we just looked at, the one-time peak charge only applies to energy consumed above a certain threshold (orange) for that highest on-peak hour in the monthly billing period.

Now, let's consider if there was a low charge, e.g. \$1 for each unit of energy (kWh) of the first block (dark blue), and then a higher amount per kWh (orange) for anything above that threshold, and you pay a lower energy charge for all your consumption.

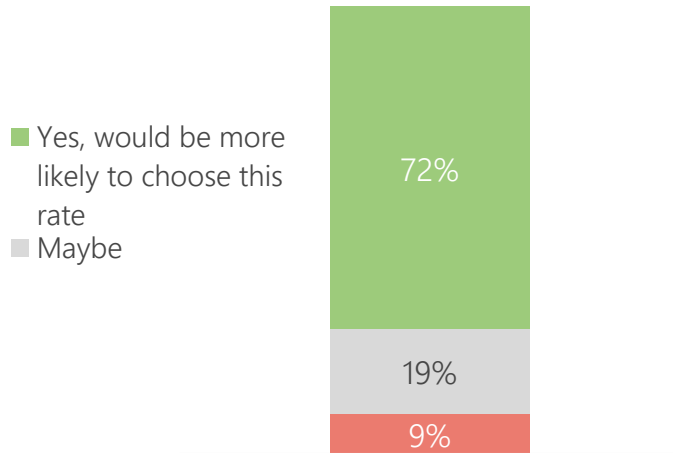
Would you still be interested in this rate?

In the example above, say on October 15th for the hour 7-8 pm, this was the peak hour for the monthly billing period. The peak charge for that one hour would be \$1, up to 4kWh (dark blue). Average customers only use slightly more than 4 kWh in the winter months and some customers never use more than 4 kWh all year round.

Peak Rate Initial Energy Block Options (Among Customers Interested)

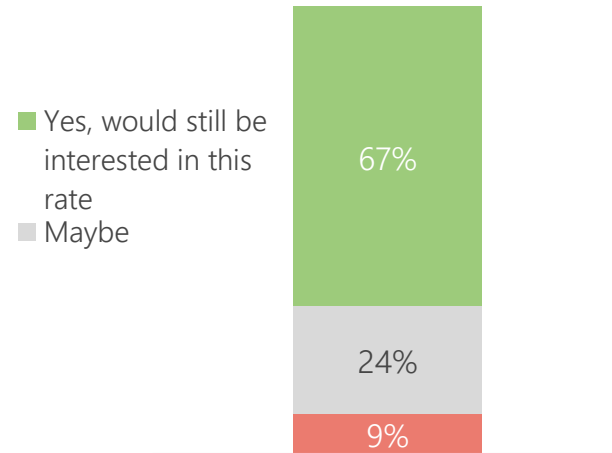
Group A: Impact of Free Block on Interest in Peak Rate

Customers interested in Peak Rate (439)



Group B: Impact of \$1 / kWh Block on Interest in Peak Rate

Customers interested in Peak Rate (422)



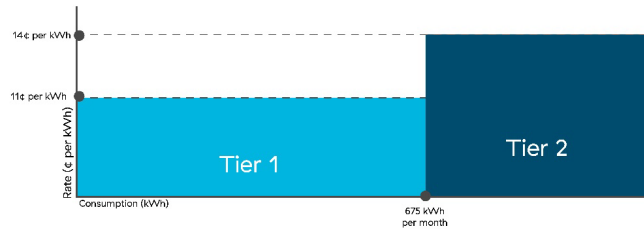
R2f. Does a "free" block of energy consumed for that highest use hour during the 4-9 pm period in a monthly billing period make you more likely to choose this rate?

R2h. Now, let's consider if there was a low charge, e.g. \$1 for each unit of energy (kWh) of the first block (dark blue), and then a higher amount per kWh (orange) for anything above that threshold, and you pay a lower energy charge for all your consumption. Would you still be interested in this rate?

Two-Tiered Rate Interest

Two-Tiered Rate Explanation

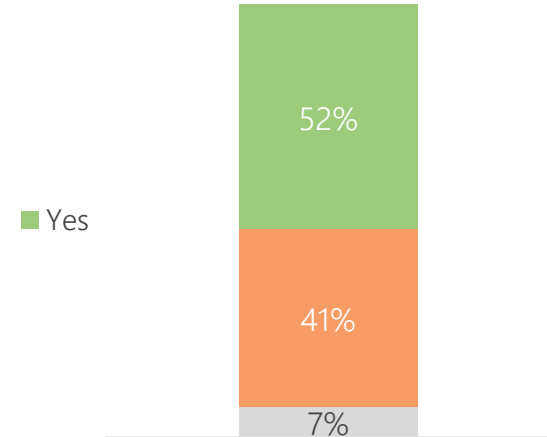
Now, consider a rate where you can get a discount on the previously described flat rate for electricity consumption up to a certain amount of energy used. Once you go over that amount, you are charged a higher rate (i.e., higher than the initial flat rate shown). This rate benefits lower consumption customers, small households, or those living in apartments or condominiums.



Tier 1 Energy Charge 11¢ per kWh +

Tier 2 Energy Charge 14¢ per kWh +

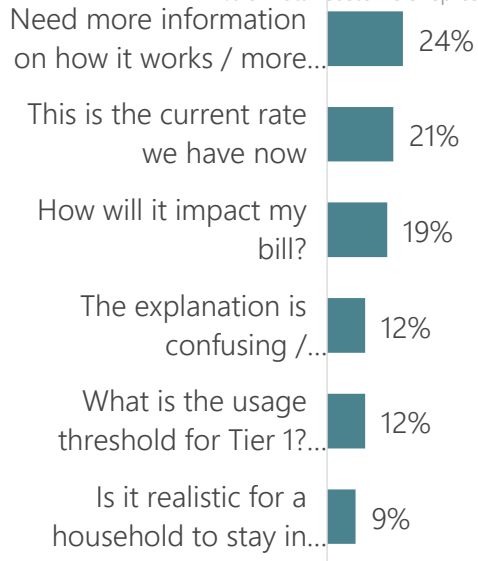
Customer Interest in Two-Tiered Rate Option



Two-Tiered Rate Comments

Main Reasons for Finding Two-Tiered Rate Unclear

Among customers who left a comment (74)
4% of Total Customers represented



Example Comments

*"It would **depend on how much I am currently using**, particularly in months where AC is needed...it seems likely this option will result in very high charges during such periods."*

*"Aren't we already on this system? **It's very difficult to stay in Tier 1.** It's a joke really. I've tried desperately to get Tier 1 my whole bill it's impossible. Unless you want to freeze in your own home."*

*"**At what kw/h does the rate change? That affects my decision.** Your chart does not tell me. Therefore, I can't make an informed decision."*

Two-Tiered Rate Interest by Subgroup

% Interested in Two-Tiered Rate Option

Income Group	Stat Can Low Income	Not Low Income
	(115)	(1,154)
	62%	56%

Consumption Quartile	Bottom Quartile	2 nd Quartile	3 rd Quartile	Top Quartile
	(368)	(366)	(367)	(366)
	69%	63%	48%	29%

Region	Lower Mainland	Vancouver Island	Southern Interior	North
	(947)	(626)	(231)	(134)
	54%	49%	52%	46%

Main Source for Space Heating	Electricity	Natural Gas
	(1,060)	(719)
	52%	53%

Type of Home	Single-Detached / Duplex	Triplex / Townhome / Row Home	Apartment / Condo	Other
	(1,152)	(196)	(510)	(80)
	42%	56%	69%	67%

Own an EV	Yes	No	Plan to Get One
	(213)	(1,582)	(143)
	40%	54%	50%

■ Relatively higher than counterpart(s)

■ Relatively lower than counterpart(s)

Time-of-Day Rate Interest

Time-of-Day Rate Explanation

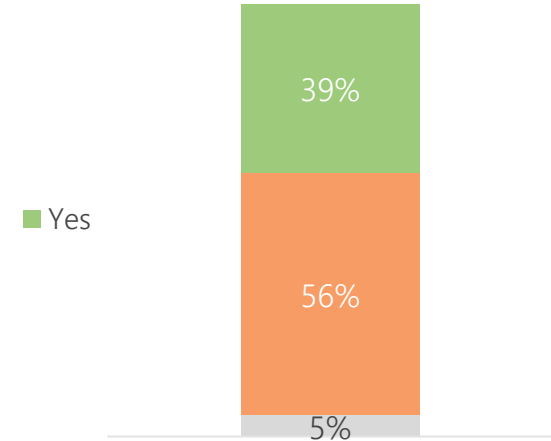
Now, on top of any of the base rate options above (Flat, Peak, or Two-Tiered Rate), you have the option to select a Time-of-Day option for further bill savings.

Customers who select this option will have their bill calculated as the sum of 1) the base rate and 2) time-of-day charges.

For time-of-day charges, any usage during overnight hours (11 pm to 7 am) will receive a 5-cent discount, and any usage during on-peak hours (4 pm to 9 pm) will receive a 5-cent surcharge.

Customers can save if they can shift some of their usage during the on-peak hours to other hours during the day. This benefits households with EV chargers and those who can shift some of their electricity use outside of on-peak hours (4 pm to 9 pm).

Customer Interest in Time-of-Day Rate Option



Time-of-Day Rate Interest by Subgroup

% Interested in Time-of-Day Rate Option

Income Group	Stat Can Low Income	Not Low Income
	(115)	(1,154)
	38%	44%

Consumption Quartile	Bottom Quartile	2 nd Quartile	3 rd Quartile	Top Quartile
	(368)	(366)	(367)	(366)
	34%	40%	44%	46%

Region	Lower Mainland	Vancouver Island	Southern Interior	North
	(947)	(626)	(231)	(134)
	39%	43%	38%	25%

Main Source for Space Heating	Electricity	Natural Gas
	(1,060)	(719)
	38%	40%

Type of Home	Single-Detached / Duplex	Triplex / Townhome / Row Home	Apartment / Condo	Other
	(1,152)	(196)	(510)	(80)
	41%	40%	34%	38%

Own an EV	Yes	No	Plan to Get One
	(213)	(1,582)	(143)
	66%	33%	55%

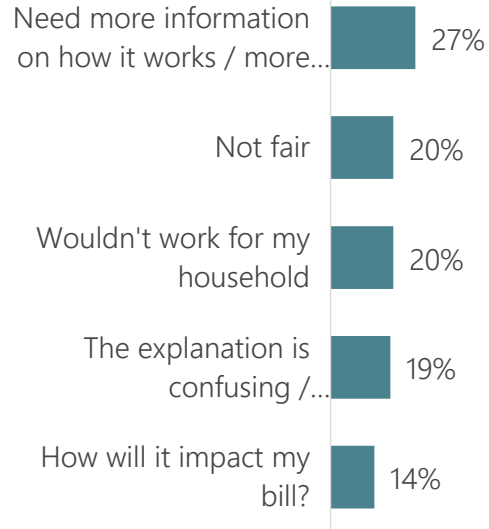
■ Relatively higher than counterpart(s)

■ Relatively lower than counterpart(s)

Time-of-Day Rate Comments

Main Reasons for Finding Time-of-Day Rate Unclear

Among customers who left a comment (51)
2% of Total Customers represented



Example Comments

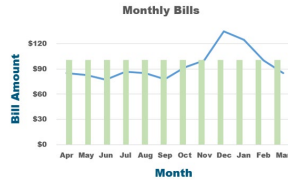
"It seems that this really is only of value to EV users and pushes other users into potentially unsafe behaviours such as running appliances while sleeping. There are so many factors that we can't change around usage in the on-peak hours that this option seems like it could be very expensive."

"I am not sure, a lot of energy use I can't shift out of 4-9pm, mainly cooking dinner. I have kids, I can't just not cook or always use a BBQ or toaster oven. I already do laundry during the day when I am working from home. And 4-8pm is the only time they can watch TV during the week."

"Other than charging an EV between 11pm and 7am what else could I use while I am sleeping (certainly not my oven or TV or washing machine.. I need to be awake to use these things)."

Fixed Bill Rate Interest

Fixed Bill Rate Explanation

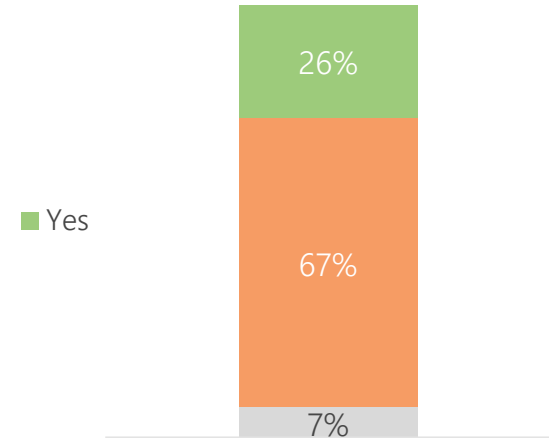


For customers who like predictability, this plan offers them a fixed bill each monthly billing period based on their previous year's consumption. Customers pay the same amount every month.

Because we want customers to benefit from the fixed bill without having to worry about any outstanding amounts based on their actual usage at the end of the year, customers on this plan would need to allow BC Hydro to remotely adjust eligible smart control device settings during "peak events" (about 20 times per year and up to 4 hours each time) when our system needs additional capacity to deliver electricity to customers. Customers can override these adjustments anytime. Customers could enroll with their own eligible smart control device or have the option to purchase one at a discount from BC Hydro.

This rate plan is different from the standalone Equal Payment Plan which currently has an end of year bill reconciliation for any usage over or under the monthly fixed amount.

Customer Interest in Fixed Bill Rate Option



% Interested in Fixed Bill Rate

	Customers On EPP	Customers Not on EPP
Interested	510	957
Not Interested	37%	23%

Fixed Bill Rate Interest by Subgroup

% Interested in Fixed Bill Rate Option

Income Group	Stat Can Low Income	Not Low Income
	(115)	(1,154)
	40%	29%

Region	Lower Mainland	Vancouver Island	Southern Interior	North
	(947)	(626)	(231)	(134)
	26%	26%	25%	31%

Type of Home	Single-Detached / Duplex	Triplex / Townhome / Row Home	Apartment / Condo	Other
	(1,152)	(196)	(510)	(80)
	25%	32%	27%	28%

Consumption Quartile	Bottom Quartile	2 nd Quartile	3 rd Quartile	Top Quartile
	(368)	(366)	(367)	(366)
	27%	23%	28%	33%

Main Source for Space Heating	Electricity	Natural Gas
	(1,060)	(719)
	27%	26%

Own an EV	Yes	No	Plan to Get One
	(213)	(1,582)	(143)
	24%	26%	32%

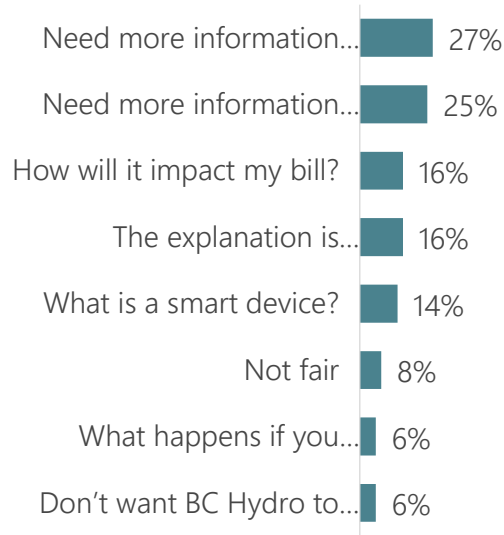
■ Relatively higher than counterpart(s)

■ Relatively lower than counterpart(s)

Fixed Bill Rate Comments

Main Reasons for Finding Fixed Bill Rate Unclear

Among customers who left a comment (70)
4% of Total Customers represented



Example Comments

"There is no adjustment of the rate or reconciliation if we use less than you estimate we will? What does "adjust settings" mean? You will shut off electricity to my house because you want to give it somewhere else?"

"What smart control device settings would be adjusted and how?"

Is the smart control device the smart meter I already have or is this an additional device and who owns / uses it? What is involved in overriding adjustments? Is this another electronic device that crashes, needs to be updated and probably has another incomprehensible remote?"

"What are the penalties of overriding these adjustments?"

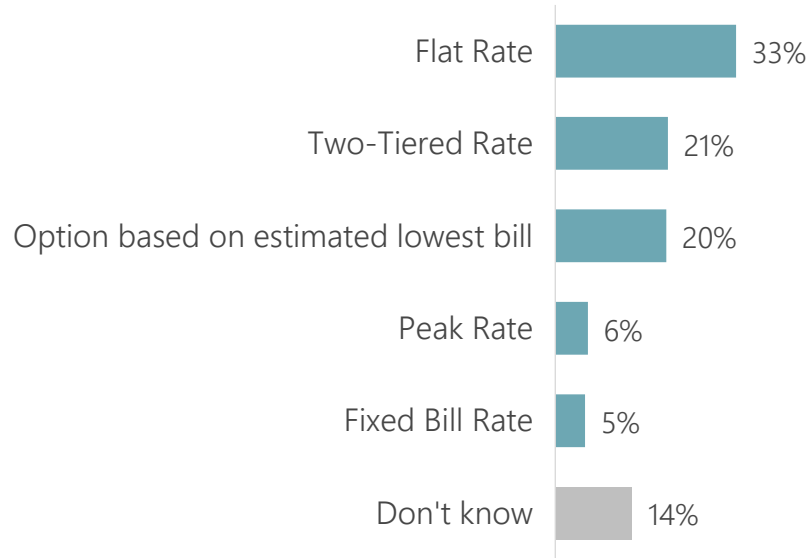


SUMMARY OF FINDINGS

Implementation Plan

Default Rate Preference

Preferred Default Rate Option for Customers



Base: Total Customers (1,938)

We want to make sure customers have the opportunity and resources available to choose a new rate option most suitable to them. There will be a rate selection period where customers can have the time to explore the range of options available and make their selection. If the customers do not choose an option, they can be automatically transitioned to a default rate, or the estimated lowest bill option based on their past consumption.

T1a. Which rate option should be the default rate for customers who do not select an option? This will be the rate if no action is taken to choose by a certain date, or if they are new customers and don't select a rate option.

Reasons for Default Rate Preference

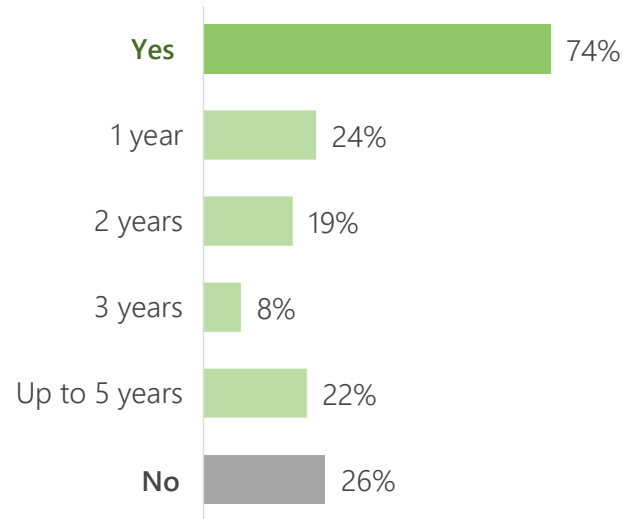
Top Reasons for Preferred Default Rate	Flat Rate	Two-Tier Rate	Option Based on Lowest Estimated Bill	Peak Rate	Fixed Bill Rate
Base (Customers Choose Rate Option as Default Rate):	(325)	(262)	(230)	(61)	(56)
Simple / easy to understand	46%	25%	5%	11%	22%
Fair / pay for what you use	24%	15%	10%	8%	8%
More predictable / easiest for household budgeting	10%	2%	-	-	57%
Good starting point / baseline	8%	2%	5%	-	-
Good for those who are less informed about rates / their usage	8%	4%	15%	-	4%
Doesn't require shifting use	7%	3%	2%	-	-
Current system / what customers are familiar with	6%	27%	1%	4%	9%
Helps ensure customers get the rate that works best for them / most savings	5%	8%	37%	10%	1%
Makes customers aware of their electricity use / will lead to energy savings	3%	7%	3%	19%	-
Encourages conservation / incentive to use less power	2%	39%	4%	19%	-
Would help seniors / low-income / people with disabilities	2%	2%	7%	1%	6%
Minimizes large swings in bills	2%	1%	2%	-	6%
Appropriate for BC Hydro to make default choice that will save customers money	1%	-	22%	-	-
Encourages customers to decrease peak use / best option for managing system capacity	-	2%	1%	31%	1%

■ Top reason(s)

Showing major mentions only.
T1b. Why do you feel the [ANSWER 1-5 FROM T1A] should be the default option?

Transitioning from Current Two-Tier RIB Rate

Customer Opinion on Retaining RIB Rate Option for Transition Period



Base: Total Customers (1,938)

T2. Do you think today's Two Tier Residential Inclining Block (RIB) rate should remain an option for a period so customers can gradually transition to a new rate choice?

T2a. If today's Two-Tiered Residential Inclining Block (RIB) rate remained a choice for a period (e.g. 1 to 5 years), each year, the gap between tier 1 and tier 2 pricing would get smaller and eventually become the same as the flat rate energy charge. What is your preferred timeframe to keep the RIB rate as an option?



NEXT STEPS

Qualitative Research Plan

Next steps: Phase 2 Qualitative Research

As a part of BC Hydro's rate design initiative, Sentis will also be conducting in-depth interviews and a focus group through May 2024 in order to...

- Engage more deeply with customers on the rate designs to test understanding, acceptance and barriers to adoption
- Get feedback on the RIB rate and transition plan to include or not include RIB
- Gain insights to landlords' decision making and influence over electricity rates for rental units



In-Depth Interviews (IDIs) – Residential Customers

- 25 virtual interviews conducted via Teams
- 30 minutes (participants receive \$65 incentive)
- Pre-read material to be provided

Recruiting a mix of...

- Retired vs. working
- BC Hydro income-qualified vs. non-income-qualified
- Own vs. rent



Focus Group – Landlords

- 1 focus group with 6-8 participants
- 1.5 hours (participants receive \$100 incentive)

Region	Target # Interviews
Lower Mainland	10
<i>Single-Detached / Duplex</i>	5
<i>Apt/Condo</i>	5
Vancouver Island	6
<i>Single-Detached / Duplex</i>	4
<i>Apt/Condo</i>	2
Southern Interior	5
North	4
Focus Group	
Landlords (6-8)	1 Focus Group

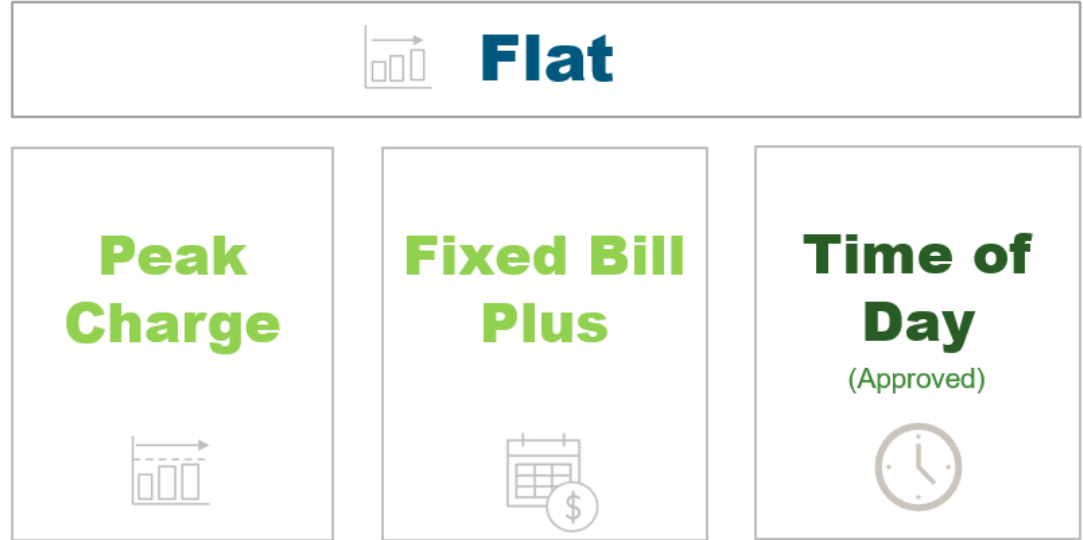
Workshop Session #2 Feedback

Cynthia Curl

Regulatory Manager

At our March workshop, we presented rate options for feedback

Relative to the Flat rate, these optional rates offer customers bill savings opportunities through behavioural changes.



Stakeholders shared their feedback on the rate options

75 attendees with multiple people representing the same organization



11 feedback forms completed

2 letters were submitted



We asked you

What do you think about rate choices?

What level of support do you have for each option?

What is the future of the RIB rate?

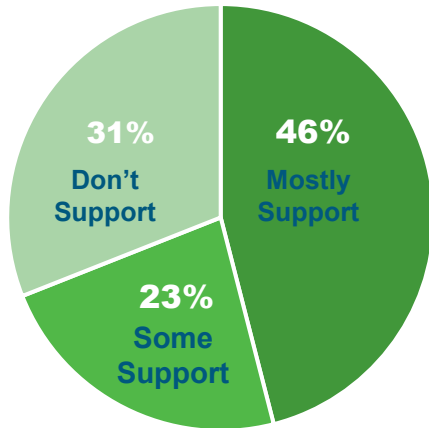
The Results

62% agreed the rate choices presented to advance are good options.

Rate Choices	Flat	Fixed Bill Plus	Peak Charge
Fully/Mostly Support	46%	39%	54%
Somewhat Support	23%	15%	23%
Barely/Don't Support	31%	46%	23%

Flat Rate

46% support expanding the availability of the existing flat rate.



Support

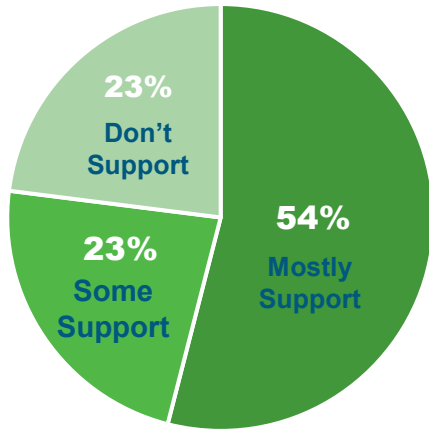
- Good to have this for people who like something simple.
- Great for heat pumps and EVs. BC Hydro shouldn't punish people for using more electricity after moving away from fossil fuels.
- A fairer rate that is more cost-reflective.

Don't Support

- Simple, not great for conservation.
- No price signals for conservation.
- Doesn't match cost for high demand times of the day.
- Concerned about bill impacts to low-consumption customers.

Peak Charge Rate

54% support introducing a peak charge rate option.



Support

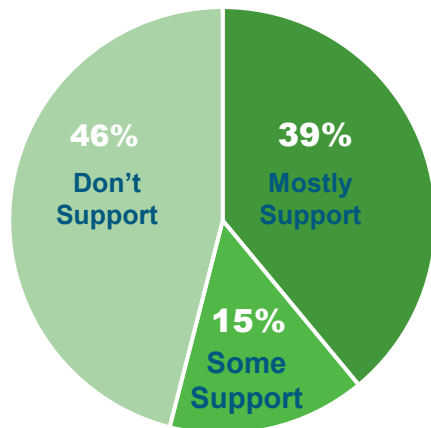
- I believe this is great for helping Hydro off-set peak loads.
- Simple, includes strong conservation.
- Has good potential to mitigate bill impacts for low-income urban apartment customers.

Don't Support

- I don't believe this will help heat pump customers.
- Concerns with consumers understanding this rate.

Fixed Bill Plus

39% support introducing a Fixed Bill Plus option.



Support

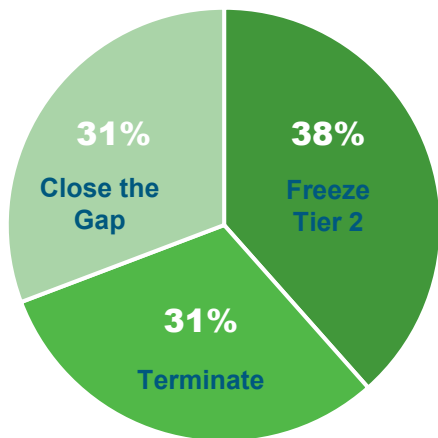
- Simple, includes some conservation.
- I'd like to see further "plus" energy efficiency and demand reduction measures that help compensate customers who have increased load.
- This appears to be a reasonable option to provide customers.

Don't Support

- I don't like the idea of the utility company controlling a home's smart devices.
- It's good for people on a tight budget, but this segment likely doesn't have smart devices.
- Lack of annual true-up is problematic.
- Mostly benefits wealthy customers.

The Future of the RIB Rate

Most respondents support a transition period for the RIB rate in some form.



- RIB rate becomes Flat by Fiscal 2028
- Most respondents prefer immediate termination when new options are available, or phase out between 1-3 years



“Three year minimum to avoid undue rate-shock for those customers who have benefited from RIB. Four years would probably be ok. Five is perhaps delaying the benefit of eliminating RIB too much.”

Application Proposal & Timeline

Shiau-Ching Chou

Senior Regulatory Manager

What We Have Explored...



Flat

Peak Charge

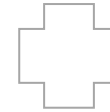


Fixed Bill Plus



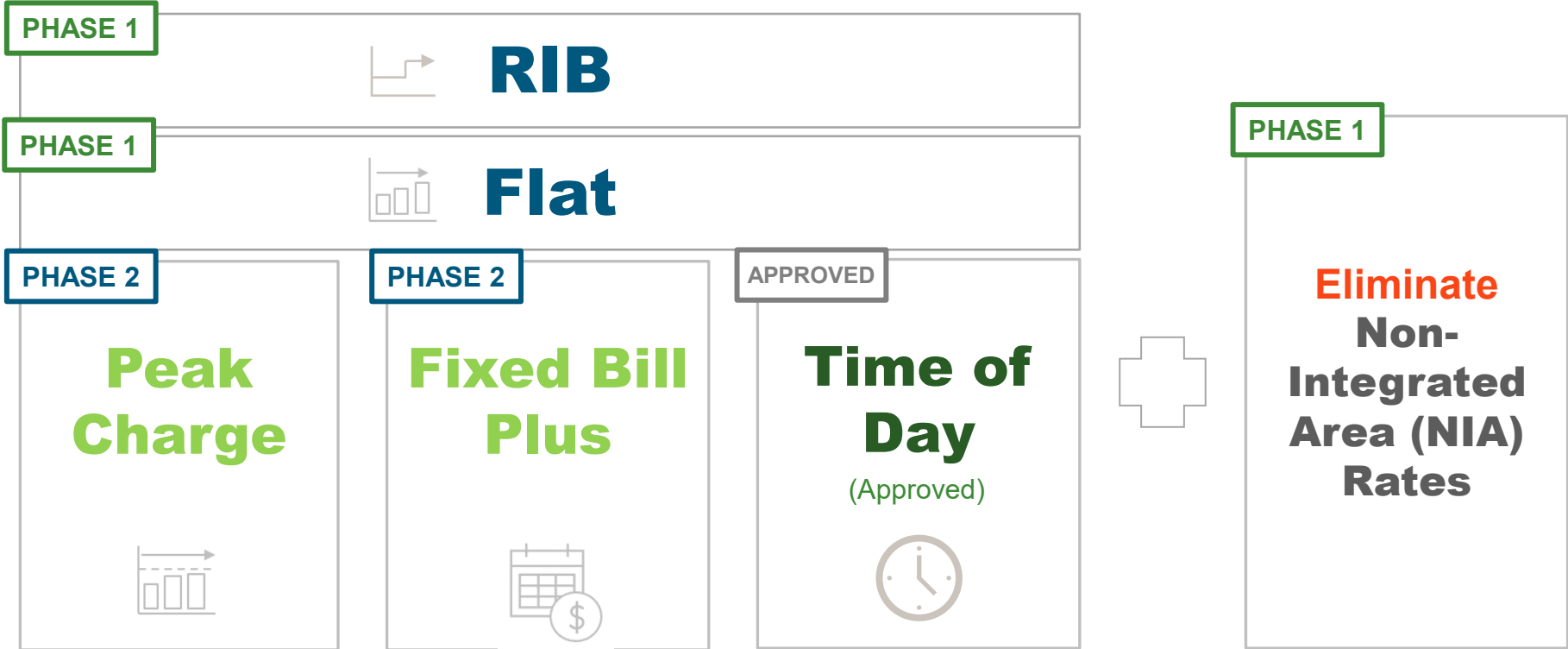
Time of Day

(Approved)



**Eliminate
Non-Integrated
Area Rates**

Filing Plan – Two Phases



Phase I: Apply June 2024, Effective April 2025

Build a foundation for customer choices

Continue RIB Rate and Apply Pricing Principles – Foundation for customer choices

- Continue to apply pricing principles to allow pricing adjustments to occur as general rate increases are known.

Optional Flat Rate for All Customers - Encourage electrification, improve affordability

- Expand the Availability of an existing flat rate to all customers.

Eliminate Higher NIA Rates - Enhance equity, improve affordability, advance reconciliation

- Offer the same residential and commercial rates to NIA customers.
- Recover moderate revenue loss from all customers.

Eliminate Residential Multi-Unit Rates - Improve cost alignment

- Reduce basic charge for Residential Multi-Unit buildings receiving service through one account.

RIB Rate Pricing Principles

How revenue general rate increases / decreases are applied to the three elements of the RIB rate:

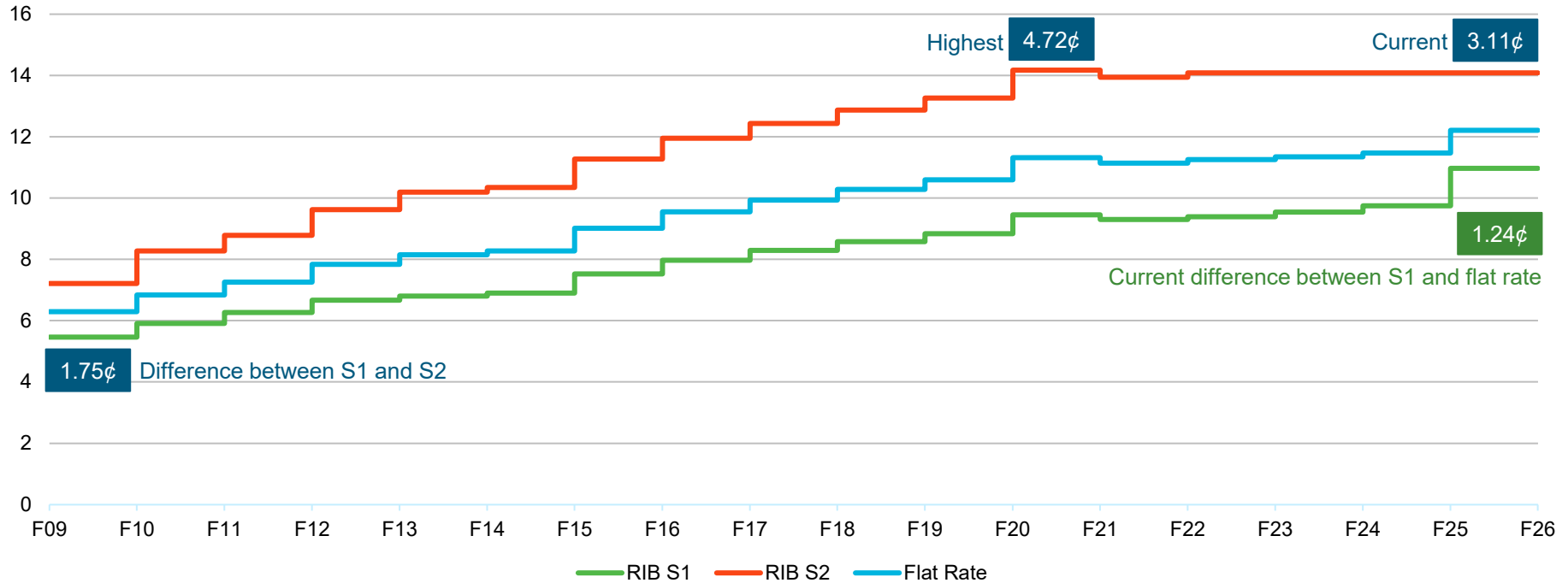
- Basic Charge
- Step 1 Energy Charge
- Step 2 Energy Charge

The current approved pricing principles will expire March 2025.

Fiscal Year	BCUC Order	Pricing Principle
F2009 - F2010	G-124-08	Approval of RIB Rate
F2011	G-180-10	Apply RRA % equally
F2012 - F2014	G-45-11	Step 2 increased to higher of RRA % or up to 10% bill impact
F2015 – F2016	G-13-14	Apply RRA % equally
F2017 – F2019	G-5-17	
F2020	G-214-18	
F2021 – F2022	G-62-20	
F2023	G-210-22	<ul style="list-style-type: none"> • Apply RRA % to Basic Charge • Maintain Step 2 • Apply rate increase to Step 1 to earn the fiscal year’s forecasted revenue had RRA % been applied equally
F2024	G-140-23	
F2025	G-61-24	

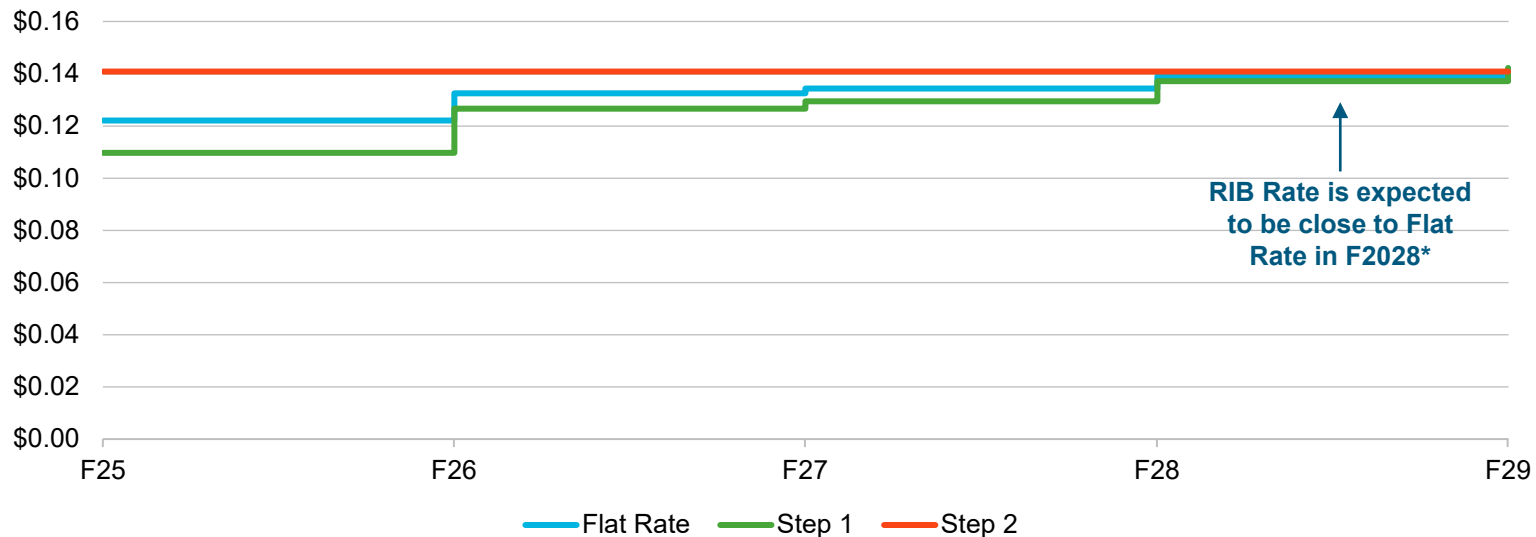
RIB Energy Charges History

Step 1 and Step 2 gap increased significantly before F2023



Continue the RIB Rate & Apply Pricing Principles

Freeze Step 2 Energy Charge and Apply General Rate Changes Until RIB Rate = Optional Flat Rate

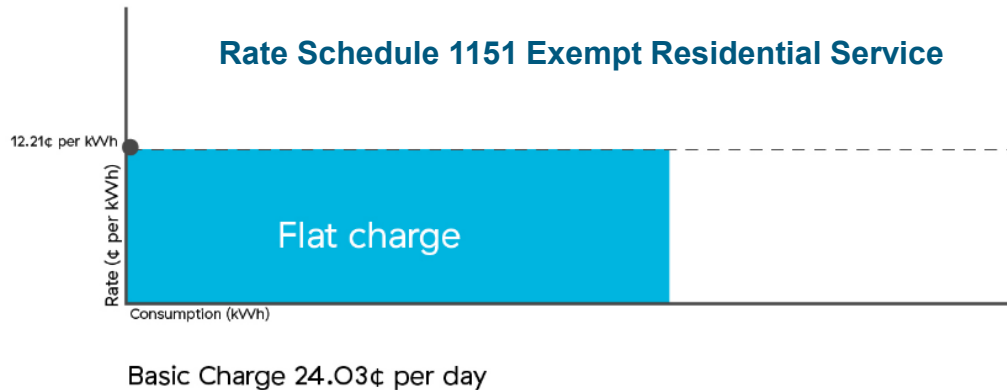


* Based on current rate forecast

Optional Flat Rate

By offering Optional Flat Rate, RIB Rate is no longer a mandatory rate

- BC Hydro's default Residential rate prior to the introduction of RIB Rate.
- Existing rate for approximately 15,000 Zone I farms and Zone IB Residential customers.



Optional Flat Rate Revenue Loss Recovery

Approximately 25% of customers with annual consumption greater than 13,500 kWh are expected to save under the Optional Flat Rate

Who might benefit?

- ✓ Electrically heated homes
- ✓ Customer with EVs
- ✓ Homes with secondary suites
- ✓ Large households
- ✓ Homes with no access to natural gas
- ✓ Remote homes

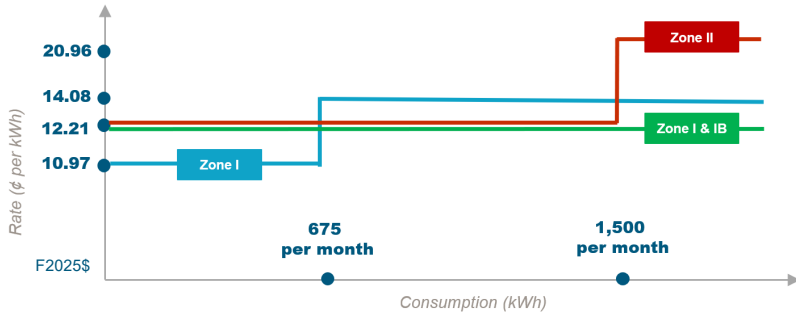
- Revenue loss is expected to be temporary (F2026 and F2027).
- Based on current rate forecast, maximum revenue loss in F2026 is \$26M (if all benefiting customers opt-in).
- Experience in other jurisdictions suggests that not all customers will switch all at once even if they can benefit. For example, 7% of Ontario residents switched to a RIB rate three years after RIB was re-introduced as an option.

Temporary revenue loss to be recovered from all Residential Customers

Eliminate Higher NIA Rates

Residential

- Allow Residential customers (~5,700 accounts) to choose between the flat rate or RIB Rate.
- Almost all customers could have bill savings.



F2026 Estimated Revenue Loss: ~\$900K

Commercial

- Zone II rates were introduced in 1967.
- **Medium and large commercial customers** (~80 accounts)
 - Almost all are expected to have significant bill savings.
 - A handful of low load factor customers are expected to have bill increases.
- **Small commercial customers** (~1,200 accounts)
 - ~1/3 are expected to have meaningful bill savings.
 - ~2/3 with very low or no consumption are expected to have moderate bill increases (<\$25/year).

F2026 Estimated Revenue Loss: ~\$1.4M

Moderate revenue loss to be recovered from all ratepayers

Eliminate Residential Multi-Unit Rates

Eliminate basic charge multiplier and multiple Step 1 thresholds

Current Multi-Unit Residential Rates

Rate Schedule (RS)	# of Accounts	Total # of Dwellings	Avg Savings per Dwelling	Total Revenue Impact
RS 1121 (Zone I)	1,253	16,581	\$59	\$ (985,637)
RS 1161 (Zone IB)	15	51	\$66	\$ (3,357)
RS 1127 (Zone II)	4	31	\$159	\$ (4,917)

- Apply to Residential Premises contain more than 2 Dwellings
- Basic charge applies per Dwelling
- Step 1 energy threshold applies per Dwelling, if applicable

- Eliminate basic charge multiplier to improve alignment to customer related costs
- Eliminate multiple Step 1 thresholds as individual Dwelling residents cannot see the price signal
- BC Hydro's proposed Electric Tariff amendment to section 4.4.1 will minimize new multi-unit rate customers.

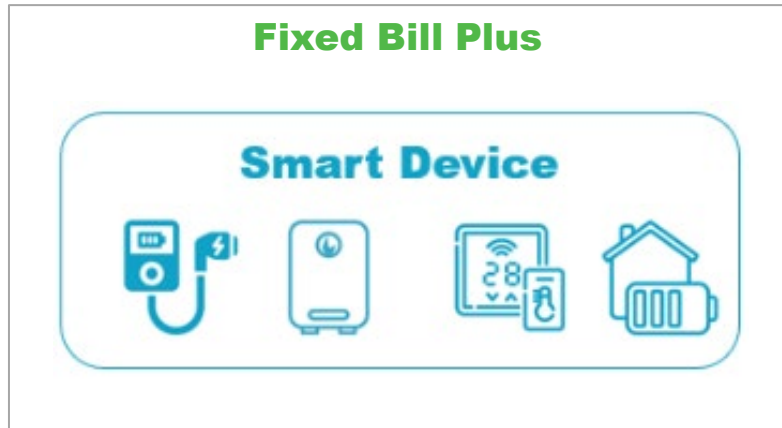
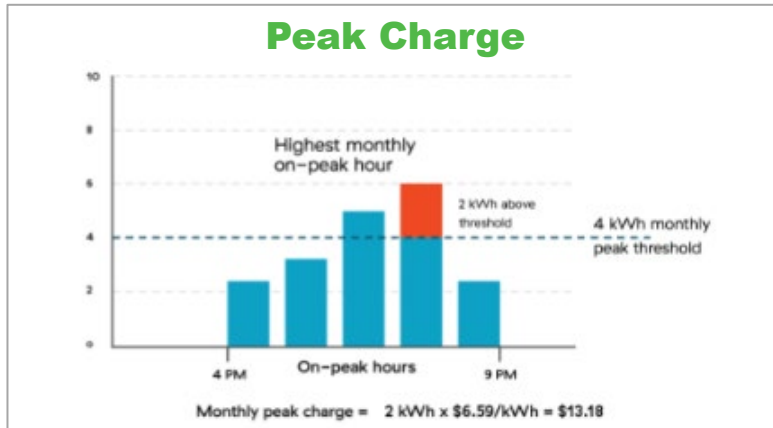
Moderate revenue loss to be recovered from All Residential Customers

Phase II: Early 2025

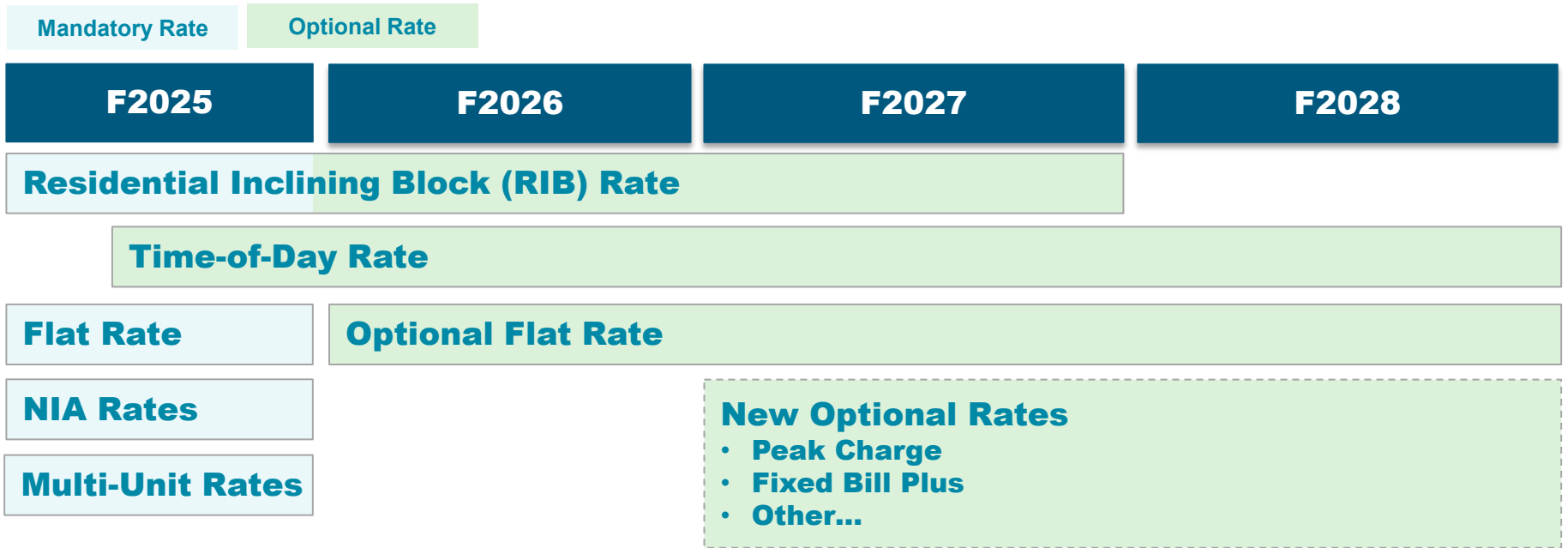
Expand customer choices

Additional Optional Rates - Advance customer choices, encourage capacity savings

- Flat rate provides foundation – choices provide savings rather than increases from RIB rate transition
- More time to develop options and pricing to suit customer needs and preferences
- Encourage peak consumption shifting to achieve capacity savings set out in the 2021 Integrated Resource Plan.



Illustrative Transition & Implementation



Multiple mandatory rates  **The same rate options for all**

Next Steps

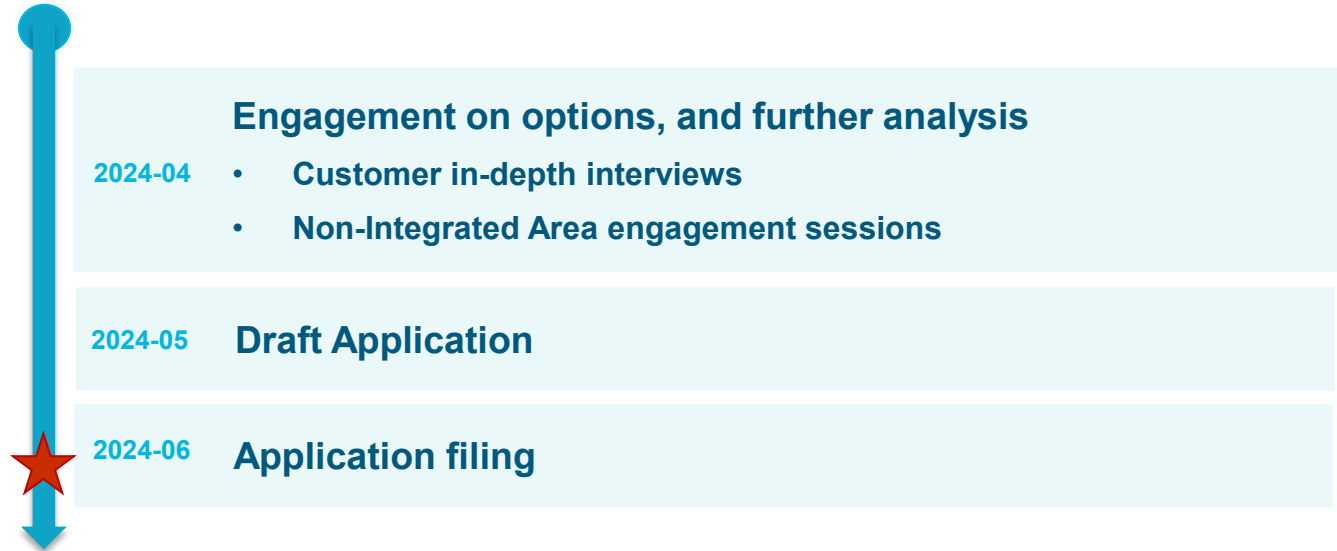
Chris Sandve

Chief Regulatory Officer

Our Proposal

- Expand the availability of RS 1151 – an existing flat energy charge rate – to all Residential customers
- Apply integrated area Residential and General Service rates to the Non-Integrated areas
- Reduce the Basic Charge for Multi-Unit Residential buildings receiving electricity service through one account
- Continue to apply pricing principles to the RIB rate to freeze the step 2 energy charge and to recover any revenue shortfall resulting from the step 2 energy charge freeze and the above changes through increases to the step 1 energy charge and the Basic Charge such that the RIB rate charges equal the RS 1151 rate charges as of fiscal 2028 (i.e., April 1, 2027)
- Establish a foundation to enable the introduction of more optional rates over time

Next Steps



Closing Remarks

- BC Hydro values your participation and feedback on our rate design
- Please contact BC Hydro Regulatory Group with any questions about the regulatory or engagement process at bchydroregulatoryfeedback@bchydro.com
- An email will be sent early next week providing a link to the online feedback form



BC Hydro

Power smart